Annual Report

About Centre’s Operations and Activities in 2014
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About The Centre’s Activities and Operation in 2014
HH Prince Dr. Bandar bin Salman bin Mohamed Al Saud
Honorary President

Board of Directors

Mr. Khaled A. Rahman Al Mudhahka
Chairman
State of Kuwait

Mr. A. Rahman A. Al Abdulghani
Vice Chairman
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

Mr. Khaled Ali Alameen
Member
Kingdom of Bahrain
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 20th term of the Centre’s Board of Directors, starting with Meeting No. (59) which was held at the Kuwait Chamber of Commerce and industry on 21 January 2014. During this meeting, we reviewed many accomplishments made by the Centre during 2013 under the chairmanship of the Kingdom of Bahrain’s representative, which we consider to be part of an unending chain of the achievements made in the previous years.

Thanks be to Almighty Allah, and thanks to the unstinting efforts of my colleague members of the Board of Directors, the Secretary General and the dedicated Secretariat staff, the Centre has been able to make new strides in different directions, some in the field of internal organization fo the Centre, such as approving the organizational structure, the bye-laws of the Board of Directors and the imminent launch of the new web-site, as well as conducting the first research study interpreting the Centre’s Charter and Arbitral Rules of Procedure, including the Centre’s mandate to resolve disputes and maintaining the momentum of registering commercial disputes and the participation in international forums and events. These events include, for example, participation as part of a joint Gulf delegation in the arbitration work team “UNCITRAL” in the Austrian capital, Vienna.

The members of Board of Directors, in their respective positions and responsibilities, have made strenuous efforts to synergize and co-ordinate with their countries for the purpose of obtaining the required financial assistance to build the Centre’s headquarters in the Kingdom of Bahrain. Given its strategic dimension, this project will achieve to the Centre and to the Gulf arbitration system many objectives in the service of the commercial and investment sector for the purpose of building a true partnership with international arbitration bodies and centres.

What was achieved during 2014 is a source of assurance of the steady strategy of the Centre’s growth and development to ensure the Centre’s continued growth, and that the Centre has reached a stage of lucrative and constructive co-operation as part of practical partnership with government ministries, judicial and court authorities, services institutions, chambers of commerce and industry and companies and firms in the private sector in the GCC states.

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

Allah is the purveyor of success

Khalid Abdul Rahman Al Madahkeh
Chairman - State of Kuwait’s Representative
The Centre’s activities are growing fast, in view of the widespread and growing use of arbitration at the same time. Securing a final, unappealable and enforceable arbitration award in the GCC member states is a strong and clear guarantee that continues to convince the foreign party, i.e. the investor, of accepting arbitration according to the Centre’s rules. Hence the importance of the Centre’s rules (Charter and Rules of Procedure) for the nationals of the member states in terms of their mutual commercial relationship. As a result, the arbitration award issued by the Centre do not entail any risks of non-enforcement.

The Centre was able to attract a number of commercial disputes during the year 2014 and provide guarantees to the arbitration parties that give trust and confidence in the validity of arbitration proceedings. It should be noted that arbitration bodies have confirmed that the Centre’s arbitration is enforceable in the State of Qatar and that it is given priority over the national law, and so the Centre’s Charter and Rules of Procedure are enforced before Qatar’s Civil and Commercial Procedures Act, although the seat of arbitration was in the State of Qatar. The arbitration body accordingly considered that the State in which arbitration is conducted geographically is not considered its headquarters in procedural and legal terms, since arbitration is subject, in its proceedings, until the arbitration award is passed and enforced, to the Centre’s Charter and Rules of Procedure.

In addition, and as part of spreading arbitration culture, an approval has been obtained from the Labour Fund “Tamkeen” in the Kingdom of Bahrain to accredit the Arbitrators and Qualification Programme Certificate as a professional certificate. In this respect, Tamkeen has supported the participation of 100 Bahraini citizens in full. On the other hand, Al Ain Municipality in the United Arab Emirates, has applied for conducting the programme exclusively for a number of its staff. In addition, a research study is being conducted focusing on the Centre’s arbitration mechanism in view of the principles of commercial arbitration. The author of the study gives an interpretation of certain arbitration rules which are liable to be interpreted according to more than one point of view, particularly when the courts in the member states have not dealt with the interpretation of all arbitration rules.

The idea of introducing a mechanism of supervision and oversight over specialized organizations within the framework of the GCC is good in itself, but what should be taken into consideration is the Centre’s special nature which makes it unique from other subsidiary organizations and affiliated organizations set up under the GCC aegis. This is what the Board of Directors has stressed in its resolution stating that the Centre’s impartiality and independence runs counter to any mechanism of control and supervision.

May Almighty Allah guide our steps all towards mobilizing energies and employing capabilities to achieve the aspirations of their Majesties and Highnesses the leaders of the GCC states in setting up the Centre.

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

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**First:** Board of Directors:

**Second:** Centre’s Activities and Operations:

- A. General Secretariat
- B. Arbitral tribunals
- C. Registration of Arbitrators and Experts
- D. Training Programmes and Events
First: 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 2014, during which a number of resolutions were issued, the most important of which are the following:


- The chairmanship was transferred to Khalid Abdul Rahman Al Madahkeh, the State of Kuwait’s representative, from Mr. Khalid Ali Rashid Al Amin, 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....”
- Mr. Abdul Rahman Abdul Jalil Al Abdul Ghani, the State of Qatar’s representative, was appointed Deputy Chairman.
- The annual report on the Centre’s activities and operations for the year 2012 was approved.
- The financial report prepared by the external auditors, Messrs. Jawad Habib BDO for the year 2013, was approved, as well as their opinion that the financial statements fairly reflect the financial position as at 31 December 2013 from all aspects, and that the Centre’s financial performance and its cash flows were in accordance with International Financial Reporting Standards.
- The Board approved the re-appointment of Messrs. Jawad Habib BDO as external auditors for the 2014 accounts.
- The Board approved the Board of Directors’ bye-laws.
- The Board approved the renewal of the Secretary General’s contract of engagement for another term of 4 years expiring on 30 June 2018.

