Arabian Sugar Company B.S.C. (c)

REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

31 DECEMBER 2012

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors has pleasure in submitting its annual report and the audited financial statements of Arabian Sugar Company B.S.C. (c) ('the Company') for the year ended 31 December 2012.

Principal activities and objectives

The Company was incorporated on 24 December 2009 and its main objective is to set up a white sugar refining plant. Currently, the Company is setting up its plant and other facilities in Hidd Industrial Area, Kingdom of Bahrain. The Company did not carry out any operating revenue generating activity during the year ended 31 December 2012.

Results for the year

The Company has not commenced commercial operations and incurred a loss of US$ 560,605 for the year ended 31 December 2012 compared to a loss of US$ 462,948 for the year ended 31 December 2011.

Remuneration of US$ 159,151 was paid to the Managing Director during the year ended 31 December 2012.

Accumulated losses

	2012
	BD
Balance as at 1 January	**(812,769)**
Loss for the year	**(560,605)**
Balance as at 31 December	**(1,373,374)**

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 2013 will be submitted to the Annual General Meeting.

Signed on behalf of the Board of Directors

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Fuad M Jalal
Chairman
Kingdom of Bahrain
6th June 2013

ERNST & YOUNG

P.O. Box 140
14th Floor - The Tower
Bahrain Commercial Complex
Manama, Kingdom of Bahrain
Tel: +973 1753 5455 Fax: +973 1753 5405
manama@bh.ey.com
www.ey.com/me
C.R. No. 6700

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARABIAN SUGAR COMPANY B.S.C. (c)

Report on the financial statements

We have audited the accompanying financial statements of Arabian Sugar Company B.S.C. (c) ("the Company"), which comprise the statement of financial position as at 31 December 2012 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 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 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.

ERNST & YOUNG

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARABIAN SUGAR COMPANY B.S.C. (c) (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2012, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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.

With the exception of the matter referred to in note 1 (a) to these financial statements, we are not aware of any violations of the Bahrain Commercial Companies Law or the terms of the Company's memorandum and articles of association during the year ended 31 December 2012 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 management in response to all our requests.

Ernst & Young

6 June 2013
Manama, Kingdom of Bahrain

STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Note	*2012* *US$*	*2011* *US$*
ASSETS			
Non current assets			
Vehicles and equipment	5	**44,564**	33,488
Capital work in progress	6	**129,637,754**	94,651,273
		129,682,318	94,684,761
Current assets			
Prepayments and other receivables	7	**124,346**	17,752
Cash, bank balances and deposits	8	**16,150,322**	33,131
		16,274,668	50,883
TOTAL ASSETS		**145,956,986**	94,735,644
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**99,228,000**	95,120,259
Accumulated losses		**(1,373,374)**	(812,769)
Total equity		**97,854,626**	94,307,490
Non-current liabilities			
Term loan	11	**38,911,765**	-
Employees' end of service benefits	12	**11,741**	3,131
		38,923,506	3,131
Current liabilities			
Payables and accruals	13	**840,619**	425,023
Current portion of term loan	11	**8,338,235**	-
		9,178,854	425,023
Total liabilities		**48,102,360**	428,154
TOTAL EQUITY AND LIABILITIES		**145,956,986**	94,735,644

Fuad M Jalal
Chairman

Anmar Al Arrayed
Director

The attached notes 1 to 19 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Note	**2012** **US$**	2011 US$
OTHER INCOME			
Profit on deposits		**48,125**	96,399
EXPENSES			
Foreign exchange loss		**(18,596)**	(1,290)
General and administrative expenses	14	**(423,468)**	(341,430)
Staff costs	15	**(166,666)**	(216,627)
LOSS FOR THE YEAR		**(560,605)**	(462,948)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(560,605)**	(462,948)

