Annual Report

About Centre’s Operations and Activities in 2013
Annual Report

About The Centre’s Activities And Operation

2013
Our Leaders
HH Prince Dr. Bandar bin Salman bin Mohamed Al Saud
Honorary President

Board of Directors

Mr. Khaled Ali Alameen
Chairman
Kingdom of Bahrain

Mr. Khaled A.Rahman Almudhahka
Vice Chairman
State of Kuwait

Mr. A.Rahman A. Al Abdulghani
Member
State of Qatar

Mr. Yaseen Khalid Khayyat
Member
Kingdom of Saudi Arabia

Redha Juma Al Saleh
Member
Sultanate Oman

Saeed Obaid Aljarwan
Member
United Arab Emirates
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Chapter One

- Vision, Mission, Values and Strategy
- Chairman’s Message
- General Secretary’s Message
Our Vision

To have an integrated judicial and arbitration system, independent of the GCC states, including the headquarters state, closely connected to the regional and international arbitration situation with the system and regulations drawn from a multi-party sovereign source that rises above laws in force in the GCC States.

Our Mission

To enhance the role of arbitration as a self-independent system and a unique tool for resolving commercial disputes and for attracting foreign direct investment (FDI) and qualify and train a new generation of arbitrators by conducting training programmes of high quality and spread arbitration culture.

Our Values

Complete neutrality and impartiality, integrity in the supervision of arbitration proceedings and ensuring that absolute and flexible justice is served that responds to the specifics of the dispute.

Our Strategic Objectives

1. To enhance the regional and arbitration nature of the centre in terms of its legal entity, sovereignty, benefits and the nature of its awards, considering that the GCC is the parent institution to which the centre is affiliated.
2. To co-operate on the regional level in order to introduce a new and modern legislation dealing with arbitration, relying upon the concept of the rule of the will prevailing on international commercial markets.
3. To co-operate with judicial and legal bodies in the GCC countries in the fields of arbitration management, appointment of arbitrators and pursuit enforcement of arbitral awards.
4. To provide assistance by way of giving legal opinions and advice when national arbitration centres are established in the GCC countries.
5. To provide advisory services on drafting arbitration agreements or providing a list to choose from the best cadres to undertake the arbitration process.
6. To co-operate on a regional level with chambers of commerce, judicial training institutes, labour unions and professional societies in organizing conferences and seminars and implementing arbitral and legal training programmes.
7. To expand the scope of the Centre’s services on a regional level and publishing academic journals and publications and improve and sustaining the satisfaction of stakeholders.
I’m privileged to chair the 19th term of the Centre’s Board of Directors, starting with Meeting No (55) which was held at the Bahrain Chamber of Commerce and industry on the 6February2013 During this meeting we reviewed many accomplishments made by the Centre during 2012 under the chairmanship of the Kingdom of Saudi Arabia’s representative, which we considered unprecedented in all fields.

I would like and thanks my colleague members of the Board of Directors and the General Secretary and his excellent work team for the unstinting efforts of, the Centre has been able to add new achievements to those of last year. The Centre achieved synergy with all chambers of commerce and industry in the GCC states in addition to co-operation with judicial authorities and courts. The Centre’s activities have extended to reach the Kingdom of Morocco.

In my personal view the most important achievement made during the year 2013 is probably the resolution adopted by the Board of Directors to construct the Centre’s permanent headquarters in the Kingdom of Bahrain, This project with its strategic dimension will achieve to the Centre and the Gulf arbitration system many objectives in the service of the commercial investment and financial sector and for the purpose of establishing a true partnership with international arbitration Centre’s.

What was achieved during 2013 is a source of assurance of the steady strategy of the Centre’s growth and development, It has been achieved in real life supported by an institutional success built on leadership and management. I would like to highly commend the vital role played by the governments of the member states and the chambers of Commerce and industry in the GCC states in employing all their means and capabilities in supporting the Centre’s objectives and programmes to spread arbitration culture.

Looking forward for more achievements under the chairmanship of the State of Kuwait’s representative.

