NATIONAL REAL ESTATE COMPANY K.S.C.
AND ITS SUBSIDIARIES
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

The Shareholders
National Real Estate Company K.S.C.
State of Kuwait

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of National Real Estate Company K.S.C. (the Parent Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matters

We draw attention to Notes (7), (32), (33) and (34) to the consolidated financial statements.

Report on other Legal and Regulatory Requirements

Also in our opinion, the consolidated financial statements include the disclosures required by the Commercial Companies Law and the Parent Company's Articles of Association, and we obtained the information we required to perform our audit. In addition, proper books of account have been kept by the Parent Company, physical stock taking was carried out in accordance with recognized practice and the accounting information given in the Director's Report is in agreement with the Parent Company's books. According to the information available to us, there were no contraventions during the year ended December 31, 2010 of either the Commercial Companies Law or of the Parent Company's Articles of Association which might have materially affected the Group's financial position or results of its operations except that the Parent Company holds certain direct investments in shares in violation of its objectives.

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Dr. Shuaib A. Shuaib
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RSM Albazie & Company

State of Kuwait
March 31, 2011

NATIONAL REAL ESTATE COMPANY K.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2010	2009
Assets:			
Cash and cash equivalents	3	**13,242,161**	11,081,010
Term deposit		**-**	600,000
Investment at fair value through income statement	4	**61,810**	-
Accounts receivable and other debit balances	5	**12,127,140**	11,601,741
Investments available for sale	6	**14,571,465**	18,518,535
Investment in associates	7	**186,672,923**	218,299,343
Properties held for trading	8	**30,899,472**	32,088,881
Properties under development	9	**109,653,213**	119,800,455
Property, plant and equipment	10	**9,713,440**	8,434,086
Investment properties	11	**197,324,866**	199,633,135
Total assets		**574,266,490**	620,057,186
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable and other credit balances	12	**117,772,384**	138,435,157
Deferred tax	13	**5,606,245**	6,041,940
Bank facilities	14	**199,903,858**	192,431,841
Bonds	15	**13,792,451**	7,229,392
Provision for end of service indemnity	16	**845,029**	769,100
Total liabilities		**337,919,967**	344,907,430
Equity:			
Share capital	17	**81,419,506**	81,419,506
Treasury shares	18	**(7,363,836)**	(7,179,151)
Statutory reserve	19	**39,291,710**	39,291,710
Treasury shares reserve		**12,857,601**	12,859,431
Effect of change in associates' equity		**(6,116,455)**	(3,145,900)
Cumulative changes in fair value		**157,728**	(2,892,107)
Foreign currency translation adjustments		**(2,698,428)**	4,027,650
Retained earnings		**93,072,043**	127,520,938
Equity attributable to Parent Company's shareholders		**210,619,869**	251,902,077
Non - controlling interests		**25,726,654**	23,247,679
Total equity		**236,346,523**	275,149,756
Total liabilities and equity		**574,266,490**	620,057,186

The accompanying notes (1) to (39) form an integral part of the consolidated financial statements

Jamil Sultan Al-Essa
Chairman and Managing Director

NATIONAL REAL ESTATE COMPANY K.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2010
(All amounts are in Kuwaiti Dinars)

	Note	2010	2009
Revenues:			
Rental income		**10,443,282**	8,587,112
Net sales		**12,816,834**	1,845,508
Share in the associates' results	7	**5,345,190**	35,108,063
Change in fair value of investment properties	11	**(3,134,545)**	15,156,915
		25,470,761	60,697,598
Expenses:			
Staff costs		**(5,015,932)**	(5,060,547)
Cost of sales		**(13,301,183)**	(1,978,201)
General and administrative	20	**(6,910,048)**	(7,301,357)
Depreciation and amortization		**(777,558)**	(494,542)
		(26,004,721)	(14,834,647)
Operating (loss) profit		**(533,960)**	45,862,951
Net investment income	21	**866,567**	155,243
Net gain on sale of subsidiaries	2	**4,560,931**	-
Impairment losses	22	**(37,439,089)**	(9,655,349)
Other income	23	**1,630,552**	2,973,829
Share in the joint venture's results		**-**	(35,161)
Interest income	24	**3,633,499**	3,664,491
Interest expense	25	**(3,808,498)**	(2,950,541)
Provisions	26	**(3,318,529)**	(3,733,089)
Tax expenses	13	**-**	(6,041,940)
Foreign currency exchange loss		**(40,084)**	(656,853)
(Loss) profit for the year before Board of Directors' remuneration		**(34,448,611)**	29,583,581
Board of Directors' remuneration		**-**	(70,000)
Net (loss) profit for the year		**(34,448,611)**	29,513,581
Attributable to:			
Equity holders of the Parent Company		**(34,448,895)**	29,520,104
Non - controlling interests		**284**	(6,523)
		(34,448,611)	29,513,581
(Loss) earnings per share attributable to equity holders of the Parent Company (fils)	30	**(44.46)**	38.06

The accompanying notes (1) to (39) form an integral part of the consolidated financial statements

NATIONAL REAL ESTATE COMPANY K.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2010
(All amounts are in Kuwaiti Dinars)

	Note	2010	2009
Net (loss) profit for the year		**(34,448,611)**	29,513,581
Other comprehensive income:			
Foreign currency translation adjustments		**(7,451,187)**	5,906,151
Investments available for sale	6	**3,049,835**	1,224,323
Share of other comprehensive income from associates	7	**(2,970,555)**	4,545,978
Other Comprehensive (loss) income for the year		**(7,371,907)**	11,676,452
Total comprehensive (loss) income for the year		**(41,820,518)**	41,190,033
Attributable to:			
Equity holders of the parent company		**(41,095,693)**	39,973,226
Non-controlling interests		**(724,825)**	1,216,807
Total comprehensive (loss) income for the year		**(41,820,518)**	41,190,033

The accompanying notes (1) to (39) form an integral part of the consolidated financial statements

NATIONAL REAL ESTATE COMPANY K.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2010
(All amounts are in Kuwaiti Dinars)

	Attributable to equity holders of the Parent Company										
	Share capital	Treasury shares	Statutory reserve	Treasury shares reserve	Effect of changes in associates' equity	Cumulative changes in fair value	Foreign currency translation adjustments	Retained earnings	Subtotal	Non controlling interests	Total
Balance at December 31, 2008	81,419,506	(7,015,148)	36,332,700	12,859,431	(9,667,825)	(4,116,430)	(655,172)	100,959,845	210,116,907	22,646,724	232,763,631
Total comprehensive income for the year	-	-	-	-	4,545,978	1,224,323	4,682,822	29,520,103	39,973,226	1,216,807	41,190,033
Share of changes in associates' equity – Note 7	-	-	-	-	1,975,947	-	-	-	1,975,947	-	1,975,947
Purchase of treasury shares	-	(164,003)	-	-	-	-	-	-	(164,003)	-	(164,003)
Paid to non – controlling interest	-	-	-	-	-	-	-	-	-	(615,852)	(615,852)
Transfer to statutory reserve	-	-	2,959,010	-	-	-	-	(2,959,010)	-	-	-
Balance at December 31, 2009	81,419,506	(7,179,151)	39,291,710	12,859,431	(3,145,900)	(2,892,107)	4,027,650	127,520,938	251,902,077	23,247,679	275,149,756
Total comprehensive income for the year	-	-	-	-	(2,970,555)	3,049,835	(6,726,078)	(34,448,895)	(41,095,693)	(724,825)	(41,820,518)
Purchase of treasury shares	-	(263,659)	-	-	-	-	-	-	(263,659)	-	(263,659)
Sale of treasury shares	-	78,974	-	(1,830)	-	-	-	-	77,144	-	77,144
Proceeds from non-controlling interests due to capital increase of subsidiaries	-	-	-	-	-	-	-	-	-	3,303,800	3,303,800
Paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(100,000)	(100,000)
Balance at December 31, 2010	**81,419,506**	**(7,363,836)**	**39,291,710**	**12,857,601**	**(6,116,455)**	**157,728**	**(2,698,428)**	**93,072,043**	**210,619,869**	**25,726,654**	**236,346,523**

The accompanying notes (1) to (39) form an integral part of the consolidated financial statements

NATIONAL REAL ESTATE COMPANY K.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010
(All amounts are in Kuwaiti Dinars)

	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss) profit for the year before Board of Directors' remuneration		**(34,448,611)**	29,583,581
Adjustments for:			
Depreciation and amortization		**777,558**	494,542
Net investment income		**(866,567)**	(155,243)
Impairment losses		**37,439,089**	9,655,349
Share in the associates' results		**(5,345,190)**	(35,108,063)
Share in the joint venture's results		-	35,161
Gain on sale of property, plant and equipment		**(9,992)**	(101,831)
Net gain on sale of subsidiaries		**(4,560,931)**	-
Change in fair value of investment properties		**3,134,545**	(15,156,915)
Interest income		**(3,633,499)**	(3,664,491)
Interest expense		**3,808,498**	2,950,541
Capital work in progress written off		-	11,298
Provisions		**3,318,529**	3,733,089
Provision for employees' end of service indemnity		**203,888**	191,478
		(182,683)	(7,531,504)
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**(672,151)**	1,215,770
Accounts payable and other credit balances		**3,314,691**	13,404,205
Cash generated from operations		**2,459,857**	7,088,471
Payment for employees' end of service indemnity		**(120,317)**	(162,431)
Net cash generated from operating activities		**2,339,540**	6,926,040
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments at fair value through income statement		**(237,760)**	-
Proceeds from sale of investments at fair value through income statement		**166,120**	-
Decrease (increase) in term deposit		**600,000**	(600,000)
Purchase of investments available for sale		**(1,893,922)**	(328,728)
Proceeds from sale of investments available for sale		**2,968,854**	404,973
Paid to incorporate associates related to joint ventures		**(787,633)**	-
Proceeds from sale of subsidiaries		**6,643,172**	-
Payment for properties held for trading		**(58,826)**	(130,199)
Payment for properties under development		**(1,479,300)**	(1,340,214)
Purchase of property, plant and equipment		**(2,105,556)**	(4,387,391)
Proceeds from sale of property, plant and equipment		**45,305**	229,504
Payment for installments of lands		**(20,142,108)**	(10,354,945)
Payment for additions to investment properties		**(6,939,399)**	(18,227,333)
Dividend received from an associate		**9,397,970**	-
Dividend income received		**68,898**	121,035
Interest received		**433,788**	808,627
Net cash used in investing activities		**(13,320,397)**	(33,804,671)

	Note	2010	2009
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net movements on bank borrowings		**7,472,017**	35,875,531
Proceeds from issue of bonds		**6,563,059**	-
Purchase of treasury shares		**(263,659)**	(164,003)
Proceeds from sale of treasury shares		**77,144**	-
Interest expense paid		**(11,128,979)**	(10,367,266)
Dividends paid		**(199,371)**	(143,986)
Net proceeds from (paid to) non - controlling interest		**3,203,800**	(615,852)
Net cash generated from financing activities		**5,724,011**	24,584,424
Foreign currency translation adjustments		**7,495,135**	(3,302,978)
Net increase (decrease) in cash and cash equivalents		**2,238,289**	(5,597,185)
Cash and cash equivalents at beginning of the year		**11,081,010**	16,678,195
Cash and cash equivalents related to sale of subsidiary		**(77,138)**	-
Cash and cash equivalents at end of the year	3	**13,242,161**	11,081,010

The accompanying notes (1) to (39) form an integral part of the consolidated financial statements

1. Incorporation and activities

National Real Estate Company K.S.C. (the Parent Company) is a Kuwaiti public shareholding company registered in Kuwait and listed on the Kuwait Stock Exchange and Dubai Financial Market. It is engaged in real estate investment and management, as well as undertaking real estate construction and maintenance. The Parent Company also holds investments in securities.