2. Meeting (60) Manama-Kingdom of Bahrain, 10 April 2014

- Approving the idea of establishing the International Federation of Arbitration Centres in the Islamic world and the participation by the Secretary General in the ad-hoc Committee for revising the Federation’s Constitution.
- Discussing the importance of participation by Oman Chamber of Commerce and Industry in supporting the Centre in hosting the annual conference in Salalah in view of the rising figure allocated in the budget.
- Approving the co-ordination mechanism to muster and attractive more support from member states to construct the Centre’s permanent headquarters.
- 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.

3. Meeting (61) Dubai Emirate- United Arab Emirates, 14 June 2014

- Approving the Centre’s organizational structure.
- Approving the Centre’s 2015-2016 strategic marketing plan and entrusting the Secretary General with the task of including the allocated funds required to implement the marketing plan programmes in the draft operating budget for the year 2015.
- Authorizing the Secretary General to contact the Ministry of Foreign Affairs in the State of Kuwait (the presidency country) to propose the idea of funding the project of constructing the Centre’s permanent headquarters to the Ministerial Council during its forthcoming meeting.

4. **Meeting (62) Manama- Kingdom of Bahraint, 16 October 2014**

- Reviewing the report on the Centre’s annual conference in Salalah in 2014.
- The Centre took note of the reasons behind the State of Kuwait’s proposal with respect to devising a mechanism for supervision and control over specialized organizations within the GCC framework. Although the idea is, in itself, good, yet implementing the proposal may not extend to an arbitral judicial organization the nature of which is difficult to implement.
- Approving the amendment (by way of increase to 10%) to the percentage of the fees charged by the Centre for each arbitrator or expert. The resolution will apply to new disputes with effect from 1 January 2015.
- Approving the Centre’s operating budget for the financial year 2015.
- Approving the Centre’s payment of travel and accommodation expenses of members of the Board of Directors when they are invited to ordinary regular meetings if the Chamber of Commerce and Industry appointing the member apologizes for not paying such costs.

### Second: Centre’s Activities and Operations

#### A. General Secretariat

1. **Study and Research Projects**

The Centre has laid down a special arbitration mechanism that is governed by the unified standard rules in the GCC member states. In as much as establishing the Centre embodies the GCC’s objectives in bolstering inter-GCC trade, it represents an added evidence that arbitration is becoming increasingly popular as a dispute resolution method.

The Centre’s experiment enriches the theory and practices of commercial arbitration and its practices. Theoretically, the Centre’s Charter and Arbitral Rules of Procedure contribute to the development of the idea of international arbitration and unfettered arbitral awards, particularly in view of the fact that arbitral awards are not appealable for annulment. On the practical side, the Centre’s arbitral mechanism may serve not only the nationals of the member states in inter-GCC trade within the GCC framework, but it also serves those who deal with them from among foreign investors in the member states in the countries hosting the investments of nationals and companies of the member states who are interested and can benefit from the safeguards and guarantees of enforcement of arbitral awards in the member states.

Although GCC member states have, in general, upgraded or amended their arbitration legislation, and that they are also parties to regional and international agreements related to the enforcement of arbitral awards, yet the Centre’s arbitral system has added advantages that are not available for arbitration in accordance with the national laws of the member states or other relevant agreements. The reason is that the Centre’s arbitral rules, whether those incorporated in its Charter or those issued by virtue of it, are enforceable in the GCC states as legal rules emanating from regional agreements.
Hence, the interpretation of such rules is an interpretation of the arbitration law, or as a means of explanation, is similar to the interpretation of the Washington 1965 Convention.

A plan for conducting studies and research has been devised, which commenced in early 2014, as follows:

A research study entitled “settlement of disputes in pursuance of the GCC mechanism of the GCC Commercial Arbitration Centre.” It has been agreed to publish the Arabic version of the study by Al Halabi Printing and Publishing, while the English version will be published by Wolters Kluwer. The arbitration mechanism has been devised by the Centre, in addition to advanced arbitration principles. The book sheds light on aspects of arbitration mechanism used by the Centre in view of the principles of commercial arbitration. The author, Dr. Mohammed Hussain Bashayreh, gives his interpretation of some of the arbitration rules which may accommodate more than one point of view, particularly when the courts in the member states have not dealt with the interpretation of all arbitration rules. Therefore, it is expected that the book will open the door way for more investigation and discussion about the rules of arbitration used by the Centre. The opinions of interpreters and the experiments of arbitral bodies at the Centre may give guidance to means of amending the rules of arbitration in response to any problems or to meet the needs and arbitration requirements of parties seeking arbitration.

The 2nd study, by Counsellor at Law Dr. Majdi Ebrahim Qassim, is considered one of the most important studies. The author begins his study with investigation to sift the genuine from the artificial and put things right in terms of his opinion about the unappealability of the arbitral award passed in accordance with the Centre’s rules. He disclosed this opinion nearly two years ago before the Court of Cassation in Bahrain passed its ruling on 12.3.2012 and the legal status of the ruling passed by the Centre and the method of implementing it, and whether it is subject to customary judicial control which the rules of arbitration rules are subject and the role and relationship of judicial authorities in the six member states of the Centre and the awards handed down by it.

The last study about the research plan centres on compiling a book containing a selected set of the Centre’s awards, in both Arabic and English.