Fuad M Jalal
Chairman

Anmar Al Arrayed
Director

The attached notes 1 to 19 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Note	2012 US$	2011 US$
OPERATING ACTIVITIES			
Loss for the year		**(560,605)**	(462,948)
Adjustment for:			
Depreciation	5	**12,806**	10,383
Provision for employees' end of service benefits	12	**8,610**	3,094
Profit on deposits		**(48,125)**	(96,399)
Operating loss before working capital changes		**(587,314)**	(545,870)
Working capital changes:			
Advances		**-**	658,900
Prepayments and other receivables		**(106,594)**	190,474
Payables and accruals		**415,596**	408,855
Net cash flows (used in) from operating activities		**(278,312)**	712,359
INVESTING ACTIVITIES			
Additions to vehicles and equipment	5	**(23,882)**	(3,568)
Additions to capital work in progress	6	**(34,986,481)**	(16,355,043)
Term deposit	8	**(6,300,000)**	-
Profit on deposits		**48,125**	96,399
Net cash flows used in investing activities		**(41,262,238)**	(16,262,212)
FINANCING ACTIVITY			
Issue of share capital	9	**4,107,741**	10,218,871
Term loan	11	**47,250,000**	-
Margin deposits	8	**(1,094,042)**	-
Net cash flows from financing activities		**50,263,699**	10,218,871
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**8,723,149**	(5,330,982)
Cash and cash equivalents at 1 January		**33,131**	5,364,113
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	8	**8,756,280**	33,131

Non-cash transaction:

In 2011, share capital of US$ 1,423,388 contributed in kind was adjusted against capital work in progress above.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Note	*Share capital US$*	*Accumulated losses US$*	*Total US$*
Balance as at 1 January 2011		83,478,000	(349,821)	83,128,179
Issue of share capital		11,642,259	-	11,642,259
Total comprehensive loss for the year		-	(462,948)	(462,948)
Balance as at 31 December 2011		95,120,259	(812,769)	94,307,490
Issue of share capital	9	4,107,741	-	4,107,741
Total comprehensive loss for the year		-	(560,605)	(560,605)
Balance as at 31 December 2012		**99,228,000**	**(1,373,374)**	**97,854,626**

1 ACTIVITIES

Arabian Sugar Company B.S.C. ("the Company") is a Bahraini closed joint stock company incorporated in the Kingdom of Bahrain on 24 December 2009 and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 73660. The postal address of the Company's registered office is P O Box 11795, Manama, Kingdom of Bahrain.

The Company's objective is to set up a plant for refining white sugar. Currently, the Company is setting up its plant and other facilities in Hidd Industrial Area, Kingdom of Bahrain and has not commenced commercial operations.

The Company is owned by a group of corporate and individual shareholders.

The Company is subject to the requirements of the Bahrain Commercial Companies Law (the "Law") and the Company's memorandum and articles of association. The Company is not in compliance with the following requirement during the year ended 31 December 2012:

a) the Annual General Meeting (AGM) has to be convened within six months of the financial year ended 31 December 2011.

The financial statements were authorised for issue in accordance with the resolution of the Board of Directors on 6 June 2013.

2 SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation
These financial statements are prepared under the historical cost convention. The financial statements are presented in United States Dollars (US$), being the functional currency of the Company.

New and amended standards and interpretations effective as of 1 January 2012
The accounting policies adopted are consistent with those of the previous financial year. There are certain standards, amendment to standards and International Financial Reporting Interpretation Committee (IFRIC) interpretations issued as of 1 January 2012, which do not have an impact on the Company's financial statements and hence have not been adopted by the Company.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Vehicles and equipment

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

Depreciation is provided on a straight line basis on all vehicles and equipment. The rates of depreciation are based upon the following estimated useful lives:

Motor vehicles	5 years
Office equipment	5 years
Furniture and fittings	5 years
Computer equipment	3 years

Expenditure incurred to replace a component of an item of vehicles 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 future economic benefits of the related item of vehicles and equipment. All other expenditure is recognised in the statement of comprehensive income as an expense when incurred.

