

Lucky 9 Construction W.L.L.
Manama - Bahrain

**Financial Statements and
Independent Auditor's Report**
**For the year ended
31 December 2018**

Lucky 9 Construction W.L.L.
Financial Statements for the year ended 31 December 2018

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Lucky 9 Construction W.L.L.
Entity Profile

Commercial Registration No. : 101023-(1&2)

Issuance date : 27 June 2016

Shareholders : Qasim Fiaz Mohammad Ghulam Mohammed Karam
Rafaqat Hussain Choudhry Abdul Ghani

Address : Office 1
Building 82
Road 327
Block 321
Manama
Kingdom of Bahrain

Banker : Habib Limited Bank

Auditors : KSI Bahrain - Consultants & Public Accountants
Office 54, Diplomat Tower 315
Road 1705, Block 317
Diplomatic Area,
P.O. Box 11126
Manama, Bahrain

Lucky 9 Construction W.L.L.
Report of the Board of Directors

The Directors of **Lucky 9 Construction W.L.L.** (the "Company") have great pleasure in presenting the annual report containing the audited financial statements for the year ended 31 December 2018.

Principal activities

The Company is engaged in the following business activities :

Construction of buildings.

Freight transport by road - International transport of goods.

Results

During the year under audit, the Company achieved a turnover of BD. 458,517 and a net profit of BD. 46,263.

Directors and management

The following served as Directors and were in charge of the management of the Company during the year ended 31 December 2018 :

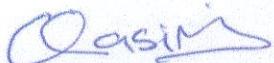
Name of the Directors	Ownership (%)	Position
Qasim Fiaz Mohammad Ghulam Mohammed Karam	51%	Chairman
Rafaqat Hussain Choudhry Abdul Ghani	49%	Managing director

Declaration based on Ministerial Order No. 173 of 2017

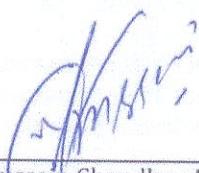
We declare that we have not dealt in any manner with person's named in the list of United Nations Security Council Resolutions during the year ended 31 December 2018 and that we have complied with all the obligations of Ministerial Order No. 173 of 2017 pertaining to the reporting of suspicious or unusual transactions.

Auditors

The financial statements have been audited by KSI-Bahrain who has expressed their willingness and considered themselves eligible for re-appointment. The Directors take this opportunity to place on record his sincere appreciation to the staff for their loyalty and dedication, which has greatly helped to maintain the reputation and results of the Company.



Qasim Fiaz Mohammad Ghulam Mohammed Karam
Chairman



Rafaqat Hussain Choudhry Abdul Ghani
Managing director



KSI Bahrain-Consultants & Public Accountants
ك.س.بي البحرين - مسشروعون ومحاسبون

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LUCKY 9 CONSTRUCTION W.L.L.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Lucky 9 Construction W.L.L.** (the "Company"), which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Code of Ethics for Professional Accountants issued by the International Ethics Standard Board for Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information obtained at the date of our report is the Board of Directors' Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





KSI Bahrain-Consultants & Public Accountants
كُوْنْسُولْتَانْزْ أَفْلَاقْ بَاهْرَاءِنْ - الْمُهَاجِرَةِ الْأَفْلَاقْ

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LUCKY 9 CONSTRUCTION W.L.L.

(Cont'd)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LUCKY 9 CONSTRUCTION W.L.L.**

(Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Anti-Money Laundering and Terrorism Financing Requirements

We have examined the internal controls system of the Company as well as policies & procedures relevant to detecting & reporting of suspicious transactions, in addition to systems and procedures relevant for client identification.

To the best of our knowledge and belief we report that:

- 1) The Company does not maintain proper internal control systems and procedures sufficient of monitoring and reporting of suspicious or unusual transactions. In light of our examination of the Company current level of operation, we think that this will not lead to a material incompliance to the current applicable regulations.
- 2) The Company does not hold sufficient measures and internal procedures relevant to verifying the identity of its customers. In light of our examination of the Company current level of operation, we think that this will not lead to a material incompliance to the current applicable regulations.
- 3) The Company reported all suspicious or unusual transactions conducted during the financial year ended 31 December 2018; and
- 4) As at the financial year ended 31 December 2018, we are not aware of any violations to the Ministerial Order No. 173 of 2017 with respect to the Obligations related to the Procedures on the Prohibition of and Combating Money Laundering and Terrorism Finance in the Business of the Persons Registered in the Commercial Register and the Audit Registry in the Kingdom of Bahrain.





KSI Bahrain-Consultants & Public Accountants
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LUCKY 9 CONSTRUCTION W.L.L.

(Cont'd)

Report on Other Legal and Regulatory Requirements

As required by the Bahrain Commercial Companies Law, Decree No. 21 of 2001, we report that:

- The Company has maintained proper accounting records and the financial statements are in agreement therewith;
- The financial information contained in the Board of Directors' Report is consistent with the financial statements;
- Satisfactory information and explanations, were provided to us by the management in response to our requests; and
- 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 having occurred during the year that might have had a material adverse effect on the business of the Company or on its financial position.