The Parent Company was registered in the commercial register under reference number 19628 dated November 15, 1973.

The address of the Parent Company's registered office is P.O. Box 22644, Safat 13087, State of Kuwait.

The total number of employees of the Group as of December 31, 2010 is 324 (December 31, 2009 – 324).

The consolidated financial statements were authorized for issue by the Board of Directors on March 31, 2011. The Shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Significant accounting policies are summarized as follows:

a) Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinars and are prepared under the historical cost convention, except for Investments at fair value through income statement, most of investments available for sale and Investment properties that are stated at fair value.

The accounting policies applied by the Group are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards as of January 1, 2010:.

Revised IFRS 3 Business Combinations (2008)
IFRS 3 (revised) introduces significant changes in the accounting for business combinations occurring after the effective date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.

Revised IAS 27 Consolidated and Separate Financial Statements (2008)
IAS 27 (revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (revised) and IAS 27 (revised) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interest.

IAS 1 (amendment), 'Presentation of financial statements'.
The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group has applied IAS 1 (amendment) from January 1, 2010. It does not have a material impact on the Group's financial statements.

IAS 7 Statement of Cash Flows:
The amendment is part of the IASB's annual improvements project published in April 2009. The amendment explicitly states that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(b).

Standards and Interpretations issued but not effective
The following IASB Standard and Interpretation have been issued but are not yet effective, and have not yet been adopted by the Group:

IFRS 9 Financial Instruments:
The standard, which will be effective for annual periods beginning on or after January 1, 2013, specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified entirely based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortized cost or fair value.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories

Others

Amendments to IFRS 7	- Disclosures	- Transfers of Financial Assets
IAS 24 (revised on 2009)		- Related Party Disclosures
Amendments to IAS 32		- Classification of Rights Issues
Amendments to IFRIC 14		- Prepayments of a Minimum Funding Requirement
IFRIC 19		- Extinguishing Financial Liabilities with Equity Instruments

b) Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

1) Judgments

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IAS 18 are met requires significant judgment.

(ii) Provision for doubtful debts

The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivable involve significant judgment.

(iii) Classification of investments

On acquisition of an investment, the Group decides whether it should be classified as "at fair value through income statement" or "available for sale". The Group follows the guidance of IAS 39 on classifying its investments.

The Group classifies investments as "at fair value through income statement" if they are acquired primarily for the purpose of short term profit making or if they are designated at fair value through income statement at inception, provided their fair values can be reliably estimated. All other investments are classified as "available for sale".

(iv) Impairment of investments

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. In making these judgments, the Group evaluates, among other factors, a significant or prolonged decline in the fair value below its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The determination of what is "significant" or "prolonged" requires significant judgment.

(v) Classification of land

Upon acquisition of a land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land:

1. Properties held for trading

When the intention of the Group is to sell lands in the ordinary course of business, the land are classified as properties held for trading.

2. Properties under development

When the intention of the Group is to develop lands in order to sell it in the future, both the land and the construction costs are classified as properties under development.

3. Property, plant and equipment

When the intention of the Group is to develop lands for owner occupied purposes such as production, providing goods and services or for management services or for administrative purposes, in this case, land and construction costs (if any,) are classified as property plant and equipment.

4. Investment properties

When the intention of the Group is to earn rentals from land or hold land for capital appreciation or to be developed to earn rentals in the future or if the intention is not determined for land, the land is classified as investment property.

2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair value of unquoted equity investments

If the market for unquoted securities is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(ii) Provision for doubtful debts

The extent of provision for doubtful debts involves estimation process. Provision for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. The benchmarks for determining the amount of provision or write-down require ageing analysis, technical assessment and subsequent events. The provisions and write-down of receivables are subject to management approval.

(iii) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in consolidated statement of income. The Group engaged independent valuation specialists to determine fair value as at 31 December 2010.

(iv) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

c) Principles of consolidation

The consolidated financial statements incorporate the financial statements of National Real Estate Company K.S.C. (the Parent Company) and the following subsidiaries:

Name of subsidiaries	Country of Incorporation	Percentage of ownership 2010 %	2009 %
1) Dasman Commercial Complex – Joint venture	Kuwait	**62.117**	62.117
2) HRD International for Human Resources Development Company W.L.L.	Kuwait	**80**	80
3) Al-Takafouh Al-Thahabi General Trading and Contracting Company W.L.L.	Kuwait	**100**	100
4) Aqaba National Real Estate Projects Company (private shareholding company)	Jordan	**70**	70
5) Kuwait National Real Estate (PVT) Ltd	Pakistan	**100**	100
6) National Holding Group Company (Lebanese shareholding company)	Lebanon	**100**	100
7) Kuwait Touristic Enterprises Development Company (private shareholding company)	Tunisia	**100**	100
8) Kuwait National Real Estate Company (Egyptian shareholding company)	Egypt	**100**	100
9) National Project Holding K.S.C. (Holding)	Kuwait	**100**	98
10) National Investment & Development Company (private shareholding company)	Jordan	**100**	100
11) KREDCO Real Estate Company – Limited	Iraq	**51**	51
12) Fresh World International Catering Company K.S.C. (Closed)	Kuwait	**70**	70
13) Yemen Kuwait Company for General Trading & Contracting W.L.L.	Yemen	**100**	100
14) Middle East Projects General Trading Company W.L.L.	Kuwait	**100**	100
15) Kuwait Wadi El-Nile Urban Development Company (Egyptian shareholding company) (KWADICO)	Egypt	**80**	80
16) National Horizon Office Tower FZ - L.L.C.	U.A.E	**100**	100
17) National Horizon Hotel FZ - L.L.C.	U.A.E	**100**	100
18) Masaken Global Real Estate Co. K.S.C. (Closed)	Kuwait	**100**	100
19) Victus Food Development Co. W.L.L.	Kuwait	**-**	100

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination.

Non-controlling interests are measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interest even if that results in a deficit balance. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative foreign currency translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the consolidated statement of income; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to the consolidated statement of income or retained earnings, as appropriate.

During the year the parent Company increased its ownership percentage by 2% in the subsidiary - National Project Holding K.S.C. (Holding) from 98% to 100%, no goodwill was recognized.

Disposal of subsidiaries:

A- During the year, National Holding Group Company (Lebanese Shareholding Company) which is a wholly owned subsidiary of the parent company sold two wholly owned subsidiaries in the republic of Lebanon, The sale value of these two subsidiaries amounted to USD 21,815,527 (the equivalent to KD 6,307,741). The gain on sale amounted to USD 14,903,111 (the equivalent to KD 4,309,086).

The gain from the sale was calculated as follows:

	KD	USD
Selling value	6,307,741	21,815,527
Less : expenses related to the sale	(64,569)	(223,317)
	6,243,172	21,592,210
Less : the fair value of the net assets at the date of sale (Note 8)	(1,934,086)	(6,689,099)
Gain on sale	4,309,086	14,903,111

B- During the year, the parent company sold a wholly owned subsidiary - Victus Food Development Co. W.L.L. The sale value amounted to KD 400,000. The gain on sale amounted to KD 251,845

The gain from the sale was calculated as follows:

	KD
Selling value	400,000
Less : the fair value of the net assets at the date of sale	(148,155)
Gain on sale	251,845

Proportionate consolidation method

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

The accompanying consolidated financial statements include proportionate consolidation of the Parent Company's 50% investment in a joint venture (Mediterranean Investment Holding P.L.C.) a company registered in Malta. The principal activities are investing and developing real estate projects.

d) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

e) Investments

The Group classifies its investments as Investments at fair value through income statement and investments available-for-sale investments. The classification depends on the purpose for which the investments were acquired and is determined at initial recognition by the management.

Investments at fair value through income statement

This category has two sub-categories: investments held for trading, and those designated at fair value through statement of income at inception.

An investment is classified as held for trading if acquired principally for the purpose of selling in the short term or if it forms part of an identified portfolio of investments that are managed together and has a recent actual pattern of short-term profit making or it is a derivative that is not designated and effective as a hedging instrument.

An investment is designated by the management on initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or; if they are managed and their performance is evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy.

Investments in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Investments available for sale

Investments available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of the reporting period.

Purchases and sales of investments are recognized on settlement date – the date on which an asset is delivered to or by the Group. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through income statement.

After initial recognition, investments available for sale are subsequently carried at fair value. The fair values of quoted investments are based on current bid prices. If the market for an investment is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Unrealized gains and losses arising from changes in the fair value of investments available for sale are recognized in cumulative changes in fair value in consolidated statement of other comprehensive income.

Where investments available for sale could not be measured reliably, these are stated at cost less impairment losses, if any.

When an investment available for sale is disposed off or impaired, any prior fair value earlier reported in other comprehensive income is transferred to the consolidated statement of income.

An investment (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the investment have expired; or the Group has transferred its rights to receive cash flows from the investment and either

(a) has transferred substantially all the risks and rewards of ownership of the investment, or
(b) has neither transferred nor retained substantially all the risks and rewards of the investment, but has transferred control of the investment. Where the Group has retained control, it shall continue to recognize the investment to the extent of its continuing involvement in the investment.

