Terna Contracting W.L.L.

REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

31 DECEMBER 2015

The Board of Directors has pleasure in submitting its report and the audited financial statements of Terna Contracting W.L.L. ('the Company') for the year ended 31 December 2015.

Principal activities

The Company is a subsidiary of Terna Bahrain Holding W.L.L and is engaged in construction contracting activities in the Kingdom of Bahrain.

Results and retained earnings

The Company generated contract revenue of BD 12,530,945 and earned a profit of BD 223,341 during the year ended 31 December 2015 as compared to a revenue of BD 9,865,215 and a loss of BD 311,464 during the year ended 31 December 2014.

Movement in retained earnings during the year is as follows:

	2015 *BD*
Balance at 1 January	**826,789**
Profit for the year	**223,341**
Transfer to statutory reserve	**(22,334)**
Balance at 31 December	**1,027,796**

Auditors

Ernst & Young have expressed their willingness to continue in office, and a resolution proposing their appointment, as auditors of the Company for the year ending 31 December 2016, will be submitted at the Annual General Meeting.

Signed on behalf of the Board of Directors

D. Antonakos
Chairman
..........................2016
25 FEBRUARY 2016

Building a better working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TERNA CONTRACTING W.L.L.

Report on the Financial Statements

We have audited the accompanying financial statements of Terna Contracting W.L.L. ('the Company'), which comprise the statement of financial position as at 31 December 2015, and the statements of comprehensive income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2015, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TERNA CONTRACTING W.L.L. (continued)

Report on Other Regulatory Requirements

As required by the Bahrain Commercial Companies Law, we report that:

a) the Company has maintained proper accounting records and the financial statements are in agreement therewith; and

b) the financial information contained in the Report of the Board of Directors is consistent with the financial statements.

We are not aware of any violations of the Bahrain Commercial Companies Law or the terms of the Company's memorandum of association during the year ended 31 December 2015 that might have had a material adverse effect on the business of the Company or on its financial position. Satisfactory explanations and information have been provided to us by the management in response to all our requests.

Ernst & Young

Auditor's Registration No. 190
25 February 2016
Manama, Kingdom of Bahrain

Terna Contracting W.L.L.

STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Note	*2015* BD	*2014* BD
ASSETS			
Non-current assets			
Property, plant and equipment	4	**577,630**	524,613
Computer software	5	**954**	2,755
Retentions	8	**2,530,252**	1,116,723
		3,108,836	1,644,091
Current assets			
Inventories	6	**460,733**	282,803
Due from customers for contract work	7	**3,176,362**	2,718,000
Contract and other receivables	8	**10,140,029**	6,403,937
Bank balances and cash	9	**174,670**	205,899
		13,951,794	9,610,639
TOTAL ASSETS		**17,060,630**	11,254,730
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**1,000,000**	1,000,000
Statutory reserve	11	**405,883**	383,549
Retained earnings		**1,027,796**	826,789
Total equity		**2,433,679**	2,210,338
Non-current liabilities			
Term loan	12	**38,621**	386,218
Employees' end of service benefits	13	**615,497**	562,438
Retentions payable	15	**354,022**	237,126
		1,008,140	1,185,782
Current liabilities			
Term loan	12	**347,597**	-
Short term loan	14	**-**	200,000
Trade and other payables	15	**11,913,689**	6,924,443
Bank overdrafts	9	**1,357,525**	734,167
		13,618,811	7,858,610
Total liabilities		**14,626,951**	9,044,392
TOTAL EQUITY AND LIABILITIES		**17,060,630**	11,254,730

D. Antonakos
Chairman

D.Xoudis
Director

The attached notes 1 to 23 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2015