2. Joint Co-operation and Understanding Memorandums

As part of co-operation and establishing strategic partnerships with related parties, whether judicial, legal or arbitral issues, or educational universities or professional associations, the Centre has signed a number of bilateral co-operation agreements, both to support the practice of institutional arbitration and strengthen the arbitration system on the one hand and to train and qualify a new generation of arbitrators, support the research and study system to develop and enhance awareness of the importance of arbitration and settle commercial disputes at the same time, which are as follows:

- Directorate of Fatwa and Legislation of the Council of Ministers, State of Kuwait.
- Directorate of Judicial Arbitration of the Ministry of Justice, State of Kuwait.
- Institute of Judicial Training and Studies (Federal), Abu Dhabi, UAE.
- Hassan I University, Sultat City, Kingdom of Morocco.
- Judge Ayyadh University, Marrakesh, Kingdom of Morocco.
- Oman Society of Engineers, Muscat, Sultanate of Oman.
3. Application of Unified Financial and Accounting System to Specialized Organizations within the GCC Framework

The Centre has a unique nature, which makes it different from other sub-organizations emanating from the GCC, being the parent organization in that a standard financial and accounting system may not be applied to it. This distinguishing feature is due to many reasons, as follows:

A) Different Tool of Origin
- The resolution taken by their Majesties and Highnesses the GCC leaders, being the supreme authority for this regional organization, announced the setting up of an autonomous and independent arbitral judicial body independent, which shall be a separate juristic entity (Article 1 of the Charter).
- This supreme legal tool establishing the Centre gives it objectives, duties and responsibilities that make it unique from any other organization. The special and exceptional judicial and arbitral role, referred to in the economic agreement linking member states, signed on 31 December 2001 (Article 27/2), has been undoubtedly confirmed, including the fact that public organizations and bodies in the GCC states go to arbitration through the Centre.
- Applying any rules contrary to the provisions of the Charter is legally restricted by not prejudicing such provisions. This is like a constitutional document that was ratified by the member states through sovereign tools that make it an integral part of their legal systems.
- Any suspected direction of, or influence on, judicial bodies should be avoided, while the criteria of independent self-direction of judicial bodies should be enhanced. The lawmakers could have made the Centre finally restricted or under control, but did not do so because they understand its special nature and unique and distinct legal position, making it unique from other GCC sub-organizations.

B) Different Nature of the Mandate (Judicial with the Competence to Resolve Commercial Disputes)
- The Centre is not affiliated to the GCC Secretariat, nor is it one of its bodies. Rather, it is one of the GCC bodies that enjoy financial and administrative independence.
- Judicial bodies are not affiliated, or subject to the control of executive administrative bodies. Subjecting a judicial body to the control of an executive institution is, in itself, an irony that is difficult to accept from all aspects, and leads to unacceptable consequences both in practice and legally.
- The concept of independence by the Centre is different from that of administrative or executive bodies. This concept (independence or self-controlling), as provided under Article 1 of the Charter, states that it should be independent and autonomous, before it is being a separate juristic entity.
- A juristic entity, which leads to financial and administrative independence, enables the Centre to perform the objectives for which it has been established.
- Another pillar of the judiciary’s independence is financial self-control. Prejudicing the judiciary’s competence is a type of prejudice of its independence.
- Resolving commercial disputes and administering and ensuring justice partly emanates from the feeling by the parties seeking arbitration (litigants) that the party of the justice and independence of the party body that is conducting hearing and resolving the dispute.
C) Legal Status

- The proposal is considered, in its entirety, a deviation from the Centre’s Charter, and is considered an amendment of Article (7) of the Charter through interference and an encroachment upon the Board of Directors’ powers. What the supreme council concludes cannot be nullified by the Ministerial Council.

- The proposal is not consistent with the established arbitral principles and the rules of the Centre, based on confidentiality. The it is considered a violation of Article 26 of the Charter which provides as follows: “The Centre’s papers, documents and archives shall enjoy immunity against any action of any kind whatsoever.”

- The Centre is a judicial arbitral body that no party finances, but it is self-financing in order to preserve its independence and the integrity of its awards.

- The concept of the Centre’s non-bias and independence is contrary to being subject to any control mechanism, or even supervision. Sometimes public institutions are party to the dispute, and it is envisaged that the General Secretariat itself is a party to litigation.

B. Arbitral Bodies

1. Passing the Fastest Award in the Centre’s History

One of the Centre’s arbitral bodies has issued a binding and final award that is unappealable through customary or non-customary methods. The award was passed in a record period of time that is considered the fastest in the Centre’s history, namely 40 days from the date the dispute file referred to the Tribunal. This award is added to the list of the record awards issued by the Centre over the past few years, which are considered the fastest awards by worldwide arbitration institutions standards.

The dispute was between parties of Bahraini nationality, one of them is a single person company, owned by a public body, while the other was a sole proprietorship engaged in the management of restaurants and catering. The total amount of the dispute was about $ 300,000. What distinguishes this dispute is that one of the parties thereto is a government-owned institution that incorporated an arbitration clause in all its operating contracts for this public utility. This is an indication of the growing trust in the commercial arbitration and its increasing prominence.

The principle in arbitration is speed, but without prejudicing the parties’ interests and rights. This shows that arbitration is becoming one of the Alternative Dispute Resolution (ADR) methods, particularly commercial disputes, because they require timely transactions and sable legal positions.

2. The Personal Scope of Arbitration Litigation

In one of the disputes, the arbitration claimant sought, in his memorandum, to oblige a natural person, in his capacity as a personal guarantor, to pay his obligation, based on the personal letter of guarantee. The arbitral tribunal, which consisted of a sole arbitrator, countered that the arbitration claimant, through the statement of claim which he submitted in which he specified its personal scope and the parties thereto, limited it to litigation of a company as a juristic entity, without directing the litigation to a person as a personal guarantor towards the arbitration respondent.