Khalid Ali Rashid Al Ameen
Chairman of the Board of Directors
Representative of Kingdom of Bahrain
The activities undertaken by the Centre in 2013 were aligned to the Centre’s development during the last three years and supplemented it. During this period, the Gulf judiciary laid down principles and gave priority to the enforcement of the Centre’s awards, thus consolidating the conviction of the legal advisory office’s businessmen and high net worth individuals of the need to use the Centre’s rules in resolving their commercial disputes. The Chambers of Commerce and Industry have made valuable contributions through the high attention paid to co-operation in implementing the programmes of qualifying and training arbitrators, and thus managed to win the confidence of government ministries and institutions and jurists in the Centre.

In 2013, the Board of Directors approved an ambitious growth strategy which would put the Centre in a leading position with international centres and formulate a new vision and strategic objectives which would re-emphasize the Centre’s regional and international nature. Signing the agreement on conducting a research study in both Arabic and English on resolving disputes according to the Centre’s mechanism, in addition to the Centre’s readiness for the publication of a book containing a set of its strongest rules, and the approval of the construction of the Centre’s headquarters in the Seef Distinct of Manama will constitute new pillars that would strengthen the Centre’s international profile.

In respect of the accounting figures of the 2013 activities, they are all considered record figures in terms of the number of disputes received, the number of arbitrators and experts registered the training activities and programs implemented the cooperation agreements signed with stakeholders and finally the honorary membership certificates awarded. These are all results which were made possible thanks to the dedicated efforts of a work team whose members devoted their energies and efforts based on discipline, seriousness, follow-up and supervision.

May Allah guide our steps towards achieving the objectives and aspirations of their Majesties and Highnesses the leaders of the GCC states in enhancing the role of commercial arbitration system in the common Gulf market.

Ahmed Najem Abdulla Al Najem
General Secretary
Chapter Two: Management Report

First: Board of Directors:

Second: Arbitration Boards’ Secretariat:
   A. General Secretariat
   B. Arbitration Board’s Secretariat
   C. Registration of Arbitrators and Experts
   D. Training Programmes and Events
**First: Board of Directors**

**A) Meetings of the Board of Directors**

The Centre’s Charter states that the Board shall meet at least every six months or whenever such meeting is deemed necessary. Accordingly, the Board of Directors convened four meetings during 2013 which a number of resolutions were issued, the most important of which are the following:

1. **Meeting (55) Manama- Kingdom of Bahrain, Wednesday 6 February 2013**
   - The chairmanship was transferred from Advocate Yaseen Khalid Khayyat, the Kingdom of Saudi Arabia’s representative, to Mr. Khaled Ali Rashid Al Ameen, the Kingdom of Bahrain’s representative, in pursuance of Article (5) of the Charter which provides as follows: <<.......Chairmanship of the Board of Directors shall be in rotation in keeping with the practice followed in the GCC meetings........>>
   - Appointed Mr. Khaled Abdul Rahman Al Modahka, the State of Kuwait’s representative, Vice Chairman.
   - Approved the annual report about the Centre’s activities and operations for the year 2012.
   - Approved the financial report prepared by the external auditors. Jawad Habib (BDO) for the year 2012, as well as their opinion that the financial statements fairly reflect the financial position as at 31December2012 from all aspects, and that the Centre’s financial performance and cash flows were in accordance with International Financial Reporting Standards.
   - The Board approved the re-appointment of. Jawad Habib (BDO) as external auditors for the 2013 accounts.
   - The Board approved setting 10% of the net surplus in the 2012 results as members remuneration.