The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for investments available for sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in the consolidated statement of income. Impairment losses recognized in the consolidated statement of income on available for sale equity instruments are not reversed through the consolidated statement of income.

f) Accounts receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 365 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of income.

g) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policy decisions. The consolidated financial statements include the Group's share of the results and assets and liabilities of associates under the equity method of accounting from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in the consolidated statement of income.

h) Goodwill

Goodwill arising on an acquisition of a subsidiary represents the excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities as at the date of the acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in the subsequent periods.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under 'Investment in associates' in note 2(g).

Where there is an excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost, the Group is required to reassess the identification and measurement of the net identifiable assets and measurement of the cost of the acquisition and recognize immediately in the consolidated statement of income any excess remaining after that remeasurement.

i) Properties held for trading

Properties that are purchased and developed for resale in the future are recorded as properties held for trading. These properties are recorded at lower of cost or the net realizable value. The net realizable value represents the selling price less cost to be incurred in their sale and development.

j) Properties under development

Properties acquired, constructed or in the course of construction for sale are classified as properties under development. Unsold properties are stated at cost. Sold properties in the course of development are stated at cost plus attributable profit/loss less progress billings. The cost of properties under development includes the cost of land and other related expenditure which are capitalized as and when activities that are necessary to get the properties ready for sale are in progress. Net realizable value represents the estimated selling price less costs to be incurred in selling the property.

The property is considered to be completed when all related activities, including the infrastructure and facilities for the entire project, have been completed. At that stage, the total asset value is eliminated from properties under development.

k) Property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the profit or loss for the period.

Property, plant and equipment includes capital work in progress classified as property plant and equipment that represents properties developed for owner occupied purposes in the production, providing goods and services or for management services or for administrative purposes where the cost of acquisition and construction of these properties (if any) are classified as property, plant and equipment. This item of property, plant and equipment is not subject to any depreciation till of the completion of the development and when it is ready for use.

Depreciation is computed on straight line basis over the estimated useful lives of items of property, plant and equipment as follows:

	Years
Leasehold improvements	20
Buildings	20
Furniture, decorations and others	5
Office equipment	3 - 5
Motor vehicles	4

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

l) Impairment of assets

At the end of each reporting period date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount (cash-generating unit) does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

m) Investment properties

Investment properties, which are properties, held to earn rentals and/or for capital appreciation, or properties to be developed to earn rentals in the future, or properties with no determined intention are stated at their fair value at the end of the reporting period. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated statement of income for the period in which they arise.

Investment properties that have not yet started development or that include significant risks that might be an obstacle for its development, or properties with no determined intention are started at cost less any impairment loss.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of income.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

n) Accounts payable

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

o) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of income over the period of the borrowings using the effective interest method.

p) End of service indemnity

Provision is made for amounts payable to employees in accordance with the labor law registration the countries of the parent company and its subsidiaries each according to its country's employees' contracts. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination on the end of the reporting period, and approximates the present value of the final obligation.

q) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All other leases are classified as finance leases.

The Group as a lessor
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term

The Group as a lessee
Rentals payable under operating leases are charged to the consolidated statement of income on a straight-line basis over the term of the relevant lease. Benefits paid and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

r) Share capital

Ordinary shares are classified as equity.

s) Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Parent Company and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholder's equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves.

Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of reserves, retained earnings and treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Parent Company's equity holders.

t) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Rent
Rental income is recognized, when earned, on a time apportionment basis.

Rendering of services
Revenues from maintenance contract are recognized when these services are rendered.

Sale of goods
Sales represent the total invoiced value of goods sold during the year. Revenue from sale of goods is recognized when significant risks and rewards of ownership of goods are transferred to the buyer.

Interest income
Interest income is recognized on a time-proportion basis using the effective interest method.

Dividend income
Dividend income is recognized when the right to receive payment is established.

Gain on sale of investments
Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the time of the sale.

u) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in consolidated statement of income in the period in which they are incurred.

v) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation

w) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency at the date of consolidated statement of financial position are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Translation differences on non-monetary items such as equity investments which are classified as investments at fair value through income statement are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity investments classified as investments available for sale are included in "cumulative changes in fair value" in the consolidated statement of other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of those subsidiaries are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in the consolidated statement of other comprehensive income. Such translation differences are recognized in profit or loss in the period in which the foreign operations is disposed off.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

x) Financial instruments

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, receivables, investments, payables, bank facilities and bonds. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

y) Contingencies

Contingent liabilities are not recognized but disclosed in the consolidated financial statements, except when the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

3. Cash and cash equivalents

	2010	2009
Cash on hand and at banks	**8,345,259**	3,119,713
Short term deposits	**4,896,902**	7,961,297
	13,242,161	11,081,010

The effective interest rate on short term deposits was 1.75 % - 4.75 % per annum (2009: 3.5% - 5.5% per annum); these deposits have an average maturity of 60 days (2009 – 60 days).

Cash and cash equivalents are denominated in the following currencies:

Currency	2010	2009
Kuwaiti Dinar	**2,601,959**	3,056,263
EURO	**5,295,311**	2,709,422
US Dollar	**269,940**	161,473
Egyptian Pounds	**4,090,830**	3,260,790
Jordanian Dinar	**198,665**	1,117,839
Pakistan Rupee	**83,172**	90,690
Tunisian Dinar	**278,694**	325,297
Lebanese Pounds	**264,890**	37,933
Yemeni Riyal	**33,519**	33,327
Emirates Dirham	**125,181**	287,976
	13,242,161	11,081,010

There is no material difference between the fair value and the book value of cash and cash equivalents as of December 31, 2010.

4. Investments at fair value through income statement

This item represent quoted securities, the movement during the year is as follows:

	2010	2009
Additions	**237,760**	-
Disposals	**(171,840)**	-
Unrealized loss from investments at fair value through income statement (Note 21)	**(4,110)**	-
Balance at the end of the year	**61,810**	-

5. Accounts receivable and other debit balances

Current portion	**2010**	2009
Accrued rent	**2,602,367**	1,693,246
Provision for doubtful debts (a)	**(1,608,019)**	(1,446,825)
	994,348	246,421
Due from related parties	**2,986,122**	1,112,544
Prepaid expenses	**804,425**	1,026,678
Advance payments	**565,298**	936,647
Staff receivables	**53,256**	51,918
Other receivables	**3,916,788**	2,902,127
Total Current portion	**9,320,237**	6,276,335
Non-Current portion		
Advance payments (c)	**1,096,347**	1,096,347
Provision for advance payments (c)	**(1,096,347)**	(1,096,347)
Due from related parties	**-**	2,071,215
Prepaid expenses	**2,386,903**	2,461,460
Prepaid lease payments (d)	**-**	372,731
Other receivables	**420,000**	420,000
Total Non-current portion	**2,806,903**	5,325,406
	12,127,140	11,601,741

The fair values of accounts receivable and other debit balances approximated their carrying values as at December 31, 2010.

a) Provision for accounts receivable and other debit balances:

The movement during the year is as follows:

	2010	2009
Balance at the beginning of the year	**2,543,172**	2,170,940
Provision for doubtful debts for the year (Note – 26)	**163,619**	451,842
Reversal of provision during the year	**(2,425)**	(79,610)
Balance at the end of the year	**2,704,366**	2,543,172

Provisions, bad debts written off and reversal of the provision for doubtful debts are included in the consolidated statement of income.

"Provisions for doubtful debts" include an amount of KD 535,118 which represents the provision taken by the Parent Company for the accounts receivable and other debit balances of Kuwait Free Trade Zone, due to the Resolution No. 507/2006 issued by Ministry of Commerce & Industry to cancel the management contract of Kuwait Free Trade Zone with the Parent Company (Note 33-e). This provision was taken on a conservative approach and not as surrender to the validity of the resolution.

b) The other classes within accounts receivable and other debit balances do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

c) Advance payments made by the Group include payments made to a local company to invest in real estate on behalf of the Parent Company in Republic of Iraq amounting to KD 1,096,347 (2009 – KD 1,096,347) which has been provided for in full during the year ended December 31, 2008.

d) The prepaid lease payments represent payments for a lease of land in United Arab Emirates for a subsidiary, the lease term is for 49 years started in 2007, the amount had been amortized to the consolidated statement of income for the year ended December 31, 2010.

6. Investments available for sale

	2010	2009
Quoted securities	**5,151,010**	8,714,169
Managed portfolios and funds	**3,143,292**	3,072,919
Unquoted securities	**6,277,163**	6,731,447
	14,571,465	18,518,535

The movement during the year is as follows:

	2010	2009
Balance at the beginning of the year	**18,518,535**	19,607,670
Additions	**1,893,922**	328,728
Disposals	**(2,161,355)**	(370,765)
Changes in fair value	**3,049,835**	1,224,323
Impairment losses (a) (Note – 22)	**(6,729,472)**	(2,271,421)
Balance at the end of the year	**14,571,465**	18,518,535

(a) Impairment losses include losses for quoted & unquoted securities

	2010	2009
Quoted securities	**4,732,972**	676,911
Unquoted securities	**1,996,500**	1,594,510
	6,729,472	2,271,421

It was not possible to reliably measure the fair value of investments in unquoted securities with a value of KD 4,627,163 (2009 – KD 5,081,449) due to non-availability of a reliable method that could be used to determine the fair value of such investments. Accordingly, they were stated at their cost less impairment losses.