	Note	***2015 BD***	*2014 BD*
Contract revenue		**12,530,945**	9,865,215
Direct costs	16	**(10,901,875)**	(8,865,832)
GROSS PROFIT		**1,629,070**	999,383
Other income	17	**61,762**	32,063
Exchange gain		**72,530**	15,568
General and administration expenses		**(1,156,236)**	(1,231,186)
Finance costs	18	**(339,626)**	(163,261)
Write off of contract and other receivables	8	**(39,598)**	(1,423)
(Write off) write back of future projected losses on projects	7	**(4,561)**	37,392
PROFIT (LOSS) FOR THE YEAR	18	**223,341**	(311,464)
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**223,341**	(311,464)

D. Antonakos
Chairman

D.Xoudis
Director

STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2015

	Note	2015 BD	2014 BD
OPERATING ACTIVITIES			
Profit (loss) for the year		**223,341**	(311,464)
Adjustments for:			
Depreciation	4	**151,663**	72,919
Amortisation	5	**1,801**	2,682
Gain on disposal of property, plant and equipment		-	(1,700)
Provision for employees' end of service benefits	13	**112,247**	146,001
Interest expense	18	**100,890**	48,897
Operating profit (loss) before working capital changes		**589,942**	(42,665)
Working capital changes:			
Inventories		**(177,930)**	(150,849)
Due from customers for contract work		**(458,362)**	(1,021,762)
Contract and other receivables		**(5,149,621)**	(1,945,946)
Trade and other payables		**5,106,142**	3,105,187
Cash used in operations		**(89,829)**	(56,035)
Interest paid on bank overdrafts	18	**(94,989)**	(44,792)
Employees' end of service benefits paid	13	**(59,188)**	(117,107)
Net cash flows used in operating activities		**(244,006)**	(217,934)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	**(204,680)**	(405,279)
Proceeds from disposal of property, plant and equipment		-	1,700
Purchase of computer software	5	-	(3,270)
Net cash flows used in investing activities		**(204,680)**	(406,849)
FINANCING ACTIVITIES			
Term loan obtained	12	-	386,218
Short term loan (repaid) obtained	14	**(200,000)**	200,000
Loan repaid to a related party, including interest	20	-	(40,744)
Interest paid on short term loan	18	**(5,901)**	(3,738)
Net cash flows (used in) from financing activities		**(205,901)**	541,736
DECREASE IN CASH AND CASH EQUIVALENTS		**(654,587)**	(83,047)
Cash and cash equivalents at 1 January		**(528,268)**	(445,221)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	9	**(1,182,855)**	(528,268)

The attached notes 1 to 23 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2015

	Share capital BD	*Statutory reserve BD*	*Retained earnings BD*	*Total BD*
As at 1 January 2015	1,000,000	383,549	826,789	2,210,338
Total comprehensive income for the year	-	-	223,341	223,341
Transfer to statutory reserve (note 11)	-	22,334	(22,334)	-
As at 31 December 2015	**1,000,000**	**405,883**	**1,027,796**	**2,433,679**

	Share capital BD	*Statutory reserve BD*	*Retained earnings BD*	*Total BD*
As at 1 January 2014	1,000,000	383,549	1,138,253	2,521,802
Total comprehensive loss for the year	-	-	(311,464)	(311,464)
As at 31 December 2014	1,000,000	383,549	826,789	2,210,338

1 ACTIVITIES

Terna Contracting W.L.L. ("the Company") is a limited liability company incorporated in the Kingdom of Bahrain on 2 April 2008 and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 68262-1. The Company is engaged in construction contracting activities.

The Company is a subsidiary of Terna Bahrain Holding W.L.L. ('Parent Company'), a company incorporated in the Kingdom of Bahrain. The ultimate parent company is GEK TERNA Holdings Real Estate Construction SA, a company incorporated in and under the laws of Greece.

The Company's registered office is at Villa 418, Road 3207, Block 332, Zinj Area, Kingdom of Bahrain.

The Company also operates a branch, Terna Real Estate W.L.L. in the Kingdom of Bahrain which is registered under commercial registration number 68262-2 and operates from the same premises as the Company.

The financial statements were authorised for issue by the Board of Directors on 25 February 2016.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared under the historical cost convention.