2. **Meeting (56) Riyadh-Kingdom of Saudi Arabia, 26 May 2013**
   - Approving the Centre’s new vision, mission, values and strategic objectives which sprang from its mission of moving from a regional centre to an international centre.
   - Dedicating more efforts in following up the Centre’s request submitted to His Royal Highness the Prime Minister of the Kingdom of Bahrain in respect of allocating a plot of land for the Centre as (donation) to construct permanent headquarters in the capital (Manama).
   - Forming a three-member committee comprising the Chairman, Vice Chairman and General Secretary to invite bids for suitable lands in respect of location, price, size and classification as an alternative option.
   - Drawing up a work plan to choose the ideal mechanism that suits the Centre’s distinguished position in the State of Kuwait after the promulgation of Law No (7) of 2013 approving the agreement between the State of Kuwait and the Centre to open a representative office in the State of Kuwait.
   - Conducting more study and research on the proposal that made by Mr Khalil Abdullah Al Khonji Chairman of the Federation of GCC Chambers on opening branches for the Centre in the member states.
   - Reiterating the Centre’s strategy for co-operation with official organizations, such as ministries, judicial authorities, courts and executive authorities, Chambers of Commerce and Industry and arbitration centres affiliated to them, private universities, relevant professional societies and associations in the member states in implementing training and training programmes for arbitrators in particular and training programmes and activities in general.
3. Meeting (57) Sharjah Emirate- United Arab Emirates, 11 September 2013
- Participated in the meeting Mr. Saeed Obaid Al Jarwan, Member of the Board of Directors and UAE’s representative, succeeding Mr. Saeed Ali Khammas.

- The provisions for the fall in the value of receivables was increased to a level equal to the unpaid contributions of some chambers for the years 2009-2010, while continuing efforts by the Members of the Board of Directors to directly co-ordinate with their chambers to pay the outstanding contributions.

- Submitting a proposal activating the Centre’s powers by amending (9) of the Agreement of Incorporation of Gulf Investment Corporation referring the dispute to arbitration by the Centre to resolve it in accordance with its Charter and Arbitral Rules of Procedure.

- Approving the principle of constructing permanent headquarters for the Centre in the Kingdom of Bahrain commensurate with its status, profile and immunity to cope with its increasing activities, and allocating the amount of BD 600,000 for Phase(I) of the project (buying a commercial and investment plot of land) so that the floors of the building will accommodate the Centre’s activities while lease around 50% of its administrative offices to generate more annual revenues for the Centre.

- Authorizing the previously constituted ad-hoc committee (Chairman, Deputy Chairman and Secretary General) to buy a suitable plot of land in a convenient location in the capital (Manama).

- Increasing allocations for Phase(I) of the construction of the Centre’s permanent headquarters by 10% to BD 660,000.

- Approving the provisions of the Charter of the Board of Directors and considering it as full reference for everything related to the Board of Directors’ affairs. The first draft of this Charter was proposed during previous meetings in 2012 and it was discussed in more than one meeting.

- The Centre’s operating budget for the financial year 2014 (revenues and expenses) was approved. The budget included forecast arbitration revenues, representing 45% of the total revenues, while revenues from training activities and programs represented 39% of the income. On the expenses side, salary expenses and staff costs represented 44% of the total expenses, while general expenses represented 54%.

B) Awarding Honorary Membership
Honorary membership is awarded to a number of prominent figures, including arbitrators, lawyers, judges, jurists and chairmen of bar associates and societies in recognition of their major contributions in institutional arbitration and of their prominent role in spreading arbitration culture through their literary contributions and academic participation. This membership was awarded to:

H.E Sheikh Abdulmalik bin Abdullah bin Ali al Khalili, Minister of Justice.

H.E Dr. Hamza Ahmad Haddad, former Jordanian Minister of Justice and former General Secretary of the Arab Association for International Arbitration (AAIA).

H.E Tawfiq bin Abdul Hussain al-Lawati, A former member of the Board of Directors and representative of the Sultanate of Oman and member of the Omani Shura Council.

H.E Saeed Ali Khamas Al Yamahi, A former member of the Board of Directors, representative of the
UAE and Chairman of Al Fujairah Chamber of Commerce and industry.
Advocate Mohammad Bin Ali Al Kiyumi, A former member of the Board of Directors and representative of the Sultanate of Oman.
Mr. Jameel Bin Sultan Al Lawati, A former member of the Board of Directors and representative of the Sultanate of Oman.