Investments available for sale are denominated in the following currencies:

Currency	2010	2009
Kuwaiti Dinar	**11,392,605**	12,831,943
US Dollar	**565,854**	1,019,817
Euro	**904,805**	942,605
UAE Dirham	**1,708,201**	2,378,836
Qatari Riyal	**-**	1,345,334
	14,571,465	18,518,535

7. Investment in associates

Name of the associate	Country of Incorporation	Percentage of ownership 2010	Percentage of ownership 2009	2010	2009
(i) Public Warehousing Company K.S.C. (Agility)	Kuwait	**22.444%**	22.444%	**184,977,541**	217,005,724
(ii) Kuwait Bulgarian Dairy Company W.L.L.	Kuwait	**40%**	40%	**-**	120,000
(iii) Al Seef International Holding K.S.C.C.	Kuwait	**25%**	25%	**936,689**	1,173,619
(iv) Associates related to the joint venture (Mediterranean Investment Holding P.L.C.)				**758,693**	-
				186,672,923	218,299,343

The movement during the year is as follows:

	2010	2009
Balance at the beginning of the year	**218,299,343**	177,842,974
Additions	**787,633**	-
Share in the associates' results	**5,345,190**	35,108,063
Cash dividends received	**(9,397,970)**	-
Effect of change in associates' equity (a)	**(2,970,555)**	6,521,925
Impairment loss for investment in associates (Note – 22)	**(25,390,718)**	(1,173,619)
Balance at the end of the year	**186,672,923**	218,299,343

(a) The effect of change in associates' equity is as follows:

	2010	2009
Treasury shares reserve	**-**	226,682
Changes in hedging reserve	**(188,079)**	(1,793,928)
Movement in treasury shares	**-**	1,975,947
Foreign currency translation adjustment	**(2,916,914)**	6,105,593
Cumulative changes in fair value of available for sale investments	**134,438**	7,631
	(2,970,555)	6,521,925

b) The net assets and the results of the associates are summarized as follows:

	2010	2009
Total assets	**1,508,270,060**	1,799,231,578
Total liabilities	**(572,778,038)**	(831,746,330)
Net assets	**935,492,022**	967,485,248
Total revenues	**1,616,404,000**	1,720,988,000
Total expenses	**(1,592,376,000)**	(1,564,707,000)
Net profit for the year	**24,028,000**	156,281,000

At each reporting date, the Group's management reviews the carrying values of each investment in associate individually on a conservative basis to ensure that there is no indication of impairment of such investments. During the year the group accounted KD 25,390,718 as impairment loss.

The Group's share in the contingent liabilities and capital commitments of the associates amounted to KD 29,014,000 (2009 – KD 32,316,000).

Agility Public Warehousing Company K.S.C. (formerly Public Warehousing Company K.S.C.):
Agility Public Warehousing Company K.S.C. is a public shareholding company registered in Kuwait and listed on the Kuwait Stock Exchange and Dubai Financial Market. Its principal activities are storing goods, management and renting of warehouses, all transportation activities, distribution, handling and customs clearance for goods.

As of December 31, 2010 the fair value of the Group's investment in Agility Public Warehousing Co. K.S.C. amounted to KD 119,824,126 (December 31, 2009 – KD 131,571,591).

The contingent liabilities and legal cases relating to Agility Public Warehousing Company K.S.C. (the associate) are summarized as follows:

a. A dispute has arisen between the associate and other party with respect to a partnership agreement dated July 30, 2002 for the purpose of bidding for the provision of services for Prime Vendor Services Contract with the U.S. Government. The partnership agreement provided for the preparation of all infrastructure and assets for that purpose. The associate had submitted all evidences to the Execution Department in proof of the partnership not having any funds, assets or properties and the eventual non-existence of the partnership, as a consequence of the partners not providing any capital contributions to the partnership.

   The Supreme Court of Kuwait through its rulings on 7 January 2008, and 20 April 2010 pronounce its judgments in favour of the associate confirming that the third party is not entitled to any rights or profits from Prime vendor Contact and that the partnership agreement between the associate and the third party was not legally enforceable and is void.

b. During the year 2007, the associate Company was served with an administrative subpoena and, subsequently in March 2008 with a grand jury subpoena, by the US Government in connection with an investigation into certain aspects of the Subsistence Prime Vendor ("SPV") Contract. In addition, some employees of the Group were served with civil investigative demands. The Associate Company cooperated with this investigation and produced numerous records in response to this request.

   On November 16, 2009, the Associate Company was indicted by a federal grand jury in United States on multiple counts of False Claims Act violations. Furthermore, The United States Department of Justice also joined the civil qui tam lawsuit against the Associate Company under the US False Claims Act. The Department of Justice is claiming substantial damages for alleged violations in both the criminal and civil proceedings. As a result of this indictment, the associate Company and some of its Subsidiaries are suspended from bidding for new contracts or renewing the existing contracts with the US Government pending the outcome of the cases. However, the suspension does not affect continued performance of the existing contracts. The existing SPV Contract expired in December 2010.

The Associate Company is pursuing discussions with the US Government with a view to reaching a fair and reasonable settlement of the current legal cases with the US Department of Justice. However, there is no guarantee that the parties can reach a mutually agreeable settlement. The Associate Company is prepared to litigate its legal case vigorously if no reasonable settlement is possible. In addition, the US Department of Justice is currently conducting an informal investigation regarding two costs reimbursable US Government contracts in order to ascertain whether reimbursement requests for certain costs incurred by the Associate Company were proper.

Due to inherent uncertainty surrounding these cases, no provision is recorded by the management in consolidated financial statements of the associate. The Associate Company (after consulting the external legal counsel) is not able to comment on the likely outcome of the cases.

c. In October 2007, certain subsidiaries (involved in the freight forwarding business) of the Associate Company along with other major players in the freight forwarding industry received requests for information from the competition authorities of the EU, the United States and other jurisdictions in connection with an industry-wide investigation into the setting of surcharges and fees. These subsidiaries are fully cooperating with the respective authorities.

In July 2009, a subsidiary of the Associate Company was named as a defendant in a class action lawsuit filed in the Eastern District of New York, along with a number of other freight forwarding companies, regarding surcharges and fees for services. In November 2009, the defendants filed motions to dismiss the claims that are currently pending before the court. The ultimate outcome of this litigation is uncertain at this time.

On November 26, 2009 the Italian Competition Authority (ICA) opened an investigation into the activities of some 20 freight forwarding companies. The existence of the Italian investigation is recorded in a decision by the ICA opening formal proceedings and naming an Italian Subsidiary. Those allegations will need to be formally confirmed by the ICA in due course in a statement of objections.

In February 2010, the European Commission issued a Statement of Objections ("SO") to the Associate Company and two of its subsidiaries. The SO alleges that certain infringements of EU competition law were committed by the subsidiaries. The Commission's final decision is not expected until first half of 2011.

In June 2010, the New Zealand Commerce Commission issued a draft statement of Claim against the associate in connection with the Surcharge Investigation. In August 2010, a subsidiary reached a settlement agreement with the commission under which, the subsidiary agreed to a civil fine of NZD 2,500,000, which was subsequently approved by New Zealand High Court on December 2010.

In September 2010, a subsidiary executed a Plea agreement with the US Government with respect to the Surcharge Investigation under which, the subsidiary agreed to a fine of USD 687,960 to resolve the matter. The settlement agreement requires the approval of the Court to be final.

As at December 31, 2010, due to inherent uncertainty surrounding these investigations, the associate's management (after consulting the external legal counsel) is not able to comment on the likely outcome of the investigations and in view of the difficulty in quantifying any additional potential liabilities in this regard, no provision is recorded in the consolidated financial statements of the associate as of December 31,2010.

d. During the year 2006, a bank guarantee of the Associate Company has been issued in favour of General Administration of Customs for Kuwait ("GAC") against execution related to contract of a subsidiary of the Associate Company. The subsidiary of the Associate Company appealed this resolution through case No. 224/2007 "Administrative - 7".

In the opinion of the Associate Company's external legal consulting firms the violations against which a portion of the bank guarantee provided has been encashed, are non-contractual violations, and in accordance with the law, believe that a verdict shall be issued in favour of the Subsidiary Company to return the encashed portion of the guarantee plus interest of 7%. In 2009 the Associate Company obtained a report from the expert department of Ministry of Justice on this matter which was in favour of the Company in respect of most of the issues arising from the case. The management of the Associate Company is of the opinion that this matter is incidental and will be resolved in the courts in the near future and, accordingly, no provision had been recorded in the consolidated financial statements of the associate.

During the year 2006, the management of the Parent Company has accounted provision for an amount of KD 1,226,082 for its share of the encashed portion of the bank guarantee on a conservative basis and not as surrender to the validity of the encashment.

e. On November 27, 2006, and based on the recommendation by the Ministers' Council, the Ministry of Commerce & Industry issued the Resolution No. 30/2006 to terminate three contracts of those concluded between the associate and the Public Authority of Industry for Mina Abdulla Zone, Kuwait.

The associate protested against this order through the Case No. 940/2006 "Administrative". In the hearing held on December 25, 2006, the Court of First Instance pronounced its ruling to repeal the aforesaid resolution of the Ministry of Commerce & Industry and its resultant impacts. This was also subsequently conformed by the Court of Appeal. Which have been approved by the Appeal Court that's the Ministry filed an appeal at the Supreme Court on which the Supreme Court issued a ruling on 4 May 2010, rejecting the Ministry's appeal and confirming the previous ruling in favor of the associate Company.

However, the Government requested the Board of Public Authority of Industry to hold a meeting chaired by the Minister of Commerce & Industry, who issued a new resolution No. 1/2007 to terminate the same contracts being the subject of the previous resolution.

The associate again protested against the new resolution through case No. 36/2007 and assured, in its statement of defense, which is in agreement with the provisions of the law, as confirmed by the Supreme Court including the Kuwait Court of Cessation, that the resolution is void, because it has been made on the same subject of the previous resolution. In the opinion of external legal counsel, the court shall pronounce its judgment to revoke the resolution issued by the Public Authority of Industry, because it has been based on wrong objects and the resolutions issued by the governmental authorities are merely of financial concerns that shall be resolved by the courts to establish the associate's rights in such contracts.

The associate is in the process of performing an assessment of the final losses arising from the aforementioned resolutions, so that a claim can be filed with the Government of Kuwait for recovery of these amounts. The associate has not recognized any revenue on the three aforesaid contracts since inception of the case.

f. On January 9, 2007 the Ministry of Finance terminated Al-Jahra Fish, Meat and Vegetables Market Project Contract with the associate according to the resolution of the Council of Ministers No. 2/2007. The associate appealed to the Court of First Instance against this resolution through Case No. 200/2007 "Administrative – 3". The Court of First Instance cancelled the resolution No. 2/2007 issued by the Ministry of Finance.

g. In January 2008, the Court of Appeal ruled in favor of the associate whereby Al-Jahra Fish, Meat and Vegetables Market Project Contract is to be given back to the associate. The Court of Appeal also ruled out that the associate be compensated for losses and expenses that arose as a result of this case. The Ministry of Finance has filed an appeal against the rule which is pending resolution. As a result of the ruling, the associate resumed operation in the contract.

g. In addition to the above, the associate is involved in various claims and legal proceedings. The in-house legal counsel of the associate believes that such claims are not valid and will not have a material adverse effect on the consolidated financial statements of the associate as of December 31, 2010.