The financial statements have been presented in Bahraini Dinars (BD), being the functional currency of the Company.

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in conformity with the Bahrain Commercial Companies Law.

New and amended standards and interpretations effective as of 1 January 2015
The accounting and reporting policies adopted in the preparation of these financial statements are consistent with those used in the previous year, except for those set out below:

Annual improvements 2010-2012 Cycle
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Company did not record any revaluation adjustments during the current year.

IAS 24 Related Party Disclosures
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations effective as of 1 January 2015 (contined)
Annual improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Company. They include:

IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Company does not apply the portfolio exception in IFRS 13.

New standards and interpretations issued but not yet effective
Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards (where applicable) when they become effective:

IFRS 9 Financial Instruments: Classification and Measurement
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities. The Company is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 Leases
The new standard brings most leases onto the statement of financial position for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Company is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations issued but not yet effective (continued)

IAS 12 Income Taxes

The amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are applicate for annual periods beginning on or after 1 January 2017.

IAS 7 Statement of cash flows

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments should be applied for annual periods beginning on or after 1 January 2017.

IAS 16 and IAS 38 (Amendments) - Clarification of acceptable methods of depreciation and amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Company is assessing the impact of these ammendments on the Company's financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company's financial statements.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016 and are not expected to have a material impact on the Company's financial statements. They include:

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Annual Improvements 2012-2014 Cycle (continued)

IAS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements;
- That entities have flexibility as to the order in which they present the notes to financial statements;
- That specific line items in the statements of income, other comprehensive income and financial position may be disaggregated; and
- That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to the statement of income.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statements of financial position, income and other comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company's financial statements.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on a current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Joint arrangement

Under IFRS 11, investment in a joint venture is classified as either joint operation or joint venture depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Company has assessed the nature of its joint arrangement and determined it to be a joint operation.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is provided on a straight-line basis over the estimated useful lives of assets as follows:

Portacabins	5 years
Plant and equipment	3 to 5 years
Furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	5 years

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Intangible assets
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Inventories
Inventories comprise of site materials and consumables required for construction purposes land are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and are stated on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Due from / to customers for contract work
The aggregate of the costs incurred and the profit/loss recognised on contracts is compared against the progress billings up to the period-end. Where the sum of the costs incurred and recognised profit or recognised loss exceeds the progress billings, the balance is shown as due from customers for contract work. Where the progress billings exceed the sum of costs incurred and recognised profit or recognised loss, the balance is shown as due to customers for contract work.

Financial assets
Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include contract and other receivables and bank balances and cash.

Contract and other receivables
Contract and other receivables are stated at original invoice amounts less a provision for any uncollectible amounts. Subsequent to initial recognition these are carried at amortised cost using effective interest rate method. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents
For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and at bank, net of outstanding bank overdrafts.

Impairment and uncollectibility of financial assets
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value;
(b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Financial liabilities
Financial liabilities are recognised initially at fair value and in the case of loans and borrowings net of directly attributable transaction costs.

The Company's financial liabilities includes trade and other payables, retention payable, term loan and ban overdraft

Trade and other payables
Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Amortised cost of financial instruments
Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Fair value of financial instruments
The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Derecognition of financial instruments
A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Employees end of service benefits
The Company makes contributions to the Social Insurance Organisation (SIO) for its employees calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

The Company also provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service. The expected costs of these benefits are accrued over the period of employment.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Construction contracts

The Company principally operates fixed price contracts. If the outcome of such a contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method).

The outcome of a construction contract can be estimated reliably when: (i) the total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates. When the outcome of a construction cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs incurred to date and the estimated costs to complete.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non-monetory items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of the initial transactions. Non-monetory items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value is determined.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires Board of Directors to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, the Board of Directors has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue the business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast a significant doubt about the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Operating lease - the Company as lessee

The Company has entered into a commercial property lease on its office premises. The Company has determined, based on an evaluation of the terms and conditions of the arrangements that the lessor retains all the significant risks and rewards of ownership of these assets and so accounts for the contract as an operating lease.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of retentions and contract receivables

An estimate of the collectible amount of retentions and contract receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross retentions and contract receivables were BD 8,329,821 (2014: BD 5,028,019) and there was no doubtful retentions or contract receivables as of 31 December 2015 and as of 31 December 2014.