Second: Centre’s Activities and Operations

A) General Secretariat

1. Enforcement of the Centre’s Awards in the State of Qatar

The former Minister of Justice in the State of Qatar was contacted on the 1 April 2013 about the procedures taken to prepare the requirements of the Centre’s Charter in the State of Qatar in terms of legislative tools in pursuance of Emiri Order No (33) of 2000 with respect of introducing legislation and the method of enforcing awards issued by the Centre in the State of Qatar. During its ordinary meeting No (29) held on 19 September 2001 in Qatar’s Council of Ministers approved taking the necessary measures to implement the Centre’s Charter in the State of Qatar and entrusted the Minister of Justice with the task of ensuring that the Council’s General Secretariat submit a memorandum on its opinion in co-ordination with the Presidency of Courts on the enforcement of awards issued by the Centre in the State of Qatar. Given the importance of this issue, the General Secretary accompanied by Mr. Abdul Rahman A. Ghani Board Director and representative of the State of Qatar, visited His Excellency Dr. Hassan Bin Lahdan Al Mohannadi, the new Minister of Justice in the State of Qatar, on 3 October 2013 and delivered to him a letter confirming the Centre’s legal stubs through the awards handed down by supreme courts and academic legal opinions. This means the Centre’s Charter and Arbitral Rules of Procedures are not mere legal arbitral awards of the member states but regional arbitral rules and so such rules are not related to the internal legal system of any GCC state because they are drawn from the multi-party sovereignty that rises about enforceable laws in the GCC states.

2. Conducting a Research Study

The study of the Centre’s arbitration mechanism draws major importance in terms of reality, theory and law. In terms of reality the Centre represents a leading experiment on a regional level because it provides an obligation by the member states to recognize the arbitral awards issued by it and enforce them according to its Charter. In addition, the scope of the Centre’s powers is different from the scope of powers of arbitration centres established through international agreements, since the Centre is concerned with resolving commercial disputes among persons other than states, and this requires definition and explanation of the Centre and its arbitration mechanism.

The study is important also from a theoretic point of view, because the Centre’s Charter and Arbitral Rules of Procedure keep in step with contemporary principles in commercial arbitration (independence of the arbitration agreement, powers, limiting court’s interference
in the arbitral process, unrestricted arbitration). Hence, the study of the Centre’s arbitration mechanism may contribute to the explanation of such principles and in their evolution.

Legally, the study of the Centre’s arbitration mechanism draws importance in terms of contribution to finding a common interpretation of the Centre’s Charter for the courts of the member states in order to explain the correlation between the Centre’s arbitration rules and the national arbitration rules of member states and national courts, comparison between the Centre’s arbitration system with the known institutional arbitration of important international centres and the discussion of the enforcement of arbitral rules issued by the Centre in non-member states.

3. The (28) Joint Meeting Between the General Secretariat and Chairmen and Members of Gulf Chambers

The Centre, through its General Secretary, accompanied by Chairman Khalid Ali Al Ameen, Chairman of the Board of Directors and representative of Kingdom of Bahrain, participated in the 28th joint meeting (28) between the General Secretariat and Chairmen and Members of Gulf Chambers held at the Sheraton Hotel in Kingdom of Bahrain on Monday 13 May 2013. During the meeting the General Secretary gave an outline of the Centre’s activities and operations during 2012, in the form of two charts reviewing the Centre’s status and its continued good results which are unprecedented over its years of operation in terms of all activities (arbitration revenues, training programmes, members’ contributions, list of arbitrators and experts).

The first chart illustrates the Centre’s ability to generate revenues since 2011 despite the Board of Directors’ resolution to self-fund the Centre. The second chart is a comparison between the constituents of the revenues of activities during the period 1995-2012.
4. Joint Memorandums of Co-Operation and Understanding

As part of the co-operation framework and the establishment of strategic partnerships, the Centre signed seven co-operation agreements with:

- Libya Centre for International Commercial Arbitration- Tripoli, Republic of Libya.
- GCC Standardization Organization, Kingdom of Saudi Arabia.
- Kuwait Bar Association, State of Kuwait.
- Saudi Council of Chambers, Kingdom of Saudi Arabia.
- International Centre for Mediation and Arbitration of the Rabat Chamber of Commerce and Industry, Kingdom of Morocco.
- International Centre for Mediation and Arbitration of the Casablanca Chamber of Commerce and Industry, Kingdom of Morocco.
- Palestinian Arbitrators Association, State of Palestine.
5. Celebrating the Selection of the Centre’s Honorary Chairman

a. Jeddah Chamber of Commerce and Industry, represented in the Lawyers’ Committee, chaired by Advocate Yaseen Khalid Khayyat, held celebrations on Monday 7 January 2013 for selecting HH Prince Dr. Bandar bin Salman bin Mohamed Al Saud, the advisor of the Crown Prince and head of the Saudi arbitration team, as Honorary President of the Centre. This is part of the Chamber’s policy of recognizing people with long experience in different spheres of economics, arbitration and investment. The event was attended by Sheikh Saleh Abdullah Kamel, Chairman of Jeddah Chamber of Commerce and industry and members of the Centre’s Board of Directors.

b. On 16 May 2013, the GCC General Secretariat honoured His Royal Highness Dr. Bandar Bin Salman Bin Mohammed Al Saud, Advisor to the Custodian of the Two Holy Mosques and Head of the Saudi Arbitration Team, the Honorary President of the Centre, as part of the celebrations of 32 years since the GCC was established. The event was attended by His Royal Highness Prince Khalid Bin Bandar Bin Abdul Aziz Al Saud, Amir of Riyadh Region and His Excellency Dr. A. Latif Rashid Al Zayani, the GCC General Secretary and members of the Centre’s Board of Directors and the Centre’s General Secretary.

This honouring is a recognition of by the GCC General Secretariat of the commendable efforts of His Royal Highness Dr. Bandar in national, Gulf and international arbitration and his generous support for jurists, lawyers and the Gulf arbitration system in general.

B) Arbitration Board’s Secretariat

1. The Centre’s Arbitral Awards are Binding and Final

The Centre’s awards and procedures are not subject to control whether through challenge or by filing first instance court cases to annul them through any court in any of the GCC or non-GCC states. This expedites the enforcement of these awards, because the lawmaker has specified the competent judicial authority according to the law of the country in which the award is to be enforced by issuing an order to enforce it through giving it the executive format. If a litigant applies to such authority to annul an award for any of the reasons listed exclusively in Article 36 of the Arbitral Rules of Procedure, its task is limited to verification of the petition, and if it ascertains it, it has only to enforce the arbitrators award.

Article 36/2 of the Arbitral Rules of Procedure provides as follows: “The relevant judicial authority shall order the enforcement of the arbitration award unless one of the litigants files an application for the annulment of the award in the following specific events:

If it is passed in the absence of an arbitration agreement or in pursuance of a null agreement, or if it is prescribed by the passage of time or if the arbitrator goes beyond the scope of the agreement.
2. Movement of Administration of Arbitration Disputes

The Centre received 17 arbitration disputes, and approved 13 of them and deferred the rest until all the necessary documents proving the validity of the arbitration proceedings are provided. The first dispute was registered on 3 January 2013, and the last one on 11 November 2013, with a total value of more than $42 million. Disputes are mainly Bahraini, while one dispute was registered from the State of Qatar and another one from the Kingdom of Saudi Arabia. The nature of disputes is mainly related to real estate development, construction, building, investment and commercial contracts.

Chart Showing He Number Of Disputes Received During The Period (1995-2013)

Table No. (1)

<table>
<thead>
<tr>
<th>Dispute No.</th>
<th>No. of Hearings</th>
</tr>
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<tbody>
<tr>
<td>58</td>
<td>4</td>
</tr>
<tr>
<td>65</td>
<td>2</td>
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<td>66</td>
<td>18</td>
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<tr>
<td>67</td>
<td>4</td>
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<tr>
<td>75</td>
<td>1</td>
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</tbody>
</table>

Table No. (2)

Awards Delivered During 2013 in Chronological Order

<table>
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<tr>
<th>Dispute No.</th>
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</tr>
</thead>
<tbody>
<tr>
<td>58</td>
<td>05/8/2013</td>
</tr>
<tr>
<td>67</td>
<td>21/8/2013</td>
</tr>
</tbody>
</table>
C) **Registration of Arbitrators and Experts**

The Centre maintains a list of arbitrators which is one of the best lists on the level of Arab arbitration centres in terms of quality and number. In terms of quality, the list includes names of Gulf Arab and foreign personalities which have long experience in arbitration affairs. Registration in the list is made in accordance with requirements which should be fulfilled by the applicant including academic qualifications, practical experience in arbitration or successful completion of the arbitrators qualification and training programme organized by the Centre. In terms of the experts roll, the expert should have a recognized university degree or a post-graduate degree in the field which the applicant applies for, in pursuance of the registration in the list of arbitrators and experts roll approved by the Board of Directors and in force since 1 March 2011.