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

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Capital work in progress

All costs and expenses, including payments to project asset suppliers and directly attributable expenses incurred in connection with the construction of the plant and the related infrastructure are recognised as capital work in progress. Upon completion of the project, capital work in progress will be classified into the relevant class of property, plant and equipment. Capital work in progress is not depreciated.

Borrowing costs

Borrowing costs comprising fees and borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use, are included in the cost of those assets, until such time as the assets are substantially ready for their intended use. Borrowing costs consist of profit and other costs that the Company incurs in connection with the borrowing of funds.

Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as loans and receivables. The Company determines the classification of its financial assets at initial recognition.

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 receivables, cash, bank balances and deposits.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Receivables

Receivables are stated at original invoice amount less provision for any uncollectible amounts. 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 the statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances. Term deposits under lien i.e. term deposits which are subject to restriction in connection with bank guarantees and term deposits with an original maturity of more than three months are not considered part of cash and cash equivalents for the statement of cash flows purposes.

Impairment and uncollectibility of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. 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, less any impairment loss previously recognised in the statement of comprehensive income; and

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

(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 profit rate.

Financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

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

The Company's financial liabilities include payables and accruals and term loan.

Payables and accruals

Liabilities for payables and accruals 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.

Loans and borrowings

Loans and borrowings are initially recognised at their fair values less directly attributable transaction costs. After initial recognition, profit bearing loans and borrowings are subsequently measured at amortised cost using the effective profit rate (EPR) method. The effective profit rate amortisation is included in capital work in progress in the statement of financial position until the date when the plant is ready for its intended use and thereafter in the statement of comprehensive income with unpaid amounts included in payable and accruals. Loan instalments due within one year are disclosed as a current liability. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

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 profit 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 profit 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 date of statement of financial position. 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 group 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 expires.

Provisions
Provisions are recognised when the Company has a legal or constructive obligation arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits
The Company provides for end of service benefits to its non-Bahraini employees in accordance with the Bahraini Labour Law. The entitlement to these benefits is based upon the employee's final salary and length of service. The expected costs of these benefits are accrued over the period of employment.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

Company as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments relating to land leased for the construction of the plant are included under capital work in progress until the date when the plant is ready for its intended use and thereafter in the statement of comprehensive income. All other operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The following specific criteria must also be met before the revenue is recognised.

Profit on term deposits

Profit on term deposits is recorded using the effective profit rate (EPR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

IASB standards and interpretations issued but not yet effective

Standards issued but not yet effective up to the date of the issuance of 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:

- *IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income effective for annual periods beginning on or after 1 July 2012;*
- *IAS 19 Employee Benefits (Amendment) effective for annual periods beginning on or after 1 January 2013;*
- *IAS 28 Investments in Associates and Joint Ventures (as revised in 2011) effective for annual periods beginning on or after 1 January 2013;*
- *IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32 effective for annual periods beginning on or after 1 January 2014;*
- *IFRS 1 Government Loans – Amendments to IFRS 1 effective for annual periods on or after 1 January 2013;*
- *IFRS 9 Financial Instruments: Classification and Measurement effective for annual periods beginning on or after 1 January 2015;*
- *IFRS 10 Consolidated Financial Statements: This standard becomes effective for annual periods beginning on or after 1 January 2013;*
- *IFRS 12 Disclosure of Involvement with Other Entities: effective for annual periods beginning on or after 1 January 2013;*
- *IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine effective for annual periods beginning on or after 1 January 2013.*

It is not expected the implementation of these revisions and amendments will have any impact on the Company's financial performance or financial position.

3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Annual Improvements May 2012
These improvements will not have an impact on the Company, but include:

- *IFRS 1First-time Adoption of IFRS*
- *IAS 1 Presentation of Financial Statements*
- *IAS 16 Property Plant and Equipment*
- *IAS 32 Financial Instruments, Presentation*
- *IAS 34 Interim Financial Reporting*

These improvements are effective for annual periods beginning on or after 1 January 2013.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management 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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of statement of financial position, 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 non-financial assets
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 asset's 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 discount rate that reflects current market assessment of the time value of money and the risks specific to the assets.