Whereas, the personal scope of the arbitration litigation is defined by way of the
arbitration agreement, only the party to the arbitration agreement or the parties to which the agreement applies may be a party to the litigation process. This being the case, and that arbitration is an extraordinary method to resolve disputes, it is inevitably limited to what the two arbitration parties intended to submit to the arbitral tribunal, which draws its powers to resolve the dispute from the arbitration agreement.

3. Seller’s Default on Transfer of the Title to the Sold Unit and Failure to Register it in the Buyer’s Name

Whereas, in respect of the arbitration respondent’s plea for not admitting the case on the ground of time limitation, in pursuance of the provision of Article 398 of Bahrain’s Civil Code, and based on the fact that the arbitration claimants took delivery of the sold unit and its keys on 31.12.2008, and that they filed for arbitration on 12.7.2012, i.e. after the lapse of more than three years, the time allowed to hear the rescission case, above-mentioned, has expired, and so the Case should not be admitted. It is established, in pursuance of Article 398 above-mentioned, as follows: “Action for cancellation of the contract, or for reducing or making up the price, or for refunding the excess amount due to deficiency in the old property or excess in the sold property is barred after the lapse of one (1) year from the time the actual delivery of the sold property.” It is clear, from the words of the express provision above, that time limitation provided for in this Article is an extraordinary one that is limited only to the action filed to cancel the contract for the sale of property or the action for refunding the excess amount due to deficiency in the old property or excess in the sold property, and that as a result, this time limitation may not be extended to limit the general principle of the provisions for time limitation for other reasons other than those provided for in Article 398 above-mentioned. Therefore, whereas, it is established in the papers and documents that the case filed by the arbitration applicants to cancel the contract of the property unit No. S-35 is based on the claim by them that there has been default by the arbitration respondent on his legal and contractual obligation to transfer the title to the unit to them, and not due to the claim that there is deficiency or excess in the sold property, the provisions of cancellation and time limitation provided for in Article 398 do not apply to this Case. Rather, the rules of ordinary time limitation apply to it, which are provided for under Article 140 of the Civil Code. Time limitation in it is also subject to the rules of ordinary time limitation provided for under Article 365 of Bahrain’s Civil Code, which states as follows: “An action is time barred, if it concerns a personal right, with the lapse of fifteen (15) years, except for cases where the law provides for other terms of prescription and also with the exception of the following cases.” This being the case, and whereas, it is established in the documents that the arbitration applicants filed case on 12.7.2012, seeking to rescind the sale contract for property unit No. S-35 concluded on 27.5.2008 on the grounds of default by the arbitration respondent on his legal and contractual obligation of transferring the title to the sold property and registering it in their names, in accordance with the terms and conditions of the contract and law, it is established that they filed it within the legally prescribed time limit, and consequently the plea by the arbitration respondent that the case is time-barred due to the lapse of time is baseless, and so the arbitration arbitral tribunal hereby dismisses it.
4. Administration of Arbitration Disputes Administration

The Centre received 12 arbitration disputes, nine of which were for $ 8.9 million. The first dispute was registered on 14 January 2014. The parties to the disputes are from Bahrain, KSA, UAE, Germany, Australia and Estonia).

As to the nature of the disputes, they are related to electro-engineering disputes, restaurant management in public utilities, contracting projects, real estate development, partnership and trademarks.

**Chart Showing The Number Of Disputes Received During The Period (2005-2014)**

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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 and on the experts’ roll 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 the year 2014, 136 new arbitrators were registered, while the membership of 14 arbitrators was renewed, and 15 new experts were registered and the membership of 2 members was renewed, bringing the total number of members registered with the Centre to 1,544 by the end of 2014. The following chart shows the registration of arbitrators on the roll for the period.

![Chart Showing Registration Of Arbitrators On The Roll From 2008 Until 2014](chart)
D. Training Programmes and Events

1. Arbitrators Qualification and Training Programme

The Centre implements a programme especially designed to train and qualify arbitrators. The programme comprises a number of successive stages. It was developed in 2014 by increasing the training workshop hours and by seeking the assistance of international arbitrators from the GCC states and Arab countries. The programme comprises an orientation stage for non-jurists, entitled: “Arbitration concept and its legal nature,” followed by five successive stages, as follows:

- 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 up practical case.

All these stages of the programme were implemented in 2014 in:
- Kingdom of Saudi Arabia, in the City of Riyadh, in conjunction with Riyadh Chamber of Commerce and Industry.
- Kingdom of Bahrain: supported by the Labour Fund Authority (Tamkeen).

2. Organization and Participation in Conferences, Seminars and Events

A) Kuwait Seminar on the “Future of arbitration in the State of Kuwait.”

The event was held under the patronage of HE Dr. Abdul Mohsin Al Mod’ij, Deputy Prime Minister and Minister of Commerce in the State of Kuwait, and in the presence of His Highness Prince Dr. Bandar Bin Salman Bin Mohammed Al Saud, Adviser to the Custodian of the Two Holy Mosques and Honorary President of the GCC Commercial Arbitration Centre and Head of the Saudi Arbitration Team. The Centre organized this event in conjunction with Kuwait Chamber of Commerce and Industry on the occasion of the State of Kuwait’s winning full membership in the United Nations Commission on International Trade Law (UNCITRAL). It was held on 21 January 2014 at Bahra Ballroom at Kuwait Chamber of Commerce and Industry, and was opened by a speech delivered by the patron who delegated HE Abdul Aziz Al Khalid, Undersecretary to the Ministry of Commerce, followed by a speech delivered by His Highness Prince Dr. Bander. The last welcoming speech was delivered by Mohammed Thanyan Al Ghanim, President of Kuwait Chamber of Commerce and Industry.