In year 2013, 156 arbitrators and 15 experts were registered, bringing the total number of members registered with the Centre to 1409. The following chart shows the registration of arbitrators on the roll for the period 2006-2013.

**Chart Showing Registration Of Arbitrators On The Roll From 2006 Until 2013**
D) Training Programs and Events

1. Arbitrators Qualification and Training Program

The Centre’s training philosophy springs from a methodological vision that more investments should be made in a generation of Gulf university graduates to qualify and train them on the concept and essence of arbitration and its nature, types and stages and on the evolution of arbitration legal thought to undertake the resolution of commercial, financial and investment disputes through arbitration. This vision is based on the principle of encouragement and positive participation by individuals and groups, encouraging research, study and personal reasoning and accepting the views of others by combing theoretical and practical thought.

To this end, the Centre designed its training programme for the year 2013 to qualify and prepare arbitrators in conjunction with GCC Chambers of Commerce and Industry or their arbitration centres in order to develop arbitration culture in preparation for the approval of those registered on the arbitrators’ roll. The arbitrator’s qualification and training programme for 2013 was developed, in which Total Quality Management (TQM) concepts were approved in examining suggestions and analyzing them and in exploring methods and means of improving the programme to meet or even exceed expectations and win participants satisfaction. Instructional System Design (ISD) is used in this programme.

The programme comprises an orientation stage, followed by five successive stages, as follows:

- Arbitration concept and its legal nature.
- Arbitration agreement and the guidelines for drafting it.
- Arbitration case administration procedures.
- Arbitral award fundamentals and methodology.
- Enforcement or annulment of the arbitral award.
- Mock Trials (Practical cases).

All these stages of the programme have been implemented in:

UAE, in co-operation with the Institute of Training and Judicial Studies Institute and Abdu Dhabi Conciliation and Commercial Arbitration Centre.

Kingdom of Saudi Arabia, in conjunction with Riyadh Chamber of Commerce and Industry, the Chamber of Commerce and Industry in the Eastern Province and Jeddah Chamber of Commerce and Industry.
2. Organization and Participation in Conferences, Seminars and Events

a. Sharjah 1st International Conference on “the role of commercial arbitration in achieving sustainable development,” United Arab Emirates- Sharjah 24-25 March 2013. The Centre participated in organizing the event, and the General Secretary submitted a working paper entitled “Arbitration in investment disputes in the GCC states.”


c. “Lawyers and Arbitrators Ninth meeting in the GCC States” Sultanate Oman-Muscat 10-11 April 2013. The Centre organized this meeting in conjunction with the Omani Bar Association under the patronage of H.E Sheikh Abdul Malik Al Khalili and the HH Prince Dr. Bandar bin Salman bin Mohamed Al Saud, the advisor of the Crown Prince and head of the Saudi arbitration team.

d. “8th World Chambers of Commerce Conference and Exhibition” State of Qatar-Doha 22-26 April 2013. The event was organized by the International Chamber of Commerce and the World Chambers Federation (WCF) and was hosted by Qatar Chamber of Commerce and Industry. This conference is the first of its kind in the Middle East under the title “Opportunities for all.” It was attended by a record number of more than 2,000 participants from 134 states. During the conference’s deliberations, the Centre’s General Secretary participated through an intervention in which he reviewed the Centre’s activities and accomplishments, as well as the enforcement of its awards. The Centre also participated in the accompanying exhibition, and Shaikh Khalifa bin Jassim bin Jassim bin Jassim bin Muhammed Al Thani the Chairman of Qatar Chamber of Commerce visited the Centre’s exhibition and a commemorative plaque was presented to him on this occasion.