As of 31 December 2012 and 31 December 2011, management's assessment did not identify any indications or events that the carrying values of vehicles and equipment and capital work in progress were impaired.

Useful lives of vehicles and equipment
The Company's management determines the estimated useful lives of its vehicles and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

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 as the Company is expected to commence commercial operations shortly and start generating positive cash flows. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5 VEHICLES AND EQUIPMENT

	Motor vehicles US$	*Furniture and fixture US$*	*Office equipment US$*	*Total US$*
Cost:				
At 1 January 2012	24,130	4,494	18,997	47,621
Additions	-	10,196	13,686	23,882
At 31 December 2012	24,130	14,690	32,683	71,503
Depreciation:				
At 1 January 2012	5,630	1,723	6,780	14,133
Charge for the year	4,826	1,857	6,123	12,806
At 31 December 2012	10,456	3,580	12,903	26,939
Net carrying values:				
At 31 December 2012	**13,674**	**11,110**	**19,780**	**44,564**

	Motor vehicles US$	*Furniture and fixture US$*	*Office equipment US$*	*Total equipment US$*
Cost:				
At 1 January 2011	24,130	4,494	15,429	44,053
Additions	-	-	3,568	3,568
At 31 December 2011	24,130	4,494	18,997	47,621
Depreciation:				
At 1 January 2011	804	824	2,122	3,750
Charge for the year	4,826	899	4,658	10,383
At 31 December 2011	5,630	1,723	6,780	14,133
Net carrying values:				
At 31 December 2011	18,500	2,771	12,217	33,488

The depreciation charge has been allocated to general and administrative expenses in the statement of comprehensive income.

6 CAPITAL WORK IN PROGRESS

	2012 US$	*2011 US$*
At 1 January	**94,651,273**	76,872,842
Additions during the year	**34,986,481**	17,778,431
At 31 December	**129,637,754**	94,651,273

Capital work in progress comprises:

	2012 US$	*2011 US$*
Payments for construction of the plant	**101,677,320**	71,396,125
Payments for technical know how	**22,280,325**	21,478,453
Other directly attributable expenses	**5,680,109**	1,776,695
	129,637,754	94,651,273

6 CAPITAL WORK IN PROGRESS (continued)

Capital work in progress includes payments to related parties (note 16) of US$ 29,174,572 (2011: US$ 14,217,181)

Other directly attributable expenses include payments made during the year for salaries and wages amounting to US$ 376,077 (2011: nil) and borrowing costs amounting to US$ 3,085,440 (2011: nil).

7 PREPAYMENTS AND OTHER RECEIVABLES

	2012 US$	*2011 US$*
Prepaid rent	**2,835**	-
Amount due from a shareholder (note 16)	**6,632**	1,662
Deposits	**18,478**	16,090
Advances paid to suppliers	**48,276**	-
Other receivables	**48,125**	-
	124,346	17,752

- For terms and conditions relating to amount due from a related party, refer to note 16.

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the statement of cash flows include the following statement of financial position amounts:

	2012 US$	*2011 US$*
Bank balance - Bahraini Dinars	**8,751,624**	31,405
Bank balance - US$	**4,656**	1,272
Cash in hand	-	454
Cash and cash equivalents	**8,756,280**	33,131
Term deposit under lien (note a)	**6,300,000**	-
Margin deposits (note b)	**1,094,042**	-
Cash, bank balances and deposits	**16,150,322**	33,131

Bank balances are held with financial institutions in the Kingdom of Bahrain and are non interest bearing.

(a) Term deposit held by the Company is under lien as security for a long term loan obtained from a consortium of two commercial banks in the Kingdom of Bahrain (note 11). The term deposit matures in January 2013, has an original maturity of 8 months, is denominated in Bahraini Dinars and earned profit of 1.25% per annum (2011: 2.75%).