Contract revenue and costs-to-complete

The contract revenue for the year is determined by reference to the percentage of completion method. Percentage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract. In particular, significant judgement by the management is required in the estimation of the amount of future costs and revenues when determining the percentage of completion and the amount of revenue to be recognised on contracts in progress at the year-end.

Provision for expected losses

The Company's management reviews contracts in progress periodically to determine whether the cost estimates are accurate. Significant judgement is required for determining the future costs and any loss expected is recognised immediately in the statement of comprehensive income. Management's review of outstanding contracts as of 31 December 2015 has identified expected losses of BD 4,561 which was written off (2014: nil).

Impairment of property, plant and equipment

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the assets' recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Management does not believe there is any indication of impairment of property, plant and equipment as at the reporting date.

Useful lives of property, plant and equipment and intangible assets

The Company's management determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual values and useful lives annually and future depreciation charges/amortisation would be adjusted where the management believes the useful lives differ from previous estimates.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates and assumptions (continued)
Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete these are written off. For slow-moving inventories, estimation is made on a collective basis based on the type of inventories and their expected usage and a provision is recognised.

At the reporting date, gross inventories were BD 460,733 (2014: BD 282,803) and management's assessment indicated that no provison for slow moving inventories is required (2014:nil).

4 PROPERTY, PLANT AND EQUIPMENT

2015	*Portacabins*	*Plant and equipment*	*Furniture, fixtures and office equipment*	*Motor vehicles*	*Total*
	BD	*BD*	*BD*	*BD*	*BD*
Cost:					
At 1 January 2015	444,475	2,025,157	206,638	453,071	3,129,341
Additions	-	188,140	9,565	6,975	204,680
Disposals	-	-	-	(5,323)	(5,323)
At 31 December 2015	444,475	2,213,297	216,203	454,723	3,328,698
Depreciation:					
At 1 January 2015	335,991	1,720,217	177,111	371,409	2,604,728
Charge for the year	24,233	83,960	20,002	23,468	151,663
Relating to disposals	-	-	-	(5,323)	(5,323)
At 31 December 2015	360,224	1,804,177	197,113	389,554	2,751,068
Net book values:					
At 31 December 2015	**84,251**	**409,120**	**19,090**	**65,169**	**577,630**

2014	*Portacabins*	*Plant and equipment*	*Furniture, Fixtures and fittings*	*Motor vehicles*	*Total*
	BD	*BD*	*BD*	*BD*	*BD*
Cost:					
At 1 January 2014	330,910	1,838,360	170,670	398,279	2,738,219
Additions	113,565	186,797	35,968	68,949	405,279
Disposals	-	-	-	(14,157)	(14,157)
At 31 December 2014	444,475	2,025,157	206,638	453,071	3,129,341
Depreciation:					
At 1 January 2014	327,420	1,684,104	167,400	367,042	2,545,966
Charge for the year	8,571	36,113	9,711	18,524	72,919
Relating to disposals	-	-	-	(14,157)	(14,157)
At 31 December 2014	335,991	1,720,217	177,111	371,409	2,604,728
Net book values:					
At 31 December 2014	108,484	304,940	29,527	81,662	524,613

4 PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation charge for the year has been included in the statement of comprehensive income as follows:

	2015 *BD*	*2014* *BD*
Direct costs (note 16)	**128,897**	55,797
General and administration expenses	**22,766**	17,122
	151,663	72,919

5 COMPUTER SOFTWARE

	2015 *BD*	*2014* *BD*
Cost:		
At 1 January	**13,470**	10,200
Additions	-	3,270
At 31 December	**13,470**	13,470
Amortisation:		
At 1 January	**10,715**	8,033
Charge for the year	**1,801**	2,682
At 31 December	**12,516**	10,715
Net carrying values:		
At 31 December	**954**	2,755

Computer software is amortised over its expected useful life of three years and the amortisation is included under direct costs.

