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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2011
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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AND ITS SUBSIDIARIES
STATE OF KUWAIT

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CONTENTS

	Pages
Report on review of interim consolidated financial information	
Interim condensed consolidated statement of financial position (Unaudited)	3
Interim condensed consolidated statement of income (Unaudited)	4
Interim condensed consolidated statement of comprehensive income (Unaudited)	5
Interim condensed consolidated statement of changes in equity (Unaudited)	6
Interim condensed consolidated statement of cash flows (Unaudited)	7
Notes to interim consolidated financial information (Unaudited)	8 - 19

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REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Real Estate Company K.S.C. (the Parent Company) and its subsidiaries (the Group) as of March 31, 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Emphasis of matter

We draw attention to notes (3), (8) and (10) to the interim consolidated financial information. Our conclusion is not qualified in respect of these matters.

Report on other Legal and Regulatory Requirements

Furthermore, the interim consolidated financial information is in agreement with the Parent Company's books of account and to the best of our knowledge and belief, there were no contraventions during the period of either the Commercial Companies Law or 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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State of Kuwait
May 15, 2011

NATIONAL REAL ESTATE COMPANY K.S.C. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF MARCH 31, 2011
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	March 31, 2011	(Audited) December 31, 2010	March 31, 2010
Assets:				
Cash and cash equivalents		**12,592,527**	13,242,161	15,257,128
Investment at fair value through income statement		**49,140**	61,810	-
Accounts receivable and other debit balances		**12,719,081**	12,127,140	14,457,081
Investments available for sale		**12,889,994**	14,571,465	17,923,904
Investment in associates	3	**188,146,131**	186,672,923	222,492,933
Properties held for trading		**30,083,237**	30,899,472	30,860,901
Properties under development		**106,384,835**	109,653,213	122,193,540
Property, plant and equipment		**9,467,557**	9,713,440	8,711,702
Investment properties		**198,787,949**	197,324,866	200,190,743
Total assets		**571,120,451**	574,266,490	632,087,932
LIABILITIES AND EQUITY				
Liabilities:				
Accounts payable and other credit balances		**117,611,573**	117,772,384	141,086,850
Deferred tax		**5,845,636**	5,606,245	5,993,762
Bank facilities	4	**201,885,838**	199,903,858	196,869,408
Bonds		**14,216,231**	13,792,451	6,828,634
Provision for end of service indemnity		**899,037**	845,029	750,369
Total liabilities		**340,458,315**	337,919,967	351,529,023
Equity:				
Share capital		**81,419,506**	81,419,506	81,419,506
Treasury shares	5	**(7,363,836)**	(7,363,836)	(7,282,716)
Statutory reserve		**39,291,710**	39,291,710	39,291,710
Treasury shares reserve		**12,857,601**	12,857,601	12,859,431
Effect of change in associates' equity		**(6,407,101)**	(6,116,455)	(2,649,220)
Investment revaluation reserve		**(1,514,220)**	157,728	(3,196,498)
Foreign currency translation reserve		**(6,349,631)**	(2,698,428)	3,438,087
Retained earnings		**93,958,077**	93,072,043	133,502,954
Equity attributable to Parent Company's shareholders		**205,892,106**	210,619,869	257,383,254
Non - controlling interests		**24,770,030**	25,726,654	23,175,655
Total equity		**230,662,136**	236,346,523	280,558,909
Total liabilities and equity		**571,120,451**	574,266,490	632,087,932

The accompanying notes (1) to (12) form an integral part of the interim consolidated financial information

Jamil Sultan Al-Essa
Chairman and Managing Director

NATIONAL REAL ESTATE COMPANY K.S.C. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2011
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended March 31, 2011	2010
Revenues:			
Rental income		**2,695,511**	2,329,048
Net sales		**3,027,647**	1,594,244
Share of results from associates	3	**1,726,734**	3,696,910
Change in fair value of investment properties	2	**-**	(1,220,659)
		7,449,892	6,399,543
Expenses:			
Staff costs		**(1,485,214)**	(1,258,996)
Cost of sales		**(2,895,037)**	(1,722,273)
General and administrative		**(1,281,810)**	(1,626,205)
Depreciation and amortization		**(233,005)**	(176,415)
		(5,895,066)	(4,783,889)
Operating profit		**1,554,826**	1,615,654
Net investment (loss)income		**(13,796)**	95,630
Gain on sale of subsidiaries		**-**	4,309,086
Other income		**540,642**	431,081
Interest income		**965,412**	896,728
Interest expense		**(1,507,783)**	(572,733)
Provision for interest income		**(839,054)**	(759,522)
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration		**700,247**	6,015,924
Contribution to KFAS		**-**	(21,921)
National Labor Support Tax		**-**	(79,412)
Contribution to Zakat		**-**	(31,765)
Board of Director's remuneration		**(17,500)**	(17,500)
Net profit for the period		**682,747**	5,865,326
Attributable to :			
Equity holders of the Parent Company		**886,034**	5,982,016
Non - controlling interests		**(203,287)**	(116,690)
		682,747	5,865,326
Earnings per share attributable to equity holders of the Parent Company (fils)	6	**1.14**	7.72