The Secretary General of the Centre presented a working paper entitled “Future of arbitration in the State of Kuwait” after winning full membership on the UNCITRAL commission, in which he focused on two topics, namely the basic principle in doing business and encouraging foreign participation and the role of the private sector.
He noted that commercial arbitration in the GCC states is synonymous to every economic activity, and that it is considered the other facet of trade, investment and finance. He said that with the growth of trade and financial relationships in Gulf societies as a result of development to strengthen economic and financial infrastructure in view of the availability of funds and the use of free market policies, the private sector has taken the initiative as a partner in development, and so using ADR methods has become a growing characteristic of companies and institutions.

Participating in the seminar were: Khalid Mohammed Abdulla Al Dakheel, Assistant Undersecretary of the Ministry of Justice for Expertise and Arbitration Affairs, Dr. Mansoor Al Saeed, Assistant Undersecretary for the Ministry of Commerce and Industry for the Legal Affairs Sector and Adviser Huda Al Shaiji, Undersecretary of the Directorate of the Legislation Sector at the Directorate of Fatwa and Legislation, in addition to a number of people who follow up and are interested in arbitration and legal issues.

B) Mecca (Makkah - Mukarramah): First Arbitration Meeting in the Islamic World

The Secretary General of the Centre took part in the First Arbitration Meeting in the Islamic World, which was organized by Umm Al Qura University, represented by the College of Judicial Studies and Systems, in collaboration with the Saudi arbitration team. The event was held in Mecca on 9-10 March 2014 under the patronage of His Excellency Dr. Khalid Bin Mohammed Al Angari, Minister of Education, in the presence of His Royal Highness Prince 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 Secretary General participated through a research paper entitled “Commercial arbitration in the GCC states and the experiment of the GCC Commercial Arbitration Centre.”

In his working paper, the Secretary General reviewed the important recommendations, which are the need for the private sector and public sector organizations and institutions in the GCC states to benefit from the legal status of the Centre, represented in the form of its strong rules and regulations, which are similar to the International Centre for the Settlement of Investment Disputes (“ICSID”). ICSID was established by virtue of the 1965 Washington Convention, and its rules in this respect differ those of the other arbitration centres which are concerned with the idea of venue focus by linking international arbitration with one of the national systems, including the procedures charter of the International Chamber of Commerce, which is in turn linked with the French legal system as well as the legal system of countries in which the ICC’s national committees are established.

A large number of international lecturers took part in the event, in addition to other participants. The meeting concluded with a number of recommendations, as follows:

1. The need to comply with Shari’a principles in all walks of life, and in arbitration in particular, and to contribute to the strengthening and deepening of adherence to Islamic religion by enlightening the world on the increasing role of arbitration in Islamic Shari’a.
2. Seeking co-operation and co-ordination among arbitration centres in the Islamic world to optimize their potential and achieve their aspirations in order to restore the civilized role of Islamic arbitration.

3. Setting up a centre of excellence for research and studies related to arbitration, to be based at the College of Judicial Studies and Systems of Umm Al Qura University, to be concerned with arbitration-related academic research and studies and its role in the judiciary.

4. Calling for expansion in creating academic seats dedicated to arbitration at universities in the Arab and Islamic world.

5. Publishing an arbitration-related academic journal containing the works of scientists and academics concerned with arbitration in order to spread the culture of this type of science and its mechanisms and tools among researches and thus become an important contributor of knowledge and thought.

6. Calling for devising a standard arbitration regulations in accordance with the principles of Islamic Shari’a.

7. Setting up an electronic arbitration centre, to be based at Umm Al Qura University in Mecca, to be dedicated to electronic resolution of disputes among the subjects of the countries of the Islamic world in accordance with Islamic Shari’a.

8. Calling for organizing international conferences, seminars, workshops and courses on an ongoing basis in the field of arbitration and its contemporary applications to contribute to the qualification and training of youth personnel.

9. Guiding post-graduate students at Islamic universities into including arbitration in their dissertations and thesis.

10. Including courses about arbitration in the study plans of Shari’a and other colleges and sections for teaching the principled theoretical and applied aspects of arbitration, while focusing on contemporary issues.

11. Calling for hosting an arbitration forum on a regular basis, and calling on the College of Judicial Studies and Systems to make the forum a beginning for other forums in which arbitration in the Islamic world is highlighted in its true picture and highlighting the progress taking place in the Kingdom of Saudi Arabia in arbitration while adhering to the principles of Islamic arbitration and taking pride in them in the course of the applied arbitration process.

12. Translating arbitration-related Islamic research, studies and laws and organizing international conferences showcasing the bright legal aspect of Islamic Shari’a.

C) Selecting the Secretary General of the Centre as one of those authorized to review the draft constitution of the International Federation of Arbitration Centres in the Islamic world

A consensus was reached on establishing the International Federation of Arbitration Centres in Islamic Countries by signing the constituent meeting document on Monday 9 Jamadi I 1435, corresponding to 10 March 2014. This was achieved in response to the call by His Royal Highness Prince Dr. Bandar Bin Salman Bin Mohammed Al Saud, Advisor to the Custodian of the Two Holy Mosques and Head of the Saudi Arbitration Team and Honorary President of the GCC Commercial Arbitration Centre, in his inaugural speech during the 1st Arbitration Meeting in the Islamic world held in Mecca, Kingdom of Saudi Arabia, on 9-10 2014 and as activation of the forum’s recommendations in its final statement.
A number of representatives of some arbitration centres in the Islamic world met with a number of arbitration experts in Mecca and agreed on establishing the International Federation of Arbitration Centres in the Islamic world. The attendees authorized the Secretary General of the Centre, Dr. Mohammed Abdul Raoof, Director of Cairo Regional Centre for International Commercial Arbitration, and Dr. Abdulla Al Oraifi from the Saudi arbitration team, to draft the Federation’s constitution in order to be approved at the earliest opportunity after submitting it for discussion with the other founding members.