6 INVENTORIES

Inventories comprise site materials and consumables required for construction purposes. As at 31 December 2015, there was no impairment related to slow moving inventories (2014: nil)

7 DUE FROM CUSTOMERS FOR CONTRACT WORK

	2015 *BD*	*2014* *BD*
Contract costs incurred upto 31 December	**29,190,316**	25,037,575
Recognised profits (losses)	**246,290**	(1,720,615)
(Write off) write back of future projected losses	**(4,561)**	37,392
Total value of work executed until 31 December including profit	**29,432,045**	23,354,352
Progress billings	**(26,255,683)**	(20,636,352)
	3,176,362	2,718,000

8 CONTRACT AND OTHER RECEIVABLES

	2015 *BD*	*2014* *BD*
Contract receivables	**5,702,127**	3,696,727
Retentions	**2,627,694**	1,331,292
	8,329,821	5,028,019
Due from related parties (note 20)	**1,359,332**	1,715,516
Advances to suppliers	**2,683,862**	504,881
Prepayments	**215,459**	240,805
Other receivables	**81,807**	31,439
	12,670,281	7,520,660
Less: Non-current retentions	**(2,530,252)**	(1,116,723)
	10,140,029	6,403,937

Contract receivables are non-interest bearing and are due to be settled within 15 days of approval of work completion certificate by the customer.

Terms and conditions relating to due from related parties are disclosed in note 20.

During 2015, the Company has written off other receivables amounting to BD 39,598 (2014: nil) as the management assessed that these are no longer collectible. There was no impairment relating to contract receivables during the year (2014: BD 1,423 written off).

As at 31 December 2015 and as of 31 December 2014, none of the contract receivables and retentions were impaired and the aging of unimpaired contract receivables and retentions is as follows:

			Past due but not impaired			
	Total *BD*	*Neither past due nor impaired* *BD*	*Under 30 days* *BD*	*30 – 90 days* *BD*	*90 – 120 days* *BD*	*over 120 days* *BD*
31 December 2015	**8,329,821**	**919,452**	**1,296,894**	**158,978**	**96,742**	**5,857,755**
31 December 2014	5,028,019	2,359,297	-	404,137	1,126,071	1,138,514

Unimpaired contract receivables and retentions are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over contract receivables and retentions and the majority are, therefore, unsecured. Proceeds on contract receivables and retentions were used as a security for bank overdraft facility, term loan and short term loan availed by the Company (note 9 and note 12).

9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following statement of financial position amounts:

	2015 *BD*	*2014* *BD*
Bank balances	**172,996**	200,769
Cash in hand	**1,674**	5,130
Bank balances and cash	**174,670**	205,899
Bank overdrafts	**(1,357,525)**	(734,167)
Cash and cash equivalents	**(1,182,855)**	(528,268)

Bank overdrafts are denominated in Bahraini Dinars and have interest rates of one month Bahrain Interbank Offer Rate (BIBOR) plus 5.5% per annum (2014: BIBOR plus 5% per annum and 8% per annum). The facility is secured by assignment of contract proceeds (note 8) and subcontractors bonds / guarantees to the bank and guarantee of the parent company.

At 31 December 2015, the Company had BD 192,745 (2014: BD 515,833) of undrawn committed borrowing facilities.