8. Properties held for trading

The movement during the year is as follows:

	2010	2009
Balance at the beginning of the year	**32,088,881**	-
Transferred from capital work in progress	**-**	31,686,349
Additions	**827,080**	2,015,463
Due to disposals of subsidiaries	**(1,934,086)**	-
Interest capitalized on properties held for trading	**1,012,057**	1,292,242
Amortized interest relating to properties held for trading	**360,779**	447,346
Foreign currency translation adjustments	**(1,455,239)**	712,497
Impairment loss of properties held for trading (Note 22)	**-**	(4,065,016)
Balance at the end of the year	**30,899,472**	32,088,881

9. Properties under development

The movement during the year is as follows:

	2010	2009
Balance at the beginning of the year	**119,800,455**	-
Transferred from capital work in progress	**-**	110,403,217
Additions	**3,428,368**	2,544,297
Interest capitalized on properties under development	**3,004,395**	2,250,162
Amortized interest relating to properties under development	**(4,441,276)**	443,285
Foreign currency translation adjustments	**(6,819,830)**	4,159,494
Impairment loss of properties under development (Note 22)	**(5,318,899)**	-
Balance at the end of the year	**109,653,213**	119,800,455

10. Property, plant and equipment

	Leasehold improvements	Buildings, furniture, decorations, office equipment and motor vehicles	Capital work in progress	Total
Cost:				
At December 31, 2009	8,844,977	5,525,443	4,620,313	18,990,733
Additions	75,977	1,375,900	653,679	2,105,556
Transfers from capital work in progress	-	800,814	(800,814)	-
Interest capitalized on capital work in progress	-	-	208,362	208,362
Disposals	-	(60,656)	-	(60,656)
Due to sale of subsidiary	-	(170,615)	-	(170,615)
Foreign currency translation adjustments	-	(41,682)	(28,593)	(70,275)
At December 31, 2010	**8,920,954**	**7,429,204**	**4,652,947**	**21,003,105**
Accumulated depreciation:				
At December 31, 2009	1,587,856	2,293,494	-	3,881,350
Charge for the year	57,074	720,484	-	777,558
Related to disposals	-	(25,343)	-	(25,343)
Due to sale of subsidiary	-	(59,245)	-	(59,245)
Foreign currency translation adjustments	-	40,048	-	40,048
At December 31, 2010	**1,644,930**	**2,969,438**	**-**	**4,614,368**
Provision relating to cancellation of management's contract of Kuwait Free Trade Zone	(6,618,463)	(56,834)	-	(6,675,297)
Net book value:				
At December 31, 2010	**657,561**	**4,402,932**	**4,652,947**	**9,713,440**
At December 31, 2009	638,658	3,175,115	4,620,313	8,434,086

"Leasehold improvements" mainly represent the improvements made by the Parent Company for the infrastructure in the Kuwait Free Trade Zone, and its depreciation was over the period of management contract for the Kuwait Free Trade Zone. As a result of the resolution relating to the cancellation of the management contract of Kuwait Free Trade Zone with the managing company, the parent company has made a provision for the full amount of infrastructure work on a conservative approach and not as a surrender to the validity of the cancellation of the contract (Note 33 – e).

11. Investment properties

Investment properties are presented as follows:

	2010	2009
Investment properties stated at fair value **(a)**	**185,898,803**	110,679,447
Investment properties under construction stated at cost **(b)**	**11,426,063**	88,953,688
	197,324,866	199,633,135

(a) The movement on the investment properties stated at fair value during the year is as follows:

	2010	2009
Balance at the beginning of the year	**110,679,447**	66,680,147
Additions	**3,698,327**	12,979,356
Transferred from capital work in progress	**-**	14,395,643
Transferred from investment properties under construction stated at cost	**79,088,590**	-
Change in fair value of investment properties	**(3,134,545)**	15,156,915
Foreign currency translation adjustments	**(4,433,016)**	1,467,386
Balance at the end of the year	**185,898,803**	110,679,447

The investment properties are valued by independent valuers. Properties that are built on land rented from others are valued using the discounted cash flow method.

(b) The movement on the investment properties under construction stated at cost during the year is as follows:

	2010	2009
Balance at the beginning of the year	**88,953,688**	-
Transferred from capital work in progress	**-**	75,395,787
Additions	**4,066,073**	5,988,866
Transferred to investment properties stated at fair value	**(79,088,590)**	-
Interest capitalized on investment properties in progress	**3,463,915**	2,956,759
Amortized interest relating to investment properties in progress	**(3,841,109)**	1,329,856
Foreign currency translation adjustments	**(2,127,914)**	3,282,420
Balance at the end of the year	**11,426,063**	88,953,688

12. Accounts payable and other credit balances

	2010	2009
Current portion		
Revenue received in advance	**1,364,181**	576,304
Refundable deposits from tenants	**2,086,400**	1,783,312
Retentions	**180,033**	299,935
Payable to contractors and suppliers	**7,466,286**	3,503,680
Dividend payable to shareholders	**1,566,435**	1,701,632
Accrued expenses	**3,646,584**	2,628,701
Accrued interest (a)	**119,116**	334,314
Payable for Board of Directors' remuneration	**-**	70,000
Payable for purchase of lands	**25,850,892**	32,869,644
Other payables	**1,692,352**	2,289,630
Total current portion	**43,972,279**	46,057,152
Non current portion		
Revenue received in advance	**13,710,171**	11,419,085
Retentions	**32,489**	32,489
Accrued expenses	**5,766,071**	6,775,092
Provision for contractual obligations	**831,716**	777,688
Payable for purchase of lands	**52,612,961**	71,321,738
Other payables	**846,697**	2,051,913
Total non current portion	**73,800,105**	92,378,005
	117,772,384	138,435,157

a) Accrued interest is normally settled quarterly to semi – annually.

b) There is no material difference between the fair value and the book value of accounts payable and other credit balances.

13. Deferred tax liability

This item represents the group's share in the deferred tax liability to the joint venture (Mediterranean Investment Holding P.L.C) being a Company registered in Malta. The deferred tax liability of the joint venture was calculated according to the applicable tax law and in accordance with the relevant laws and fiscal regulations that is applied in Malta.

14. Bank facilities

Bank facilities consist of the following:

	2010	2009
Current portion	**38,188,270**	32,961,532
Non-current portion	**161,715,588**	159,470,309
Total bank facilities	**199,903,858**	192,431,841

The interests on the bank borrowings are as follows:

	2010 %	2009 %
Average annual interest rate over Central Bank of Kuwait discount rate on facilities by Kuwaiti Dinar	**2.5 - 3**	2.5 - 3
An average annual interest rate over the bank borrowing cost on facilities by USD	**-**	4
An average annual interest rate on facilities by Euro	**2.5**	2.5
An average annual interest rate on facilities by Libyan Dinar	**1.5**	1.5

Bank facilities are granted for the Group by local and foreign banks.

The parent company's share of bank facilities denominated in Euro and Libyan Dinars are granted by an international bank against general mortgage over the joint venture's assets (Mediterranean Investment Holding P.L.C) and its subsidiaries with no recourse on the parent company. The parent company's share from these facilities amounted to equivalent of KD 10,444,655 (2009 - Equivalent of KD 11,364,555).

Certain bank facilities are secured against the following:

a) Pledging certain shares of the group's investments in Agility Public Warehousing Company – K.S.C.
b) Pledging certain investment properties owned by the parent company.
c) Promissory notes.

The carrying amounts of the bank facilities approximate their fair value.

15. Bonds

Bonds represent the Parent Company's proportionate share in the bonds issued by Mediterranean Investment Holding P.L.C. (joint venture).

Description	Interest rate	Repayable by	**2010**	2009
Bonds (A)	7.5%	December 4,2012 - 2013	**2,810,379**	3,098,392
Bonds (B)	7.5%	August 4,2015	**3,747,000**	4,131,000
Bonds (C)	7.15%	July 23, 2015 - 2017	**7,235,072**	-
			13,792,451	7,229,392

The movement during the year is as follows:

	2010	2009
Balance at the beginning of the year	**7,229,392**	6,816,724
Additions	**7,351,881**	-
Amortization of transaction cost	**8,085**	54,899
Foreign currency translation adjustments	**(796,907)**	357,769
Balance at the end of the year	**13,792,451**	7,229,392

During the year ended December 31, 2007, Mediterranean Investments Holding P.L.C. (joint venture) issued bonds of a nominal value of € 15,000,000 as if they weren't redeemed earlier as per the redemption option given within the issuance terms, they will be redeemed at face value on December 4, 2014. The issuer reserves the right to redeem the bonds or any part of the issue at any time prior to the stated maturity on either of the interest payment dates falling in 2012 and/or 2013. Redemption of the bonds shall be made at the face value of the bonds.

During the year ended December 31, 2008, Mediterranean Investments Holding P.L.C. (joint venture) issued a seven year bond of € 15,000,000 carrying an interest rate of 7.5% and maturing on August 4, 2015 subject to an over allotment option for a further amount of € 5,000,000, The joint venture exercised its over allotment option, thereby increasing the allotment to € 20,000,000.

During the current year ended December 31, 2010, Mediterranean Investments Holding p.l.c. has issued a seven year Bond in a combination of three currencies namely Euro, Sterling and US Dollars, of an aggregate nominal value equivalent to €30,000,000 and subject to an over-allotment option for a further amount of €10,000,000. Mediterranean Investments Holding P.L.C. has exercised its over-allotment option, thereby increasing the allotment to €40,000,000. The bond is carrying an interest rate of 7.15% per annum and matures on July 23, 2017. The bond may be redeemed earlier than the said date in whole or in any part of the issue on any day falling between July 23, 2015 and July 22, 2017, both days included and such redemption shall be made at the nominal value thereof.

In addition to the above, the issuer reserves the right to redeem all of the above bonds at any point of time post issuance date to cancel it.

16. Provision for employees end of service indemnity

	2010	2009
Balance at the beginning of the year	**769,100**	740,053
Charge for the year	**203,888**	191,478
Due to sale of subsidiary	**(7,642)**	-
Paid during the year	**(120,317)**	(162,431)
Balance at the end of the year	**845,029**	769,100

17. Share capital

The authorized, issued and fully paid-up share capital consists of 814,195,060 shares (2009 – 814,195,060 shares) of 100 fils each, and all shares are in cash.

18. Treasury shares

	2010	2009
Number of treasury shares	**39,163,250**	38,988,250
Percentage of issued and fully paid up shares (%)	**4.81**	4.78
Market value (KD)	**6,501,100**	7,719,674
Cost (KD)	**7,363,836**	7,179,151

19. Statutory reserve

As required by the Commercial Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association. Distribution of the reserve is limited to the amount required to enable the payment of a dividend up to 5% of paid-up share capital in years when accumulated profits are not sufficient to secure the payment of such a dividend. There is no transfer to statutory reserve due to loss incurred for the year ended December 31,2010.