The accompanying notes (1) to (12) form an integral part of the interim consolidated financial information

	Note	Three months ended March 31, 2011	Three months ended March 31, 2010
Net profit for the period		**682,747**	5,865,326
Other comprehensive income:			
Foreign currency translation adjustments		**(4,404,540)**	(544,897)
Investments available for sale		**(1,671,948)**	(304,391)
Share of other comprehensive income of associates	3	**(290,646)**	496,680
Other Comprehensive loss for the period		**(6,367,134)**	(352,608)
Total comprehensive (loss) income for the period		**(5,684,387)**	5,512,718
Attributable to:			
Equity holders of the parent company		**(4,727,763)**	5,584,742
Non-controlling interests		**(956,624)**	(72,024)
Total comprehensive (loss) income for the period		**(5,684,387)**	5,512,718

The accompanying notes (1) to (12) form an integral part of the interim consolidated financial information.

NATIONAL REAL ESTATE COMPANY K.S.C. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2011
(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company										
	Share capital	Treasury shares	Statutory reserve	Treasury shares reserve	Effect of changes in associates' equity	Investment revaluation reserve	Foreign currency translation reserve	Retained earnings	Subtotal	Non - controlling interests	Total
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
Total comprehensive (loss) income for the period	-	-	-	-	(290,646)	(1,671,948)	(3,651,203)	886,034	(4,727,763)	(956,624)	(5,684,387)
Balance at March 31, 2011	**81,419,506**	**(7,363,836)**	**39,291,710**	**12,857,601**	**(6,407,101)**	**(1,514,220)**	**(6,349,631)**	**93,958,077**	**205,892,106**	**24,770,030**	**230,662,136**
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
Purchase of treasury shares	-	(103,565)	-	-	-	-	-	-	(103,565)	-	(103,565)
Total comprehensive income (loss) for the period	-	-	-	-	496,680	(304,391)	(589,563)	5,982,016	5,584,742	(72,024)	5,512,718
Balance at March 31, 2010	81,419,506	(7,282,716)	39,291,710	12,859,431	(2,649,220)	(3,196,498)	3,438,087	133,502,954	257,383,254	23,175,655	280,558,909

The accompanying notes (1) to (12) form an integral part of the interim consolidated financial information

NATIONAL REAL ESTATE COMPANY K.S.C. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
MARCH 31, 2011
(All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the period before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration	**700,247**	6,015,924
Adjustments for:		
Depreciation and amortization	**233,005**	180,598
Net investment loss (income)	**13,796**	(95,630)
Share in the associates' results	**(1,726,734)**	(3,696,910)
Change in fair value of investment properties	**-**	1,220,659
Gain on sale of subsidiaries	**-**	(4,309,086)
Interest income	**(966,692)**	(896,728)
Interest expense	**1,507,783**	572,733
Provision for interest income	**839,054**	759,522
Provision for end of service indemnity	**55,764**	39,729
	656,223	(209,189)
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	**(259,711)**	(792,207)
Accounts payable and other credit balances	**(1,732,011)**	2,357,905
Cash (used in) generated from operations	**(1,335,499)**	1,356,509
Payment for end of service indemnity	**(1,756)**	(58,460)
Net cash (used in) generated from operating activities	**(1,337,255)**	1,298,049
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in term deposit	**-**	600,000
Proceeds from sale of subsidiaries	**-**	4,225,349
Purchase of investments available for sale	**(2,360)**	-
Proceeds from sale of investments available for sale	**10,757**	385,870
Payment for additions to properties held for trading	**(12,978)**	(200,655)
Payment for additions to properties under development	**(333,600)**	(1,174,695)
Purchase of property, plant and equipment	**(318,072)**	(407,808)
Payment for additions to investment properties	**(177,755)**	(2,546,852)
Payment for installment of lands	**-**	(334,151)
Interest received	**126,358**	93,210
Net cash (used in) generated from investing activities	**(707,650)**	640,268
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net movement on bank overdraft and term loans	**1,981,980**	4,437,567
Paid for purchase of treasury shares	**-**	(103,565)
Dividends paid	**(80,487)**	(6,205)
Interest expense paid	**(2,725,662)**	(2,529,798)
Net cash (used in) generated from financing activities	**(824,169)**	1,797,999
Foreign currency translation adjustments	**2,219,440**	439,802
Net (decrease) increase in cash and cash equivalents	**(649,634)**	4,176,118
Cash and cash equivalents at beginning of the period	**13,242,161**	11,081,010
Cash and cash equivalents at end of the period	**12,592,527**	15,257,128