The document was signed by His Royal Highness Prince Dr. Bandar Bin Salman Bin Mohammed Al Saud, Head of the Saudi Arbitration Team, Dr. Ahmed Al Qushayri, a renowned international arbitrator and Deputy President of the Arbitration Court of the International Chamber of Commerce, the Secretary General of the GCC Commercial Arbitration Centre, Dr. Abdul Salam Al Khuwaylidi, Secretary General of the International Islamic Centre for Conciliation and Arbitration, Eng. Mohammed Majid Khaloosi, Chairman of the Board of Directors of the Arab Arbitration Centre, Dr. Mohammed Abdul Raoof, Director of the Cairo Regional Centre for International Commercial Arbitration, Dr. Shamsuddin Abadani, Director of the International Centre for Conciliation and Arbitration in Rabat, Dr. Abdulla Al Oraifi, from the Saudi Arbitration Team, Dr. Ebrahim Mohammed Ahmed Duraij, Director General and Chairman of the Board of Directors of the Sudanese Centre for Conciliation and Arbitration and Adviser Shahir Al Salihi, Director of the Yemeni Centre for Conciliation and Arbitration.

**D) Sharjah Emirate- Gulf Meeting on “Drafting Legal Contracts and Documents”**

Within the framework of the joint co-operation agreement, and based on the recommendation by the ruler of Sharjah, His Highness Shaikh Dr. Sultan Bin Mohammed Al Qasimi, to activate it, the Centre held the Gulf Meeting on “drafting legal contracts and documents” in conjunction with Sharjah Centre for International Commercial Arbitration during the period 6-8 April 2014 in the Emirate of Sharjah. The meeting was a result of the constant co-operation between the GCC Arbitration Centre and the Sharjah Centre for International Commercial Arbitration. A number of lawyers and jurists from different GCC countries took part in it, including nominees of a number of government institutions, including the Ministry of Justice in Oman, Dhofar Municipality in the Sultanate of Oman, the Securities and Commodities Commission in the UAE, Ajman Chamber of Commerce and Industry, UAE, the Free Zone Authority of Sharjah International Airport, Directorate of Fatwa and Legislation of Kuwait’s Council of Ministers, Muharraq Municipality in the Kingdom of Bahrain, Fujairah Municipality in the UAE, Kuwait National Petroleum Company and the General Organization for Social Insurance in the Sultanate of Oman.

Adviser Dr. Majdi Ebrahim Qassim, President of the Cairo Court of Appeal and Executive Director of Abdu Dhabi Centre for Commercial Conciliation and Arbitration and Dr. Abdul Rahman Qarman, Undersecretary of the College of Law at Al Manoofiya University lectured during the meeting.
E) Casablanca- International Meeting on Investment and Settlement of Disputes, 25-26 April 2014

The Centre, in conjunction with the International Centre for Conciliation and Arbitration in Rabat, held the “International Meeting on Investment and Dispute Settlement” in Casablanca during the period 25-26 April 2014. The Secretary General submitted a working paper on “tourist investment in the GCC countries and in the Arab world and its challenges.” In his working paper, he reviewed the advantages and benefits of investment in Morocco and in the GCC countries, and considered Morocco as one of the countries which have high potential to attract investors, whether in terms of infrastructure or systems, legislation or the general investment environment. He also focused on the national nature of the arbitral awards issued by the GCC Commercial Arbitration Centre and on the nature of such awards and its immunity in all GCC countries.

A number of Arab, European and African countries participated in the meeting, including the Kingdom of Saudi Arabia, UAE, Qatar, Bahrain, Libya, Iraq, France, Belgium, Switzerland and Mali. In addition, some investment related centres took part in the meeting, as well as a number government institutions, companies, jurists, media men, university lecturers and representatives residing in France and Belgium.

The forum issued a number of recommendations, as follows:

1. The need to accelerate Moroccan-Gulf investment through joint political will. The participants urged the Moroccan administration to avoid complications and routine and to speed up resolution of investment disputes referred to it.

2. Disputes in bilateral agreements between the Moroccan state and the GCC countries should be settled, whether those related to investments or disputes between the two contracting parties, by referring them to the GCC Commercial Arbitration Centre or the International Centre for Conciliation and Arbitration in Rabat, instead of referring them to the ICSID.

3. International arbitral awards delivered by the GCC Arbitration Centre should be enforced in Morocco, and that the role of the judge (Court of Execution) granting the executive form, should be limited, in the course of his oversight of the arbitral award, to the exclusive reasons contained in the Centre’s Arbitral Rules of Procedure without extending to the disputed issues between the two parties resolved by the arbitral tribunal.

4. The National Investment Agency in Morocco should formulate a clear definition of what is meant by the word “investment”, namely defining the concept of investment according to the concept of international agreements far from the concept of international trade contracts which are subject to economic/legal criteria.

5. Energizing the provisions/clauses of the Unified Agreement for Investment of Arab Capital, signed by the governments of the member states of the Arab League in the Jordanian capital, Amman, on 26 November 1980, and disputes arising from the implementation of the agreement should be settled by way of conciliation or arbitration, or by referring them to the Arab Investment Court.