f. 3rd Arbitration Meeting entitled “Role of Arbitration in the propensity of the Construction and Property Industry” Kingdom of Saudi Arabia- Jeddah 11-12 May 2013. The General Secretary submitted a working paper entitled “Types of arbitration and its nature at the GCC Arbitration Centre.”


h. Roundtable Seminar entitled “Realities of Arbitration in Arab Countries, Morocco and GCC Countries as a Model” Kingdom of Morocco-Casablanca, 27 June 2013. The General Secretary submitted a working paper entitled “Realities of Arbitration in the GCC states and its special nature at the GCC Arbitration Centre.”

i. Arbitration in Capital Markets in the GCC States Conference, Sultanate Oman- Salalah 18-20 August 2013. The Centre organized the event in conjunction with Oman Chamber of Commerce and Industry, Dhofar Branch. A working paper entitled “Role of arbitration and stock exchanges in attracting investment” was presented during the event.
Chapter Three: Auditors Report
GCC Commercial Arbitration Centre
Administration and contact details as at 31 December 2013

Member countries
Kingdom of Bahrain
Kingdom of Saudi Arabia
Sultanate of Oman
State of Qatar
State of Kuwait
United Arab Emirates

Board of Directors
Mr Khaled Ali Rashed Alameen - Chairman
Mr Khaled Abdulrahman Almudahka - Vice chairman
Mr Yaseen Khalid Khayyat - Member
Mr Abdulrahman A.Jaleel Al Abdulghani - Member
Mr Redha Juma Mohamed Ali Al Saleh - Member
Mr Saeed Obaid Saeed Aljarwan - Member

General Secretary
Mr Ahmed Najem Abdulla Al Najem

Registered office
Building No. 8, Road No. 60, Block No. 360
Zinj - Manama
PO Box 16100
Kingdom of Bahrain

Bankers
National Bank of Bahrain
Kuwait Finance House

Auditors
BDO
17th Floor
Diplomat Commercial Office Tower
PO Box 787
Manama
Kingdom of Bahrain
Independent auditor’s report to the Board of Directors of
GCC Commercial Arbitration Centre

We have audited the accompanying financial statements of GCC Commercial Arbitration Centre ("the Centre"), which comprise the statement of financial position as at 31 December 2013, the statement of income and expenses, the statement of changes in accumulated funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements
The management 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 management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s 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 relevant 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 auditor’s judgment, 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 management, 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 qualified audit opinion.

Basis for qualified opinion
The Centre has not created provision towards trade receivables amounting to BD19,683 which is outstanding for a period of more than one year as at 31 December 2013. In the absence of subsequent collection and sufficient documents, we were unable to confirm the recoverability of these trade receivables.

Further, as discussed in Note 15, the Centre has paid a total bonus of BD27,118 to its employees during the year ended 31 December 2013 and has deducted this bonus from the accumulated funds. This is not in compliance with IAS 19 - “Employee Benefit” which stipulates that the employees’ short term benefits like bonuses are to be expensed as incurred rather than deducted from the equity.

Had full provision for the trade receivables balances outstanding for more than one year were made along with the bonus been appropriately recorded as expenses, the Centre would have reported a net loss of BD32,587 for the year ended 31 December 2013 and the Centre's equity and the total assets as at 31 December 2013 would have been reported at BD881,540 and BD1,112,357, respectively.

In addition, the Centre uses the cash basis of accounting for recognising the membership fees instead of recognising these based on accrual basis of accounting. We were not provided with the required information to quantify the effect of this transaction on the statement of income and expenses for the year ended 31 December 2013 and we couldn’t do any alternative procedures.