Ahmed Alsulaiman
Managing Partner
Registration No. 175

Bahrain, 28 July 2019



Lucky 9 Construction W.L.L.
Statement of Financial Position as at 31 December 2018
Expressed in Bahraini Dinars

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
Assets			
Non-current assets			
Property, plant and equipment	6	6,054	8,007
Current assets			
Trade receivables		96,643	11,440
Bank balance		24,019	29,980
Total current assets		120,662	41,420
Total assets		126,716	49,427
Equity and liabilities			
Equity			
Share capital	7	20,000	20,000
Statutory reserve	8	5,967	1,341
Retained earnings		53,707	12,070
Shareholders' current account		13,727	13,839
Total equity		93,401	47,250
Liabilities			
Current liabilities			
Accrued expenses		33,315	2,177
Total liabilities		33,315	2,177
Total equity and liabilities		126,716	49,427

Approved these financial statements and signed on behalf of it by;

Qasim Fiaz Mohammad Ghulam Mohammec
Chairman

Rafaqat Hussain Choudhry Abdul Ghani
Managing director

Notes 1 to 9 form an integral part of these financial statements.

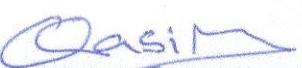


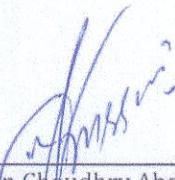
Lucky 9 Construction W.L.L.

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018
Expressed in Bahraini Dinars

	Notes	2018	2017
Revenue		458,517	35,000
Cost of revenue		(387,259)	-
Results from operating activities		71,258	35,000
Expenses			
General and administrative expenses	9	(23,042)	(19,636)
Depreciation	6	(1,953)	(1,953)
Total expenses		(24,995)	(21,589)
Net profit for the year		46,263	13,411
Other comprehensive income		-	-
Total comprehensive income for the year		46,263	13,411

Approved these financial statements and signed on behalf of it by:


Qasim Fiaz Mohammad Ghulam Mohammed Karam
Chairman


Rafaqat Hussain Choudhry Abdul Ghani
Managing director

Notes 1 to 9 form an integral part of these financial statements.



Lucky 9 Construction W.L.L.
 Statement of Changes in Equity for the year ended 31 December 2018
 Expressed in Bahraini Dinars

	<u>2017</u>	Share capital	Statutory reserve	Retained earnings	Shareholders' current account	Total equity
At 1 January 2017		20,000	-	-	-	20,000
Total comprehensive income for the year		-	-	13,411	-	13,411
Transfer to statutory reserve		-	1,341	(1,341)	-	-
Net movement in current account		-	-	-	13,839	13,839
At 31 December 2017		<u>20,000</u>	<u>1,341</u>	<u>12,070</u>	<u>13,839</u>	<u>47,250</u>
	<u>2018</u>	Share capital	Statutory reserve	Retained earnings	Shareholders' current account	Total equity
At 1 January 2018		20,000	1,341	12,070	13,839	47,250
Total comprehensive income for the year		-	-	46,263	-	46,263
Transfer to statutory reserve		-	4,626	(4,626)	-	-
Net movement in current account		-	-	-	(112)	(112)
At 31 December 2018		<u>20,000</u>	<u>5,967</u>	<u>53,707</u>	<u>13,727</u>	<u>93,401</u>



Lucky 9 Construction W.L.L.

Statement of Cash Flows for the year ended 31 December 2018
Expressed in Bahraini Dinars

	2018	2017
OPERATING ACTIVITIES		
Total comprehensive income for the year	46,263	13,411
Adjustments for :		
Depreciation	1,953	1,953
Changes in working capital		
Trade receivables	(85,203)	(11,440)
Accrued expenses	<u>31,138</u>	<u>2,177</u>
Net cash (used in) / generated from operating activities	(5,849)	6,101
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-	(9,960)
Net cash (used in) investing activities	-	(9,960)
FINANCING ACTIVITIES		
Capital introduced	-	20,000
Net movement in current account	<u>(112)</u>	<u>13,839</u>
Net cash (used in) / generated from financing activities	(112)	33,839
Net (decrease) / increase in cash and cash equivalents	(5,961)	29,980
Cash and cash equivalents - beginning of the year	<u>29,980</u>	<u>-</u>
Cash and cash equivalents - end of the year	<u>24,019</u>	<u>29,980</u>



Lucky 9 Construction W.L.L.

Notes to the Financial Statements for the year ended 31 December 2018
Expressed in Bahraini Dinars

1 Organisation & Activities

Lucky 9 Construction W.L.L. (The "Company") is a Limited Liability Company registered with the Ministry of Industry, Commerce & Tourism, Kingdom of Bahrain as follows:

Commercial Registration No. : 101023-(1&2)
Issuance date : 27 June 2016

The Company is operating under the following branches, which are consolidated in the accompanying financial statements.

S.No	Branch names	CR No	Reg Date
1	Lucky 9 Construction W.L.L.	101023-1	27 June 2016
2	Lucky 9 Transport W.L.L	101023-2	26 July 2018

The Company is engaged in the following business activities :

Construction of buildings.