6. Calling on the GCC Commercial Arbitration Centre to submit a petition to the Arab League in order to define the organizations under the aegis of their and activities in order to introduce them to Arab investors, as well as their functions and role in bolstering and stimulating investment relations among Arab countries. These organizations are: the Arab Economic Unity Council, Arab Economic Development Fund, Arab Organization for Investment Guarantee and Export Credit, Arab Economic Development Bank, Arab Investment Court and the Arab Inventors Federation.
F) Jordan: Arbitration and ADR Methods Seminar

In conjunction with the College of Law of Al Yarmook University in Irbid, Hashemite Kingdom of Jordan, the Centre organized a seminar entitled “Arbitration and ADR Methods,” at the Seminars and Conventions Building of the University Campus on Tuesday 17 June 2014. The event is part of the joint events organized to spread the culture of arbitration in addition to media marketing of the Centre. The seminar was inaugurated by Dr. Abdulla Al Moosa, President of Al Yarmook University, and this was followed by the speech of the Secretary General of the Centre and finally by a speech by Dr. Mohammed Bashayreh, Dean of the College of Law at Al Yarmook University.

The seminar’s programme included two working sessions, the first entitled “Arbitration and Investment Disputes,” which was conducted by Dr. Mohammed Bashayreh, and during which Dr. Hamza Haddad, from the Centre of Law and Arbitration, and the Secretary General of the Centre, delivered speeches. The second session, entitled “Arbitration and ADR Methods in the Jordanian Law,” was conducted by Dr. Hamza Hadad and in which Dr. Saleem Khasawnah from Al Yarmook University and Dr. Mo’tasim Al Qudah, from Al Hashemite University, presented working papers.

G) Sultanate of Oman- Salalah 19th Annual Conference

Under the patronage of Dr. Abdulla Bin Mohammed Al Saeedi, Minister of Legal Affairs in Oman, the Centre organized Salah 19th Annual Conference on “Arbitration in International Oil and Construction Contracts,” in conjunction with Oman Chamber of Commerce and Industry, Dhofar Branch. The event, which was held at Crowne Plaza Hotel in Salalah during the period 26-28 August, was attended by more than 120 participants, under the media patronage of the newspaper Oman and by Dhofar International Development and Investment Holding Company. The conference was opened by inaugural speeches delivered by the patron of the event and Shaikh Abdulla Bin Salim Al Rawwas, Head of the Oman Chamber of Commerce and industry, Dhofar Branch, and the Secretary General of the Centre.

The Centre was one of the best conferences organized by the Centre, due to the distinguished group of participants taking part in the opening ceremonies and in the working sessions. The participants represented ministries, arbitration centres, bar societies, universities, major corporations and specialists. The personalities taking part included Mr. Khalid Al Madahkeh, Chairman of the Board of Directors of the Centre, HE Shaikh Mohammed Bin Sultan Albusaeedi, Minister of State and Dhofar Governor, HE Shaikh Isa Bin Hamad Al Azri, Undersecretary of the Ministry of Justice, HE Ambassador Hamad Bin Rashid Al Marri, Assistant Undersecretary for Legal Affairs at the GCC General Secretariat, HE Shaikh Thani Bin Ali Al Thani, Secretary General of Qatar International Centre for Conciliation and Arbitration, Dr. Anas Faysal Al Toorah, Secretary General of Kuwait Commercial Arbitration Centre, Adviser Dr. Majdi Qassim, Executive Director of Abu Dhabi Commercial Conciliation and Arbitration and President of Cairo Court of Appeal, Lawyer Ahmed Hussain, General Registrar at the Bahrain Chamber for Dispute Resolution, Judge Yousuf Al Haddad, Counsellor at Law at the Court of Appeal and
Member of the Judicial Arbitration Committee at the Ministry of Justice in Kuwait, Dr. Mohammed Bin Ebrahim Al Zadjali, President of Oman Bar Society, Advocate Zayed Saeed Al Shamsi, President of UAE Society of Lawyers and Jurists and Dr. Ahmed Yousuf Al Hajji, Director of Arbitration Directorate at Kuwait Money Market Commission.

The conference focused on main topics, which are as follows:

- Oil disputes which have contributed to the development of international law.
- Applicable law to oil contract disputes.
- Importance of agreement on arbitration rules and laws in contract disputes related to construction and contracting.
- The unique nature of international construction contracts.
- FIDIC Model Contracts and the contracts of the International Federation of Consultant Engineers.
- Resolution of disputes within the framework of FIDIC Contracts between the role of the engineer and the Dispute Resolution Council.
- Built-Operate-Transfer (B.O.T) contracts and the complications of extension of the arbitration clause.
- The validity of arbitration awards compared to Court judgments.

H) UNCITRAL Meeting

In response to an invitation extended to all arbitration centres of the GCC Chambers of Commerce and Industry, a Gulf delegation, under the Centre’s aegis, consisting of the Secretary General, Shaikh Thani Bin Ali Thani, the Secretary General of Qatar International Centre for Conciliation and Arbitration and Dr. Dr. Anas Faysal Al Toorah, Secretary General of Kuwait Commercial Arbitration Centre, took part in the United Nations Commission on International Trade Law (UNCITRAL), the second working team (concerned with arbitration and conciliation)- session 61, which was held at Vienna International Centre in the Austrian Capital, Vienna, during the period 15-19 September 2014.

The Centre participated in UNCITRAL was as an observer member, which is a membership offered to international organizations and bodies which have experience in the issues discussed by the Commission, in addition to a number of states. The GCC Commercial Arbitration Centre is one of the international centres which were invited to attend as observer member.