20. General and administrative expenses

	2010	2009
Cleaning and maintenance	**(921,309)**	(957,761)
Security	**(187,021)**	(201,054)
Utilities	**(210,594)**	(180,559)
Insurance	**(68,245)**	(70,970)
Land lease and office rent	**(1,509,551)**	(1,507,157)
Legal fees	**(427,129)**	(376,287)
Subscriptions and communication	**(210,441)**	(251,359)
Advertising and marketing	**(1,807,093)**	(548,387)
Printing and stationary	**(59,621)**	(55,462)
Business travel	**(213,151)**	(271,048)
Bank charges	**(30,180)**	(54,968)
Professional Services	**(851,017)**	(1,834,282)
Share of Maastricht School of Management – Netherlands (relating to revenue of a subsidiary)	**(181,844)**	(253,589)
Others	**(232,852)**	(738,474)
	(6,910,048)	(7,301,357)

21. Net investment income

	2010	2009
Dividend income	**68,898**	121,035
Unrealized loss from investments at fair value through income statement (Note 4)	**(4,110)**	-
Realized loss on sale of investments at fair value through income statement	**(5,720)**	-
Realized gain on sale of investments available for sale	**807,499**	34,208
	866,567	155,243

22. Impairment losses

	2010	2009
Impairment losses of investment available for sale (Note – 6)	**(6,729,472)**	(2,271,421)
Impairment loss for investment in associates (Note – 7)	**(25,390,718)**	(1,173,619)
Impairment of properties held for trading (Note - 8)	-	(4,065,016)
Impairment loss of properties under development (Note 9)	**(5,318,899)**	-
Impairment of property, plant and equipment	-	(2,145,293)
	(37,439,089)	(9,655,349)

23. Other income

	2010	2009
Promotional income	**86,455**	132,706
Service income – programs and courses fee	**972,037**	1,162,451
Service and registration income - Other	**84,627**	59,608
Consultancy fees	**126,000**	207,000
Gain on sale of property, plant and equipment	**9,992**	101,831
Accrued expenses no longer required	**127,967**	538,802
Miscellaneous	**223,474**	771,431
	1,630,552	2,973,829

24. Interest income

Interest from:	2010	2009
Deposits and accounts	**478,589**	773,133
Current account with a joint venture	**-**	35,494
Balance due from Kuwait Ports Authority	**3,154,910**	2,855,864
	3,633,499	3,664,491

25. Interest expense

Interest on:	2010	2009
Overdrafts	**(410,787)**	(540,787)
Term loans	**(2,721,098)**	(2,271,019)
Bonds	**(676,613)**	(138,735)
	(3,808,498)	(2,950,541)

26. Provisions

	2010	2009
Provision for bad debts related to accounts receivable and other debit balances (Note 5)	**(163,619)**	(451,842)
Provision for interest income due on the balance due from Kuwait Ports Authority	**(3,154,910)**	(2,855,864)
Provision against long term loan was granted to a joint venture	**-**	(425,383)
	(3,318,529)	(3,733,089)

27. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the profit of the Parent Company after deducting its share of income from shareholding subsidiaries and associates and transfer to statutory reserve.

There is no contribution to Kuwait foundation for advancement of sciences (KFAS) for the year ended December 31, 2010, due to net loss for the current year.

28. National Labor Support Tax (NLST)

National Labor Support Tax is calculated at 2.5% of the profit of the Parent Company and after deducting its share of income from listed shareholding subsidiaries and associates and cash dividends from Kuwaiti listed shareholding companies.

National labor support tax (NLST) is not calculated for the year ended December 31, 2010, due to net loss for the current year.

29. Zakat

Zakat is calculated at 1% of the profit of the Parent Company after deducting its share of income from shareholding subsidiaries and associates in accordance with Ministry of Finance resolution No. 58/2007 effective December 10, 2007.

Zakat was not calculated for the year ended December 31, 2010, due to due to net loss for the current year.

30. (Loss) earnings per share

(Loss) earnings per share is computed by dividing net (loss) profit for the year attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the year, as follows:

	2010	2009
Net (Loss) profit for the year attributable to equity holders of the Parent Company	**(34,448,895)**	29,520,104
	Shares	Shares
Number of issued and fully paid-up shares	**814,195,063**	814,195,063
Less: Weighted average number of treasury shares	**(39,323,772)**	(38,641,128)
Weighted average number of share outstanding	**774,871,291**	775,553,935
	Fils	Fils
(Loss) earnings per share attributable to equity holders of the Parent Company	**(44.46)**	38.06

31. Related party balances and transactions

Related parties represent main shareholders, board of directors, associates, key management personnel and parties related to them. Pricing policies and terms of these transactions are approved by the Parent Company's management. Related party balances and transactions are summarized as follows:

	Major shareholders	Associate	2010	2009
(i) Balances included in the consolidated statement of financial position:				
Accounts receivable and other debit balances	**2,844,046**	**142,077**	**2,986,123**	3,183,759
Long term loan	**-**	**-**	**-**	631,302
Accounts payable and other credit balances	**-**	**-**	**-**	37,536

(ii) Transactions included in the consolidated statement of income	Major shareholders	Associate	2010	2009
Rental income	**491,704**	**-**	**491,704**	464,591
Net sales revenue	**8,575,790**	**-**	**8,575,790**	-
Interest income	**-**	**-**	**-**	172,364
Provision for long term loan granted to a joint venture	**-**	**-**	**-**	(425,838)
General and administrative expenses	**(242,058)**	**-**	**(242,058)**	(263,988)

	2010	2009
(iii) Key management compensation:		
Short term benefits	**569,331**	1,076,120
Termination benefits	**25,846**	41,412
Board of Directors' remuneration	**-**	70,000

32. Working capital

	2010	2009
Current assets:		
Cash and cash equivalents	**13,242,161**	11,081,010
Term deposit	**-**	600,000
Accounts receivable and other debit balances	**9,320,237**	6,276,335
Quoted investments	**8,356,112**	11,787,088
Properties held for trading	**30,899,472**	32,088,881
Total current assets	**61,817,982**	61,833,314
Current liabilities:		
Accounts payable and other credit balances	**(43,972,279)**	(46,057,152)
Bank facilities	**(38,188,270)**	(32,961,532)
Total current liabilities	**(82,160,549)**	(79,018,684)
Working capital	**(20,342,567)**	(17,185,370)

The Group's current liabilities exceed its current assets by an amount of KD 20,342,567 (2009 – KD 17,185,370)..

The consolidated financial statements have been prepared assuming the Group will continue as a going concern. The consolidated financial statements do not include any adjustment that might result from the outcome of the uncertainty. The Group's going concern assumption relies on necessary support from financial institutions, shareholders as well as the Group's ability to promote its cash inflows.

In the Group's management opinion, its lender financial institutions will renew the Group's outstanding borrowings on their respective due dates considering the quality of the Group's assets and the stability of its cash inflows, and that the major shareholders of the Parent Company as well as the associates will provide necessary support, if needed, to enhance the Group's cash inflows.

33. Contingencies and capital commitments

a) At December 31, 2010, the Group's management authorized capital commitments amounting to KD 933,972 (2009 – KD 4,918,278).

b) At December 31, 2010, the Group's capital commitment stated above include capital expenditure arising from the Parent Company's interest in Mediterranean Investment Holding Co. P.L.C. (joint venture) is as follows:

(i) Capital expenditure contracted for the construction and development of real estate projects but not yet incurred amounted to Nil (2009 – KD 2,846,931).

(ii) Capital expenditure authorized by the board of directors of the joint venture but has not yet been contracted for amounted to KD 165,488 (2009 – KD 343,247).

c) At December 31, 2010, the Parent Company had commitments under a non-cancelable operating lease, primarily for land leased from the Government of Kuwait for the Water Front Project as follows:

Year	KD
2011 – 2015	**141,000**
2016 – 2019	**112,800**
	253,800

For the operating lease commitments, the Parent Company is required to give a bank guarantee of 0.5% of the total value of the capital project concerned for the purpose of maintenance services to be provided by the final lessor.

d) The Group was contingently liable in respect of the following:

	2010	2009
Letters of guarantee	**3,119,729**	2,418,003
Letters of credit	**-**	84,986
	3,119,729	2,502,989

e) As per the decision No. 507 in 2006, the Ministry of Commerce and Industry cancelled the management contract of Kuwait Free Trade Zone in Shuwaikh port dated May 30, 1998 between the Ministry of Commerce and Industry and National Real Estate Company K.S.C (the managing company). Due to this, the managing company had lost its control over the assets located in KFTZ. Accordingly, the managing company had recognized the following provisions:

	Amount
Assets located in KFTZ	11,172,070
Provision for contractual obligations relating to the cancellation of management's contract of Kuwait Free Trade Zone	1,653,236
Provision for doubtful debts	535,118
	13,360,424

All these provisions were made on a conservative basis and not as surrender to the validity of the resolution.

The managing company had filed a case under 939/2006 appealing against the decision of the Ministry of Commerce and Industry for the cancellation of a management contract for KFTZ. The case is still pending between the external legal counsel and the court, that's the court recently on January 26,2011 transfer the case to the external legal counsel which is still under discussion until the date.

As per the opinion of the managing company's external legal counsel hearing, the decision of the Ministry of Commerce and Industry would be cancelled and in case the decision is not cancelled, then the managing company has the right to recover all expenses incurred due to cancellation of the contract before its maturity and has also the right to be compensated for future benefits for the rest of the management contract term.

The managing company is in process of performing an assessment of the compensation in case the court sustains the cancellation resolution. In such event, the managing company proposes to offer an initiative for a considerate settlement of its rights with the government. In the event of failure of the initiative, a claim is proposed to be filed by the managing company for the recovery of those compensation claims as per the law.

f) The Parent Company has certain properties erected on land leased from the Government for 25 years. The Ministry of Finance had issued a resolution to terminate those contracts after the expiry of this 25 years period. However, the Parent Company appealed against this resolution claiming for the renewal of those contracts for another 25 years with the same terms. The Court of First Instance sustains the resolution of the Ministry of Finance, after which the Parent Company appealed against the resolution of the Court of First Instance. The Court of Appeal in its session dated June 24, 2007 had decided in its verdict to cancel the resolution of the Court of First Instance and to cancel the resolution of the Minister of Finance to withdraw those properties and consider it as void along with all its consequent effects. The Ministry of Finance appealed against this verdict at the Court of Cassation which had decided in its session dated September 30, 2009 to revoke the Court of Appeal's verdict and corroborate the Court of First Instance's verdict, which ruled that the contracts of those properties are expired and the properties are to be handed over to the Ministry of Finance, and the Ministry had obtained possession of these properties from the parent Company on March 24, 2010.