Freight transport by road - International transport of goods.

2 Basis of Preparation and Other Significant Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), being standards and interpretations issued by the International Accounting Standards Board (IASB) and the applicable provisions of the Bahrain Commercial Companies Law Decree No. 21 of 2001.

2.2 Basis of measurement

The Financial Statements have been prepared under the historical cost convention except for any modifications required by IFRS referred to in the accounting policies given, and are prepared in Bahraini Dinars which is the functional currency of the Company.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustments within the next financial year and critical judgements in applying accounting policies on the amounts recognised in the financial statements.

2.4 Current versus non-current classification

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

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the 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 the 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.

2.5 Going concern

These financial statements are prepared on the basis that the Company is a going concern and will continue in operation for the foreseeable future and it has no intention or necessity to liquidate.

3 Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost includes expenditures that are directly attributable to the acquisition cost of the asset and bringing it to the position where its ready for intended use (eg. transportation cost, insurance installation, etc...).

The cost of materials and direct labour any other costs directly attributable to bringing an asset to its working condition for their intended use when the company has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they were located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Any gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised in profit or loss.

Lucky 9 Construction W.L.L.

Notes to the Financial Statements for the year ended 31 December 2018
Expressed in Bahraini Dinars

3.1.1 Depreciation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of a property and equipment. Assets are depreciated from the date they are available for use or, in respect of self-constructed assets, from the time an asset is completed and ready for service. Freehold land, projects in progress and inventories held for capital projects are not depreciated. The depreciation expenses is charged by allocating the cost over the fixed assets useful life at the following annual rate:

Assets class	Rate
Motor vehicles	20%
Office equipments	15%
Furniture and fixtures	15%

3.2 Trade and other receivables

Trade and other receivables are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise of bank balance only.

3.4 Other payables

Other payables are recognized initially at the transaction price and subsequently measured at amortized cost using effective interest method.

3.5 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the company's activities. Revenue is shown net of returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Revenue from construction contracts

Contract revenues earned are recognized under the percentage of completion method, measured by the percentage of cost incurred to the total estimated cost for each contract. Revenue arising from contract variations/claims is not accounted for unless it is probable that the customer will approve the variations/claims and the amount of revenue arising from the variations/claims can be measured reliably.

Losses on contracts are assessed on an individual contract basis and a provision is made for the full amount of the anticipated losses, including any losses relating to future work on a contract, in the period in which the loss is first foreseen.

3.6 Expenses

Direct and indirect expenses relating to operations are charged directly. Expenses relating to management are charged to general and administrative expenses. All expenses are recognized on the accrual basis.

Lucky 9 Construction W.L.L.

Notes to the Financial Statements for the year ended 31 December 2018
Expressed in Bahraini Dinars

4 New Standards, Amendments and Interpretations

4.1 Amendments and interpretations effective from 1 January 2018

The following amendments which became effective as of 1 January 2018 are relevant to the company. The adoption of these amendments had no significant impact on the financial statements:

IFRS 9 - Financial Instruments

IFRS 9 published in July 2014, replaces the existing IAS 39' Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 - Revenue.

4.2 New standards, amendments and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, for the period ended 31 December 2018 are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Company intends to perform an initial assessment of the potential effect of IFRS 16 on the financial statements during the year ending 31 December 2019.

Lucky 9 Construction W.L.L.
 Notes to the Financial Statements for the year ended 31 December 2018
 Expressed in Bahraini Dinars

6 Property, plant & equipment

	Furniture & fixtures	Office equipments	Motor vehicles	Total
Cost				
At 1 January 2018	435	325	9,200	9,960
At 31 December 2018	435	325	9,200	9,960
 Accumulated depreciation				
At 1 January 2018	65	48	1,840	1,953
Charge for the year	65	48	1,840	1,953
At 31 December 2018	130	96	3,680	3,906
 Net book value				
At 31 December 2018	305	229	5,520	6,054
At 31 December 2017	370	277	7,360	8,007

Lucky 9 Construction W.L.L.

Notes to the Financial Statements for the year ended 31 December 2018

Expressed in Bahraini Dinars

7 Share capital

The share capital of the Company is BD 20,000 (Bahraini Dinars Twenty Thousand only) divided into 200 shares of BD 100 each.

<u>Name of the shareholders</u>	<u>Number of shares</u>	<u>Ownership (%)</u>	<u>Amount (in BD)</u>
Qasim Fiaz Mohammad Ghulam Mohammed Karar	102	51	10,200
Rafaqat Hussain Choudhry Abdul Ghani	98	49	9,800
	200	100	20,000

8 Statutory reserve

As required by the Bahrain Commercial Companies Law, Decree No. 21 of 2001, an amount equal to minimum of 10% of company's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the share capital is set aside.

	<u>2018</u>	<u>2017</u>
9 General and administrative expenses		
Staff cost	-	12,524
Rent and utilities	3,304	3,316
Vehicles running expenses	14,400	-
Miscellaneous expenses	5,338	3,796
	<u>23,042</u>	<u>19,636</u>