(b) Margin deposits are held with financial institutions in the Kingdom of Bahrain, are non interest bearing and are denominated in Bahraini Dinars. The margin deposits will be settled upon completion of the respective agreements with the suppliers.

9 SHARE CAPITAL

	2012 US$	2011 US$
Authorised:		
150,000,000 shares of US$ 1.00 each	**150,000,000**	150,000,000
Issued and paid:		
99,228,000 shares (2011: 95,120,259 shares) of US$ 1.00 each	**99,228,000**	95,120,259
Capital in cash	**77,804,612**	73,696,871
Capital in kind	**21,423,388**	21,423,388

In 2011, the shareholders of the Company resolved to increase the issued and paid up share capital of the Company to US $ 99,228,000. The formalities with the Ministry of Industry and Commerce relating to the increase in share capital were completed in February 2012.

10 STATUTORY RESERVE

In accordance with the Bahrain Commercial Companies Law and the Company's Memorandum and Articles of Association, 10% of the annual profits of the Company are required to be transferred to the statutory reserve until such time this reserve equals 50% of the issued share capital. No such transfers were made during the current year or the previous year as the Company incurred losses. The reserve cannot be utilised for the purpose of distribution, except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

11 TERM LOAN

	2012 US$	2011 US$
Term loan	**47,250,000**	-
Non-current portion	**38,911,765**	-
Current portion	**8,338,235**	-
	47,250,000	-

The term loan was obtained from a consortium of two commercial banks in the Kingdom of Bahrain for the construction of the sugar refining plant. The term loan is a Sharia'a compliant murabaha facility and is repayable in 17 equal quarterly instalments of US$ 1,642,580 starting from 28 May 2013 with the final instalment payable on 28 May 2017. The effective profit rate on the term loan is 7.70% per annum.

The term loan is secured by the following:

- Pledge of business mortgage over sugar refinery (factory), machinery, and equipment.
- Assignment of refinery insurances, receivables and leasehold rights under the land lease agreement.
- Lien over term deposit (note 8).
- Promissory note with profit payable thereon.

12 EMPLOYEES' END OF SERVICE BENEFITS

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

	2012 US$	2011 US$
Provision as at 1 January	3,131	37
Provided during the year (note 15)	8,610	3,094
Provision as at 31 December	11,741	3,131

13 PAYABLES AND ACCRUALS

	2012 US$	2011 US$
Rent payable	7,825	41,569
Contract accruals	464,327	363,462
Accrued expenses	368,467	19,992
	840,619	425,023

14 GENERAL AND ADMINISTRATIVE EXPENSES

	2012 US$	2011 US$
Director's remuneration (note 16)	159,151	159,540
Rent and accommodation	115,795	41,895
Professional fees	66,957	81,631
Travelling expenses	13,815	13,685
Depreciation	12,806	10,383
Communication expenses	11,571	11,267
Others	43,373	23,029
	423,468	341,430

15 STAFF COSTS

	2012 US$	2011 US$
Staff costs comprise of the following:		
Salaries and wages	483,722	196,545
Employees' end of service benefits (note 12)	8,610	3,094
Contribution to Social Insurance Organisation	38,427	15,924
Other staff benefits	11,984	1,064
Total staff costs	542,743	216,627
Staff costs included in capital work in progress (note 6)	(376,077)	-
Staff costs included in the statement of comprehensive income	166,666	216,627

16 RELATED PARTY TRANSACTIONS

Related parties represent shareholders, 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 management.

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

	2012 ***US$***	*2011* *US$*
Office rent charged to a shareholder	**19,894**	19,943

Transactions with the related parties which have been capitalised in the statement of financial position relating to capital work in progress during the year are as follows:

	2012 ***US$***	*2011* *US$*
Entities controlled by a shareholder/director	**29,174,572**	14,217,181

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

	Receivable	
	2012 ***US$***	*2011* *US$*
Due from a shareholder (note 7)	**6,632**	1,662

Balance with a shareholder at the reporting date is unsecured, non-interest bearing and repayable on demand. Outstanding balances at the year end arise in the normal course of business. All contracts with related parties are awarded through a transparent bidding process.