10 SHARE CAPITAL

	2015 *BD*	*2014* *BD*
Issued and paid-up:		
20,000 shares of BD 50 each fully paid	**1,000,000**	1,000,000

The shareholders and their shareholding percentages are as follows:

	2015	*2014*
Terna Bahrain Holding W.L.L.	**99.99%**	99.99%
Terna Overseas Limited	**0.01%**	0.01%
	100.00%	100.00%

11 STATUTORY RESERVE

The Bahrain Commercial Companies Law and the Company's memorandum of association, require the Company to transfer 10% of the profit for the year to the statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid-up share capital. The reserve cannot be utilised for the purpose of distribution except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

12 TERM LOAN

This loan was obtained from a commercial bank in the Kingdom of Bahrain to finance the purchase of assets for the construction of a project at an agreed interest rate of one month BIBOR (Bahrain Interbank Offer Rate) plus 5.5% per annum. The loan plus interest is payable in 10 equal monthly instalments. The first instalment is payable after 18 months from the date of the first drawdown which was 30 September 2014. The effective interest rate of the loan is 6.55% as of 31 December 2015 (2014: 6.25%).

	2015 *BD*	*2014* *BD*
Payable as follows:		
Current portion	**38,621**	386,218
Non-current portion	**347,597**	-
	386,218	386,218

Term loan is secured by assignment of contract proceeds (note 8) and the assignment of subcontractor's bonds / guarantees to the bank.

13 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the statement of financial position during the year are as follows:

	2015 *BD*	*2014* *BD*
At 1 January	**562,438**	533,544
Provided during the year (note 18)	**112,247**	146,001
Paid during the year	**(59,188)**	(117,107)
At 31 December	**615,497**	562,438

14 SHORT TERM LOAN

This loan was obtained from a commercial bank in the Kingdom of Bahrain to finance the construction of a project at an agreed interest rate of three months BIBOR plus 5.5% per annum. The loan has been repaid in 2015.

15 TRADE AND OTHER PAYABLES

	2015 *BD*	*2014* *BD*
Contract payables	**5,518,737**	2,701,781
Contract advances	**4,393,772**	2,109,553
Accrued expenditure	**743,051**	1,306,344
Retentions payable	**688,111**	400,897
Employee related accruals	**486,692**	300,238
Other payables - related parties (note 20)	**173,949**	195,113
Other payables	**263,399**	147,643
	12,267,711	7,161,569
Less: Non-current retentions payable	**(354,022)**	(237,126)
	11,913,689	6,924,443

15 TRADE AND OTHER PAYABLES (continued)

Contract payables are non-interest bearing and are normally settled on 60 day terms.

Contract advances comprise of advances received from customers as per contractual agreements. They are adjusted according to the contractual provisions at the time of issuance of each invoice.

Retentions are non interest bearing and payable in accordance with the terms of contracts.

For terms and conditions for loans and other payables to related parties see note 20.

16 DIRECT COSTS

	2015 *BD*	*2014* *BD*
Sub-contractors' costs	**1,549,692**	3,050,859
Staff costs (note 18)	**4,139,317**	2,519,876
Materials	**3,986,937**	1,248,748
Consultants' fees and technician charges	**432,319**	1,462,079
Travel	**198,770**	122,190
Consumables	**159,022**	129,019
Motor vehicle hire and expenses	**150,373**	150,103
Depreciation (note 4)	**128,897**	55,797
Repairs and maintenance	**90,896**	64,705
Communication	**37,266**	49,083
Other expenses	**28,386**	13,373
	10,901,875	8,865,832

17 OTHER INCOME

	2015 *BD*	*2014* *BD*
Sale of scrap	**43,732**	18,591
Ancillary works not related to contracts	**11,626**	11,763
Miscellaneous	**6,404**	1,709
	61,762	32,063

18 PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year is stated after charging staff costs, finance costs and operating lease rentals.