During the prior years, the Group had recorded full provisions for those properties on conservative basis. In the Group's opinion, the Court of Cassation's verdict would not have negative financial impact on its financial results as all necessary provisions in that regard are accounted in its records.

In the opinion of the External Legal Counsel of the Group, there is no ability to comment on the possible financial impact of neither the Court of Cessation's verdict nor the possible compensations which might result for either party of the dispute, as there's no basis that would enable the Group of calculating these financial results, possible compensations or evaluating the possibility of concluding new agreements for those properties in an accurate manner. Taking that into consideration as well as the full provision recorded for those properties in the Group's records, the Group's management had decided that no additional provisions would be necessary as at the date of consolidated financial statements.

g) The parent company's books include amounts due from and to the Kuwait Ports Authority, where the amount due from Kuwait Ports Authority to the parent company amounted to KD 40,212,570 (2009 – KD 37,057,660), which represents the rehabilitation costs for Kuwait Ports Authority properties in Kuwait Free Trade Zone, in addition to rents due for utilized properties by Kuwait Ports Authority in Kuwait Free Trade Zone in addition to interest on the balance due from Kuwait Ports Authority, where the parent company has fully provided for this interest, and on the other side the balance due to Kuwait Ports Authority amounted to KD 6,928,556 (2009 – KD 6,928,556) which represents the share of Kuwait Ports Authority in the rent revenues related to the properties erected and handed over from it in the Kuwait Free Trade Zone after deducting the share relating to the outstanding and unpaid rent of Kuwait Ports Authority for the properties utilized by it. In case of any settlement regarding those outstanding and unpaid rents, the parent company's relative share previously deducted will be refunded back to the share of Kuwait Ports Authority in rental income of Kuwait Free Trade Zone.

As a result of the resolution issued by the Ministry of Commerce and Industry No. 507 / 2006 relating to the cancellation of the management contract of Kuwait Free Trade Zone with the managing company, the managing company has fully provided for the amount due from Kuwait Ports Authority on a conservative basis and not as surrender to the validity of the cancellation resolution.

The balance due from Kuwait Ports Authority to the parent company before computing the interest provision and the provision relating to the cancellation of the management contract of Free Trade Zone amounted to KD 33,284,014 (2009 – KD 30,129,104) where the parent company has fully provided for this balance including the computed interest and provisions for the cancellation of the management contract where provisions have been provided for the management contract on conservative basis and not as surrender to the validity of the cancellation resolution.

h) The Parent Company had filed a legal case No. 277/2005 against Kuwait Ports Authority & one of the Transport companies claiming for the unpaid and due rentals from their utilization of certain plots in Kuwait Free Trade Zone during its management by the Parent Company. The Court of First Instance in its verdict dated February 15, 2010 had ruled in favor of the Parent Company obliging Kuwait Ports Authority & that Transport Company to jointly pay the Parent Company an amount of KD 6,956,416 for the areas and duration as stated in that ruling. The court had rejected the case filed by Kuwait Ports Authority & the Transport Company against the Parent Company in the same regard. Both Kuwait Ports Authority & the Transport Company had appealed against that ruling. The Parent Company had appealed against it as well, as it believes in its right for compensation amounts more than that stated in the court ruling. This case had been postponed to May 24, 2011.

The amount stated in the court ruling represents a portion of the rental amount due from Kuwait Ports Authority as recorded in the Parent Company's records. As it was appealed against that ruling, and since the amount had not yet been received by the Parent Company, no adjustments were recorded in the Parent Company's books on a conservative basis, as the Parent Company's books include all the required provisions in that regard (Note 33– g).

34. Subsequent events

The consolidated financial statements of the Group include certain assets located in Libya, Egypt, and Tunisia. Due to current situation in these countries the Group's management is not having sufficient information to determine the impact of these events on the consolidated financial statements. The following are details of these assets:

1- Properties held for trading amounted to KD 12,884,135.

2- Properties under development amounted to KD 88,885,833.

3- Investment properties amounted to KD 46,098,828.

4- Properties, plant and equipment amounted to KD 671,540.

35. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, investments, receivables, payables, bank facilities and bonds and as a result, is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash and cash equivalents and receivables. The Group's cash and cash equivalents are placed with high credit rating financial institutions. Receivables are presented net of allowance for doubtful debts.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash and cash equivalents and receivables.

Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and ensures adequate balances are maintained in cash and cash equivalents or other investments that are readily realizable.

a) The maturity profile of financial liabilities was as follows:

	2010					
Financial liabilities	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Accounts payable and other credit balances	**186,000**	**3,557,111**	**40,229,145**	**71,572,528**	**2,227,578**	**117,772,362**
Bank facilities	**-**	**-**	**38,188,270**	**161,715,588**	**-**	**199,903,858**
Bonds	**-**	**-**	**-**	**6,557,379**	**7,235,072**	**13,792,451**
	186,000	**3,557,111**	**78,417,415**	**239,845,495**	**9,462,650**	**331,468,671**

	2009					
Financial liabilities	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Accounts payable and other credit balances	172,704	2,103,012	43,781,436	90,161,996	2,216,009	138,435,157
Bank facilities	-	-	32,961,532	93,470,309	66,000,000	192,431,841
Bonds	-	-	-	3,098,392	4,131,000	7,229,392
	172,704	2,103,012	76,742,968	186,730,697	72,347,009	338,096,390

b) The analysis of the Group's contingent liabilities and capital commitments by remaining contractual maturities was as follows:

	2010					
Contingent Liabilities	**Up to 1 month**	**1 - 3 months**	**3 - 12 months**	**1 – 5 years**	**Over 5 years**	**Total**
Letters of guarantee	**34,229**	**664,852**	**2,420,648**	**-**	**-**	**3,119,729**
Letters of credit	**-**	**-**	**-**	**-**	**-**	**-**
Capital commitments	**-**	**-**	**406,278**	**527,694**	**-**	**933,972**
	34,229	**664,852**	**2,826,926**	**527,694**	**-**	**4,053,701**

	2009					
Contingent Liabilities	Up to 1 month	1 - 3 months	3 - 12 months	1 – 5 years	Over 5 years	Total
Letters of guarantee	-	-	2,418,003	-	-	2,418,003
Letters of credit	-	84,986	-	-	-	84,986
Capital commitments	248,054	57,950	3,325,266	1,287,009	-	4,918,279
	248,054	142,936	5,743,269	1,287,009	-	7,421,268

Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of interest. The effective interest rates and the periods in which interest bearing financial assets and liabilities are re-priced or mature are indicated in the respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit (through the impact on short term deposits, floating rate borrowings and bonds).

Year	Increase / (Decrease) in interest rate	Balance on December 31	Effect on Consolidated statement of income
2010			
Bank deposits	**± 50 basis points**	**4,896,902**	**24,485 ±**
Overdrafts	**± 50 basis points**	**(10,559,203)**	**52,976 ±**
Loans	**± 50 basis points**	**(189,344,655)**	**946,723 ±**
Bonds	**± 50 basis points**	**(13,792,451)**	**68,962 ±**

Year	Increase / (Decrease) in interest rate	Balance on December 31	Effect on Consolidated statement of income
2009			
Bank deposits	± 50 basis points	8,561,297	42,806 ±
Overdrafts	± 50 basis points	(9,506,522)	47,533 ±
Loans	± 50 basis points	(182,925,319)	914,627 ±
Bonds	± 50 basis points	(7,229,392)	36,147 ±

Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between other currencies and Kuwaiti Dinar:

Currencies	Change in foreign currency rate	Effect on Consolidated statement of income	Effect on consolidated statement of comprehensive income
2010			
US Dollar	**±5%**	**67,233 ±**	**28,293 ±**
Euro	**±5%**	**1,356,414 ±**	**83,969 ±**
UAE Dirham	**±5%**	**1,455,461 ±**	**288,476 ±**
Jordanian Dinar	**±5%**	**122,516 ±**	**-**
Egyptian Pound	**±5%**	**1,091,456 ±**	**-**
Others	**±5%**	**36,360 ±**	**-**
2009			
US Dollar	±5%	374,517 ±	22,698 ±
Euro	±5%	234,672 ±	5,842 ±
UAE Dirham	±5%	1,739,340 ±	47,609 ±
Qatari Riyal	±5%	112 ±	67,267 ±
Jordanian Dinar	±5%	176,055 ±	-
Egyptian Pound	±5%	3,767,594 ±	-
Others	±5%	11,916 ±	-

Equity price risk

Equity price risk is a risk that the value of a financial instrument will fluctuate as a result of changes in the level of equity indices and the value of individual stocks, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration. The equity price risk exposure arises from the Group's investment in equity securities classified as investments at fair value through income statement and 'available for sale investments'.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these investments:

	2010			2009	
Market indices	Change in equity price %	Effect on consolidated statement of income	Effect on consolidated statement of comprehensive income	Change in equity price %	Effect on consolidated statement of comprehensive income
Kuwait Stock Exchange	±5%	3,091 ±	243,473 ±	±5%	281,418 ±
Doha Securities Market	±5%	-	-	±5%	67,267 ±
Abu Dhabi Securities Market	±5%	-	14,077 ±	±5%	47,609 ±
NASDAQ	±5%	-	-	±5%	22,698 ±
Malta Stock Exchange	±5%	-	45,240 ±	±5%	46,450 ±

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from current bid prices, discounted cash flow models and other models as appropriate. At December 31, the fair values of financial instruments approximate their carrying amounts, except that it was not possible to reliably measure the fair value of certain available-for-sale investments as indicated in Note 6.

Effective January 1, 2009, the Company adopted the amendment to IFRS 7 for financial instruments that are measured in the Statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December:

	2010		
	Level 1	Level 2	Total
Investment at fair value through income statement:			
Quoted securities	61,810	-	61,810
Investment available for sale:			
Quoted securities	5,151,010	-	5,151,010
Managed portfolios and funds	-	3,143,292	3,143,292
	5,212,820	3,143,292	8,356,112

	2009		
	Level 1	Level 2	Total
Investment available for sale:			
Quoted securities	8,714,169	-	8,714,169
Managed portfolios and funds	-	3,072,919	3,072,919
	8,714,169	3,072,919	11,787,088

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily traded equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of reporting period, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

36. Capital risk management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital resources structure to reduce the cost of capital.