I) Meeting of the Committee Drafting the International Federation of Arbitration Centres in the Islamic World

By virtue of an authorization by the participants in the Constituent Meeting of the International Federation of Arbitration Centers in the Islamic World, which was held in Mecca on 10 March 2014, the participants authorized Mr. Ahmed Najem Abdulla Najem, the Secretary General of the Centre, Dr. Abdulla Bin Sa’d Al Oraifi, from the Saudi Arbitration Team and Dr. Mohammed Abdul Raoof, Director of Cairo Regional Centre for International Commercial Arbitration, to review the Federation’s Constitution.
They held a meeting on 28 September 2014 at the headquarters of the Cairo Regional Centre for International Commercial Arbitration and discussed the drafts which they had received from the members of the federation and prepared drafts to submit them to the members for discussion and approval.

3. Special Programmes

In the framework of spreading legal and arbitration culture and qualifying personnel to head directorates in some government institutions concerned with ADR methods in order to include the arbitration clause in services, procurement and construction contracts, the Centre organized a qualification and training programme for arbitrators “professional certificate,” in different stages, exclusively for the employees of the two institutions listed below:

- Directorate of Operation and Maintenance at the General Directorate of Medical Services of the Armed Forces
- Ministry of Defense, Kingdom of Saudi Arabia
- Al Ain Municipality
- Al Ain Emirate, UAE
Chapter Three: Auditors Report
GCC Commercial Arbitration Centre
Administration and contact details as at 31 December 2014

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

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

Secretary General
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 2014, 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 BD55,059 which is outstanding for a period of more than one year as at 31 December 2014. In the absence of subsequent collection and sufficient documents, we were unable to confirm the recoverability of these trade receivables.

Had full provision for the trade receivables balances outstanding for more than one year were made, the Centre would have reported a net deficit of BD62,425 for the year ended 31 December 2014 and the Centre’s equity and the total assets as at 31 December 2014 would have been reported at BD838,798 and BD1,052,246, respectively.

In addition, the Centre has amortised the membership fees for the full year rather than only for the period from the date when the membership was registered to the year-end. In the absence of adequate documents, we were unable to quantify the effect of this transaction on the statement of financial position as well as the statement of income and expenses for the year ended 31 December 2014 by any alternative procedures.

Independent auditor’s report to the Board of Directors of GCC Commercial Arbitration Centre (continued)

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 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Manama, Kingdom of Bahrain
11 February 2015
GCC Commercial Arbitration Centre  
Statement of financial position as at 31 December 2014  
(Expressed in Bahrain Dinars)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>5</td>
<td>10,733</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
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<td>112,411</td>
</tr>
<tr>
<td>Fixed deposits</td>
<td>7</td>
<td>711,382</td>
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<tr>
<td>Cash and cash equivalents</td>
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<td>272,779</td>
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<tr>
<td><strong>Total assets</strong></td>
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<td>1,096,572</td>
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<tr>
<td><strong>ACUMULATED FUNDS AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds</td>
<td></td>
<td>92,782</td>
</tr>
<tr>
<td>General reserve</td>
<td>9</td>
<td>141,075</td>
</tr>
<tr>
<td>Building’s fund reserve</td>
<td>9</td>
<td>660,000</td>
</tr>
<tr>
<td><strong>Total accumulated funds and liabilities</strong></td>
<td>893,857</td>
<td>901,223</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current portion of deferred income</td>
<td>10</td>
<td>32,710</td>
</tr>
<tr>
<td>Employees’ terminal benefits</td>
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<td>3,604</td>
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<tr>
<td><strong>Total non-current liabilities</strong></td>
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<td>36,314</td>
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<tr>
<td>Current liabilities</td>
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<td></td>
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<tr>
<td>Current portion of deferred income</td>
<td>10</td>
<td>9,995</td>
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<tr>
<td>Other payables</td>
<td>12</td>
<td>167,139</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>177,134</td>
</tr>
<tr>
<td><strong>Total accumulated funds and liabilities</strong></td>
<td>1,107,305</td>
<td>1,132,040</td>
</tr>
</tbody>
</table>

These financial statements set out on pages 5 to 21, were approved and authorised for issue by the Board of Directors on 11 February 2015 and signed on their behalf by:

Khaled Abdulrahman Almudahka  
Chairman

Ahmed Najem Abdulla Al Najem  
Secretary General
GCC Commercial Arbitration Centre  
Statement of income and expenses for the year ended 31 December 2014  
(Expressed in Bahrain Dinars)

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial arbitration income</td>
<td>13</td>
<td>76,707</td>
<td>144,077</td>
</tr>
<tr>
<td>Income from conference and training courses</td>
<td>13</td>
<td>361,586</td>
<td>242,487</td>
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<tr>
<td>Members registration fees</td>
<td>13</td>
<td>11,095</td>
<td>49,290</td>
</tr>
<tr>
<td>Other income</td>
<td>14</td>
<td>24,971</td>
<td>16,170</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td><strong>474,359</strong></td>
<td><strong>452,024</strong></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>15</td>
<td>(470,059)</td>
<td>(370,242)</td>
</tr>
<tr>
<td>Provision for impaired trade receivables</td>
<td>6</td>
<td>(11,666)</td>
<td>(53,334)</td>
</tr>
<tr>
<td>Receivables written-off</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td><strong>(481,725)</strong></td>
<td><strong>(437,810)</strong></td>
</tr>
<tr>
<td><strong>Net (deficit)/surplus for the year</strong></td>
<td></td>
<td><strong>(7,366)</strong></td>
<td><strong>14,214</strong></td>
</tr>
</tbody>
</table>
GCC Commercial Arbitration Centre  
Statement of changes in accumulated funds the year ended 31 December 2014  
(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>
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<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>16</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>
<tr>
<td>Net deficit for the year</td>
<td>(7,366)</td>
<td>-</td>
<td>-</td>
<td>(7,366)</td>
</tr>
<tr>
<td>At 31 December 2014</td>
<td>92,782</td>
<td>141,075</td>
<td>660,000</td>
<td>893,857</td>
</tr>
</tbody>
</table>