Qualified opinion
In our opinion, except for the matters referred to in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Centre as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Manama, Kingdom of Bahrain
13 February 2014
GCC Commercial Arbitration Centre  
Statement of financial position as at 31 December 2013  
(Expressed in Bahrain Dinars)

<table>
<thead>
<tr>
<th>Notes</th>
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<td><strong>ASSETS</strong></td>
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<td></td>
</tr>
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<td>Non-current assets</td>
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<td></td>
</tr>
<tr>
<td>Plant and equipment</td>
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<td>22,824</td>
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<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
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<td>116,516</td>
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<tr>
<td>Fixed deposits</td>
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</tr>
<tr>
<td>Cash and cash equivalents</td>
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<td>291,429</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>1,109,216</td>
</tr>
</tbody>
</table>

| **ACUMULATED FUNDS AND LIABILITIES** |         |         |
| Accumulated funds |         | 100,148 | 774,473 |
| General reserve | 9      | 141,075 | 139,654 |
| Building's fund reserve | 9 | 660,000 |         |
| **Non-current liabilities** |         | 901,223 | 914,127 |
| Employees' terminal benefits | 10 | 2,414  | 1,623   |
| **Current liabilities** |         |         |
| Other payables | 11     | 228,403 | 205,702 |
| **Total accumulated funds and liabilities** |       | 1,132,040 | 1,121,452 |

These financial statements set out on pages 5 to 22, were approved by the Board of Directors on 13 February 2014 and signed on their behalf by:

Mr Khaled Ali Rashid Alameen  
Chairman  

Ahmed Najem Abdulla Al Najem  
General Secretary
### GCC Commercial Arbitration Centre

Statement of income and expenses for the year ended 31 December 2013  
(Expressed in Bahrain Dinar)

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial arbitration income</td>
<td>12</td>
<td>144,077</td>
<td>302,306</td>
</tr>
<tr>
<td>Income from conference and training courses</td>
<td>12</td>
<td>242,487</td>
<td>272,125</td>
</tr>
<tr>
<td>Members registration fees</td>
<td>12</td>
<td>49,290</td>
<td>40,900</td>
</tr>
<tr>
<td>Other income</td>
<td>13</td>
<td>16,170</td>
<td>19,674</td>
</tr>
<tr>
<td></td>
<td></td>
<td>452,024</td>
<td>635,005</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>14</td>
<td>(370,242)</td>
<td>(356,822)</td>
</tr>
<tr>
<td>Provision for impaired trade receivables</td>
<td>8</td>
<td>(53,334)</td>
<td>-</td>
</tr>
<tr>
<td>Receivables written-off</td>
<td></td>
<td>(14,234)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(437,810)</td>
<td>(356,822)</td>
</tr>
<tr>
<td>Net surplus for the year</td>
<td></td>
<td>14,214</td>
<td>278,183</td>
</tr>
</tbody>
</table>

Annual Report 2013
GCC Commercial Arbitration Centre  
Statement of changes in accumulated funds the year ended 31 December 2013  
(Expressed in Bahrain Dinars)

<table>
<thead>
<tr>
<th>Notes</th>
<th>Accumulated funds</th>
<th>General reserve</th>
<th>Building’s fund reserve</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2011</td>
<td>524,108</td>
<td>111,836</td>
<td>-</td>
<td>635,944</td>
</tr>
<tr>
<td>Net surplus for the year</td>
<td>278,183</td>
<td>-</td>
<td>-</td>
<td>278,183</td>
</tr>
<tr>
<td>Transferred to general reserve</td>
<td>9</td>
<td>(27,818)</td>
<td>27,818</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2012</td>
<td>774,473</td>
<td>139,654</td>
<td>-</td>
<td>914,127</td>
</tr>
<tr>
<td>Net surplus for the year</td>
<td>14,214</td>
<td>-</td>
<td>-</td>
<td>14,214</td>
</tr>
<tr>
<td>Transferred to building’s fund reserve</td>
<td>9</td>
<td>(660,000)</td>
<td>-</td>
<td>660,000</td>
</tr>
<tr>
<td>Transferred to general reserve</td>
<td>9</td>
<td>(1,421)</td>
<td>1,421</td>
<td>-</td>
</tr>
<tr>
<td>Bounces and incentives paid</td>
<td>15</td>
<td>(27,118)</td>
<td>-</td>
<td>(27,118)</td>
</tr>
<tr>
<td>At 31 December 2013</td>
<td>100,148</td>
<td>141,075</td>
<td>660,000</td>
<td>901,223</td>
</tr>
</tbody>
</table>