Staff costs have been included in the statement of comprehensive income as follows:

	2015 *BD*	*2014* *BD*
Direct costs (note 16)	**4,139,317**	2,519,876
General and administration expenses	**840,631**	1,015,180
	4,979,948	3,535,056
Staff costs comprise of the following:		
Salaries and wages	**3,150,130**	2,144,675
Other staff benefits and expenses	**1,550,837**	1,113,269
Contributions to Social Insurance Organisation	**158,308**	102,293
Employees' end of service benefits (note 13)	**112,247**	146,001
Hire of labour	**8,426**	28,818
	4,979,948	3,535,056

18 PROFIT (LOSS) FOR THE YEAR (continued)

	2015	*2014*
	BD	*BD*
Finance costs:		
Interest on bank overdrafts	**94,989**	44,792
Interest on short term loan	**5,901**	3,738
Interest on loan from a related party (note 20)	-	367
Interest expense	**100,890**	48,897
Commissions on letters of guarantee	**231,450**	-
Bank charges	**7,286**	114,364
	339,626	163,261
Rentals-operating leases	**72,000**	72,240

19 INVESTMENT IN A JOINT OPERATION

With effect from 19 August 2015, the Company has a 50% interest in an unincorporated joint venture, Terna-CGCE which is involved in the construction, testing and commissioning of the Primary Sewer Testing and TSE networks of the Al Madina Al Shamaliya Project ('the Project'), Northern Governerate, Kingdom of Bahrain for the Ministry of Housing. The other 50% is held by Combined Group Contracting Emirates L.L.C. ('the Partner'). The arrangement is treated as a joint operation. As of 31 December 2015, the Joint Operation had not commenced its commercial operations.

20 RELATED PARTY TRANSACTIONS

Related parties represent the ultimate parent company, the parent company, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's Board of Directors.

Transactions with related parties included in the statement of comprehensive income are as follows:

	2015		*2014*	
	Expenses	***Other income***	*Expenses*	*Other income*
	BD	***BD***	*BD*	*BD*
Terna S.A.	**28,778**	-	34,207	-
Terna Bahrain Holding W.L.L.	-	**7,881**	-	7,377
Terna Qatar Company L.L.C.	-	-	59	-
	28,778	**7,881**	34,266	7,377

20 RELATED PARTY TRANSACTIONS (continued)

Balances with related parties included in the statement of financial position are as follows:

	2015		*2014*	
	Receivables	***Payables***	*Receivables*	*Payables*
	BD	***BD***	*BD*	*BD*
Parent entities				
Terna Bahrain Holding W.L.L	**751,739**	-	1,107,818	-
Terna S.A. (Abu Dhabi branch)	**175,638**	-	175,638	-
Terna S.A.	-	**123,264**	-	104,881
Terna Overseas Ltd	-	-	-	39,858
Terna Sharjah	-	**50,685**	-	50,374
Group company				
Terna Qatar Company L.L.C	**207,691**	-	207,691	-
Fellow subsidiary				
Terna Mechanical and Electrical W.L.L	**224,264**	-	224,369	-
	1,359,332	**173,949**	1,715,516	195,113

Terms and conditions of transactions with related parties:
Outstanding balances at the year end are unsecured, interest free and payable on demand except for payable to Terna Mechanical and Electrical W.L.L. ("MEP") which is normally payable within 30 to 60 days of invoice. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2015, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2014: nil).

Compensation of key management personnel
The remuneration of key management personnel during the year was as follows;

	2015	*2014*
	BD	*BD*
Short-term benefits	**151,559**	172,489
Employees' end of service benefits	**11,817**	12,377
	163,376	184,866

21 CONTINGENCIES AND COMMITMENTS

a) Guarantees
The Company's bankers have given performance and advance payment guarantees amounting to BD 7,098,137 (2014: BD 8,703,660) in respect of various contracts undertaken for execution. These are secured by joint and several guarantees from the shareholders.

b) Lease commitments
Future minimum rentals payable under operating leases as of the reporting date are as follows:

	2015	*2014*
	BD	*BD*
Less than one year	**71,227**	44,458
More than one year and less than five years	**63,389**	28,027
	134,616	72,485

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction
The Company manages risk through a process of ongoing identification and monitoring of the risks it faces. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Market risk
Market risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rates.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Company's results for one year for floating rate financial instruments held at 31 December 2015 and 31 December 2014.