For the years ended 31 December 2012 and 31 December 2011, the Company has not recorded any impairment of amounts owed by a related party.

There are no amounts due to related parties as of 31 December 2012 and 31 December 2011.

Compensation of key management personnel
The Managing Director of the Company received remuneration of US$ 159,151 during the year (2011: US$ 159,540).

17 COMMITMENTS

a) Capital expenditure commitments
Estimated capital expenditure contracted for at the reporting date but not provided for:

	2012 ***US$***	*2011* *US$*
Capital work in progress	**8,504,403**	35,992,699

17 COMMITMENTS (continued)

b) Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases as of the reporting date are as follows:

	2012 ***US$***	*2011* *US$*
Within one year	**174,729**	157,313
After one year but not more than five years	**698,916**	478,806
More than five years	**7,401,325**	4,742,189
	8,274,970	5,378,308

The Company's plant is being constructed on land leased from the Government of the Kingdom of Bahrain ("the Government"). The lease is for a period of 50 years, commencing 1 May 2010. Operating leases mainly relate to land leased from the Government. Rent for the leased land is negotiable after the first five years. During the year, the Company leased additional land adjacent to the existing leased land on the same lease term and conditions as the initial lease agreement.

18 RISK MANAGEMENT

The Company in the normal course of its operations is exposed to profit rate risk, credit risk, liquidity risk and foreign currency risk.

The Company's senior management oversees the management of these risks. Senior management advises on the financial risks and appropriate financial risk governance framework for the Company. Senior management also ensures that financial risks are identified, measured and managed in accordance with the Company policies and risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Company is not exposed to profit rate risk as it does not have profit bearing assets and liabilities with floating profit rates at the reporting date.

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.

The Company is exposed to credit risk on its bank balances, deposits and other receivables. The Company limits its credit risk with regard to bank balances and deposits by dealing with reputable financial institutions. The credit risk on other receivables is perceived to be minimal by the Company. The maximum credit risk exposure at 31 December 2012 with respect to bank balances, deposits and other receivables is equal to their carrying value in the statement of financial position amounting to US$ 16,223,557 (2011: US$ 50,883).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The management mitigates liquidity risk by ensuring funds are available to meet the Company's commitments as they fall due.

18 RISK MANAGEMENT (continued)

Liquidity risk (continued)

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rate.

2012	*Less than 3 months US$*	*3 to 12 months US$*	*1 to 5 years US$*	*Total US$*
Payables and accruals	**376,292**	**464,327**	**-**	**840,619**
Term loan	**928,353**	**10,933,164**	**44,602,178**	**56,463,695**
	1,304,645	**11,397,491**	**44,602,178**	**57,304,314**

2011	*Less than 3 months US$*	*3 to 12 months US$*	*3 to 12 months US$*	*Total US$*
Payables and accruals	61,561	363,462	-	425,023

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's transactions are mainly in US Dollars, Bahraini Dinars and Euros. As the Bahraini Dinar is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

The sensitivity to a reasonably possible change in the Bahraini Dinar/Euro exchange rate, with all other variables held constant, is not expected to have a material impact on the Company's statement of comprehensive income. The Company did not have any balances denominated in Euros at the reporting date.

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.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to the shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011. Capital comprises share capital and accumulated losses and is measured at US$ 97,854,626 as at 31 December 2012 (2011: US$ 94,307,490).

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of other receivables, cash, bank balances and deposits. Financial liabilities consist of payables and accruals and term loan.

The fair values of financial instruments are not materially different from their carrying values at the reporting date.

As at 31 December 2012 and 31 December 2011, the Company did not hold any financial instrument, remeasured at fair value, therefore, disclosure related to fair value hierarchy is not relevant.