In order to maintain or adjust the capital resources structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2010	2009
Bank facilities	**199,903,858**	192,431,841
Bonds	**13,792,451**	7,229,392
Less: Cash and cash equivalents	**(13,242,161)**	(11,081,010)
Term deposit	**-**	(600,000)
Net debt	**200,454,148**	187,980,223
Total equity	**236,346,523**	275,149,756
Total capital resources	**436,800,671**	463,129,979
Gearing Ratio	**45.89%**	40.58%

37. Proposed dividend and General Assembly

The Board of Directors of the Parent Company did not propose cash dividends or bonus shares for the year ended December 31, 2010 (2009 - no cash dividends nor bonus shares for the year ended December 31, 2009). This proposal is subject to the approval of the shareholders' general assembly and responsible authorities.

Shareholders' General Assembly

The annual shareholders' general assembly meeting was held on June 7, 2010 and had approved the Board of Directors' recommendation not to distribute either cash dividends or bonus shares for the year ended December 31, 2009 (December 31, 2008. No distribution of either cash dividends or bonus shares).

38. Segment information

(A) The Group's management has grouped the Group's services into the following business segments:

- Real estate and other operations: consisting of development, trading, leasing and management of real estate properties and other activities.
- Wholesale: consisting of sales transaction of the catering activities in the subsidiaries.
- Investment operations: consisting of investment in associates, equity securities and joint ventures.

There are no inter-segmental transactions. The following are the details of the above segments:

	2010				2009			
	Real estate & Others	**Wholesale**	**Investments**	**Total**	Real estate & Others	Wholesale	Investments	Total
Segment income	**16,583,604**	**12,867,995**	**6,211,757**	**35,663,356**	9,713,920	1,847,021	35,228,145	46,789,086
Segment expenses	**(10,293,887)**	**(14,933,276)**	-	**(25,227,163)**	(9,415,882)	(3,078,715)	-	(12,494,597)
Depreciation, amortization and change in fair value	**(3,557,172)**	**(354,931)**	-	**(3,912,103)**	14,796,802	(134,429)	-	14,662,373
Deferred taxes	-	-	-	-	(6,041,940)	-	-	(6,041,940)
Provisions	**(154,652)**	**(8,967)**	-	**(163,619)**	(382,838)	(69,004)	(425,383)	(877,225)
Impairment Losses	**(5,318,899)**	-	**(32,120,190)**	**(37,439,089)**	(6,210,309)	-	(3,445,040)	(9,655,349)
Segment profit	**(2,741,006)**	**(2,429,179)**	**(25,908,433)**	**(31,078,618)**	2,459,753	(1,435,127)	31,357,722	32,382,348
Net interest				**(3,329,909)**				(2,141,914)
Un allocated expenses				**(40,084)**				(726,853)
Net (loss) profit for the year				**(34,448,611)**				29,513,581
Attributable to:								
Equity holders of the Parent Company				**(34,448,895)**				29,520,104
Non-controlling interest				**284**				(6,523)
				(34,448,611)				29,513,581
Total Assets	**363,317,889**	**9,642,403**	**201,306,198**	**574,266,490**	376,286,618	6,952,690	236,817,878	620,057,186

(B) For the management purposes, the Group is divided into five geographical segments, which are: State of Kuwait, GCC, Asia, Africa and others.

The geographical segments information are as follows:

	2010						2009					
	Kuwait	GCC	Asia	Africa	Others	Total	Kuwait	GCC	Asia	Africa	Others	Total
Cash on hand and at banks	1,286,975	128,675	541,710	1,094,191	5,293,708	8,345,259	761,450	57,972	414,885	974,882	910,524	3,119,713
Bank deposits	1,380,493	29,990	210,159	3,276,260	-	4,896,902	2,504,521	268,049	1,083,700	2,907,850	1,797,177	8,561,297
Investments at fair value through income statement	61,810	-	-	-	-	61,810	-	-	-	-	-	-
Accounts receivable & other debit balances	5,604,373	9,419	4,167,009	644,991	1,701,348	12,127,140	6,134,329	124,121	3,323,163	264,191	1,755,937	11,601,741
Investments available for sale	11,392,604	1,708,202	-	-	1,470,659	14,571,465	12,831,945	3,724,170	-	-	1,962,420	18,518,535
Investment in associates	185,914,230	-	-	-	758,693	186,672,923	218,299,343	-	-	-	-	218,299,343
Properties held for trading	-	12,969,446	5,045,891	12,884,135	-	30,899,472	-	12,257,900	6,816,439	13,014,542	-	32,088,881
Properties under development	-	18,594,847	2,172,533	88,885,833	-	109,653,213	-	23,396,042	1,926,605	94,477,808	-	119,800,455
Property, plant and equipment	1,529,945	883,026	6,255,984	913,038	131,447	9,713,440	1,479,004	854,542	5,667,951	377,804	54,785	8,434,086
Investment properties	60,438,323	80,909,631	7,900,303	1,977,781	46,098,828	197,324,866	63,773,142	80,474,868	6,794,972	1,683,845	46,906,308	199,633,135
Total assets	267,608,753	115,233,236	26,293,589	109,676,229	55,454,683	574,266,490	305,783,734	121,157,664	26,027,715	113,700,922	53,387,151	620,057,186
Bank facilities	(189,459,203)	-	-	-	(10,444,655)	(199,903,858)	(181,067,286)	-	-	-	(11,364,555)	(192,431,841)
Bonds	-	-	-	-	(13,792,451)	(13,792,451)	-	-	-	-	(7,229,392)	(7,229,392)
Other liabilities	(35,051,963)	(15,806,701)	(2,430,927)	(61,046,237)	(4,281,585)	(118,617,413)	(28,342,723)	(26,155,865)	(883,403)	(79,088,942)	(4,733,324)	(139,204,257)
Deferred taxes	-	-	-	-	(5,606,245)	(5,606,245)	-	-	-	-	(6,041,940)	(6,041,940)
Total liabilities	(224,511,166)	(15,806,701)	(2,430,927)	(61,046,237)	(34,124,936)	(337,919,967)	(209,410,009)	(26,155,865)	(883,403)	(79,088,942)	(29,369,211)	(344,907,430)

	2010						2009					
	Kuwait	GCC	Asia	Africa	Others	Total	Kuwait	GCC	Asia	Africa	Others	Total
Revenues												
Rental income	8,586,399	-	349,390	-	1,507,493	10,443,282	8,279,168	2,520	305,424	-	-	8,587,112
Share in the associates' results	5,374,130	-	-	-	(28,940)	5,345,190	35,108,063	-	-	-	-	35,108,063
Net sales	8,409,838	-	4,406,996	-	-	12,816,834	1,682,875	-	162,633	-	-	1,845,508
Net investment income	186,822	144,572	-	-	535,173	866,567	35,272	123,250	-	-	(3,279)	155,243
Net gain on sale of subsidiaries	251,845	-	4,309,086	-	-	4,560,931	-	-	-	-	-	-
Change in fair value of investment properties	(3,407,605)	(279,887)	552,947	-	-	(3,134,545)	(3,055,403)	-	-	-	18,212,318	15,156,915
Interest income	3,242,823	11,125	53,441	272,413	53,697	3,633,499	3,144,012	21,026	75,220	315,804	108,429	3,664,491
Other income	1,596,278	-	29,495	4,779	-	1,630,552	2,721,650	-	101,174	1,247	149,758	2,973,829
Total revenues	24,240,530	(124,190)	9,701,355	277,192	2,067,423	36,162,310	47,915,637	146,796	644,451	317,051	18,467,226	67,491,161
Expenses												
Staff costs	3,328,349	120,661	631,541	549,894	385,487	5,015,932	4,333,557	169,963	292,404	190,454	74,169	5,060,547
Cost of sales	8,367,990	-	4,933,193	-	-	13,301,183	1,795,412	-	182,789	-	-	1,978,201
General & Administrative	3,975,979	507,395	703,396	1,504,907	218,371	6,910,048	5,764,445	639,079	461,863	333,925	102,045	7,301,357
Depreciation and amortization	454,606	17,742	194,127	72,902	38,181	777,558	422,228	1,584	28,099	26,321	16,310	494,542
Share of results from a joint venture	-	-	-	-	-	-	35,161	-	-	-	-	35,161
Interest expense	2,767,554	-	-	-	1,040,944	3,808,498	2,719,316	-	-	-	231,225	2,950,541
Impairment losses	31,929,001	5,510,088	-	-	-	37,439,089	3,674,117	321,377	3,453,774	1,772,460	433,621	9,655,349
Provisions	3,208,706	-	109,823	-	-	3,318,529	3,556,061	-	105,716	71,312	-	3,733,089
Foreign exchange loss	40,084	-	-	-	-	40,084	656,853	-	-	-	-	656,853
Tax expenses	-	-	-	-	-	-	-	-	-	-	6,041,940	6,041,940
Others expenses	-	-	-	-	-	-	70,000	-	-	-	-	70,000
Total expenses	54,072,269	6,155,886	6,572,080	2,127,703	1,682,983	70,610,921	23,027,150	1,132,003	4,524,645	2,394,472	6,899,310	37,977,580
Net (loss) profit for the year	(29,831,739)	(6,280,076)	3,129,275	(1,850,511)	384,440	(34,448,611)	24,888,487	(985,207)	(3,880,194)	(2,077,421)	11,567,916	29,513,581
Attributable to:												
Equity Holders of parent company	(30,158,903)	(6,268,744)	3,102,983	(1,508,671)	384,440	(34,448,895)	24,902,935	(970,304)	(3,923,009)	(2,057,434)	11,567,916	29,520,104
Non-controlling interest	327,164	(11,332)	26,292	(341,840)	-	284	(14,448)	(14,903)	42,815	(19,987)	-	(6,523)
	(29,831,739)	(6,280,076)	3,129,275	(1,850,511)	384,440	(34,448,611)	24,888,487	(985,207)	(3,880,194)	(2,077,421)	11,567,916	29,513,581

For more information on the accounting policies used and the nature of the above captions, please refer to Note (2) and the related notes thereto in the accompanying consolidated financial statements.

39. Comparative figures

Certain prior year amounts have been reclassified to conform to the current year's presentation.