An increase or decrease in the interest rate by 100 basis points with other variables remaining constant, would have an insignificant effect on the Company's results for the year ended 31 December 2015 and 31 December 2014.

Foreign currency risk
Foreign currency risk is that the fair value or future cash flows of a financial instrument will fluctuate due to change in foreign exchange rates.

The Company's exposure to foreign currency risk is limited to its balances with related parties that are denominated in Euro.

The net sensitivity to a reasonably possible change in Euro/Bahraini Dinar exchange rate with all other variables held constant, of the Company's profit due to change in the fair value of amounts due to related parties is as follows:

	Increase/ decrease in Euro to the Bahraini Dinar	*Effect on comprehensive income BD*
31 December 2015	**+5%**	**6,163**
	-5%	**(6,163)**
31 December 2014	+5%	(7,237)
	-5%	7,237

The Company also has balances denominated in United Arab Emirates Dirhams (AED) and United States Dollars (USD) and no significant foreign currency risk exists against balances in AED and USD as the AED and BD are pegged against USD

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Credit risk related to receivables is managed according to the Company's policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed by the management. Outstanding customer receivables are regularly monitored. The Company does not perceive any risk with respect to related party receivables. Its two (2014: two) largest customers account for 99% of outstanding contract receivables at 31 December 2015 (2014: 97%).

Credit risk related to balances with banks is managed by ensuring that the balances are kept with reputed banks. The Company's maximum exposure to credit risk with respect to contract and other receivables and bank balances is limited to their carrying amounts as disclosed in the statement of financial position.

Liquidity risk
Liquidity risk (also referred to as funding risk) is the risk that an entity will encounter difficulties in meeting its commitments associated with financial liabilities.

The Company limits its liquidity risk by ensuring that bank facilities are available. The Company's terms of contract require amounts to be paid within 15 days of approval of work completion certificate. Trade payables are normally settled within 60 days of the date of invoice.

The table below summarises the maturities of the Company's undiscounted financial liabilities, based on the payment dates:

31 December 2015	***Less than 3 months BD***	***3 to 12 months BD***	***1 to 5 years BD***	***Total BD***
Term loan	-	**364,976**	**38,622**	**403,598**
Contract payables	**3,716,125**	**1,802,612**	-	**5,518,737**
Other payables - related parties	**173,949**	-	-	**173,949**
Retentions payable	-	**688,111**	**354,022**	**1,042,133**
Bank overdrafts	**1,357,525**	-	-	**1,357,525**
Accrued expenses and other payables	**1,493,142**	-	-	**1,493,142**
	6,740,741	**2,855,699**	**392,644**	**9,989,084**
Contractual guarantees	**1,186,046**	**2,014,005**	**3,898,086**	**7,098,137**

31 December 2014	*Less than 3 months BD*	*3 to 12 months BD*	*1 to 5 years BD*	*Total BD*
Term loan	-	-	417,081	417,081
Short term loan	203,088	-	-	203,088
Contract payables	2,701,781	-	-	2,701,781
Other payables - related parties	195,113	-	-	195,113
Retentions payable	-	400,897	237,126	638,023
Bank overdrafts	734,167	-	-	734,167
Accrued expenses and other payables	1,754,225	-	-	1,754,225
	5,588,374	400,897	654,207	6,643,478
Contractual guarantees	478,712	1,136,312	7,088,636	8,703,660

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value and run its operations with funds generated from operations and minimise borrowings

The Company sets the amount of capital in proportion to risk. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014. Equity comprises share capital, statutory reserve and retained earnings and is measured at BD 2,433,679 as at 31 December 2015 (2014: BD 2,210,338).

23 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and cash and contract and other receivables. Financial liabilities consist of term loan, short-term loan, bank overdrafts, trade and other payables and retention payable.

The fair values of the Company's financial assets and liabilities are not materially different from their carrying values as of the reporting date largely due to the short term maturities of these instruments.