The accompanying notes (1) to (12) form an integral part of the interim consolidated financial information

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 interim consolidated financial information was authorized for issue by the Board of Directors on May 15, 2011.

2. Basis of presentation

The interim consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and Kuwait Stock Exchange and Dubai Financial Market Instructions. The accounting policies used in the preparation of the interim consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2010.

The interim consolidated financial information does not include all of the information and footnotes required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the period ended March 31, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2010.

Effective January 1, 2011, the Group's management had decided to unify the recognition principle of changes in fair value of investment properties including those properties built on land rented from others to be recognized only at fiscal year end.

3. Investment in associates

Name of the associate	Country of Incorporation	Percentage of ownership (%)					
		March 31, 2011	(Audited) December 31, 2010	March 31, 2010	**March 31, 2011**	(Audited) December 31, 2010	March 31, 2010
(i) Public Warehousing Company K.S.C. (Agility)	Kuwait	**22.444**	22.444	22.444	**186,415,960**	184,977,541	221,449,808
(ii) Kuwait Bulgarian Dairy Company W.L.L.	Kuwait	**40**	40	40	**-**	-	120,000
(iii) Al-Seef International Holding K.S.C.C.	Kuwait	**25**	25	25	**936,689**	936,689	923,125
(iv) Associates related to the joint venture (Mediterranean Investment Holding P.L.C.)					**793,482**	758,693	-
					188,146,131	186,672,923	222,492,933

The movement during the period / year is as follows:

	March 31, 2011	(Audited) December 31, 2010	March 31, 2010
Balance at the beginning of the period / year	**186,672,923**	218,299,343	218,299,343
Additions	**-**	787,633	-
Share of results from the associates	**1,726,734**	5,345,190	3,696,910
Cash dividends received	**-**	(9,397,970)	-
Effect of change in associates' equity (a)	**(290,646)**	(2,970,555)	496,680
Impairment losses for investment in associates	**-**	(25,390,718)	-
Foreign currency translation adjustment	**37,120**	-	-
Balance at the end of the period / year	**188,146,131**	186,672,923	222,492,933

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

	March 31, 2011	(Audited) December 31, 2010	March 31, 2010
Changes in hedging reserve	**192,792**	(188,079)	(355,509)
Foreign currency translation adjustment	**(1,232,610)**	(2,916,914)	851,965
Cumulative changes in fair value of available for sale investments	**749,172**	134,438	224
	(290,646)	(2,970,555)	496,680

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 March 31, 2011 the fair value of the Group's investment in Agility Public Warehousing Co. K.S.C. amounted to KD 85,756,484 (December 31, 2010 – KD 119,824,126, March 31, 2010 KD 168,620,068).

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

a. 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. Furthermore, in relation to one of such contracts, the Associate Company is appealing before the "Armed Services Board of Contract, Appeals" a decision made by the contracting officer demanding repayment of approximately KD 23 million from the Associate Company. The Associate Company, on 19 April 2011, also filed an affirmative claim for approximately KD 13 million owed by the US Government under the contract.

   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.

4. Bank facilities

Bank facilities consist of the following:

	March 31, 2011	(Audited) December 31, 2009	March 31, 2010
Current	**40,290,982**	38,188,270	33,920,354
Non-current	**161,594,856**	161,715,588	162,949,054
Total bank facilities	**201,885,838**	199,903,858	196,869,408

The annual interest on the bank borrowings is as follows:

	March 31, 2011 %	(Audited) December 31, 2010 %	March 31, 2010 %
Average annual interest rate over Central Bank of Kuwait discount rate on facilities by Kuwaiti Dinar	**2.5 - 3**	2.5 - 3	2.5 - 3
An average annual interest rate over the bank borrowing cost on facilities by USD	**-**	-	1.5
An average annual interest rate on facilities by Euro	**2.5**	2.5	4
An average annual interest rate on facilities by Libyan Dinar	**1.5**	1.5	2.5

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 10,397,755 (December 31,2010 the equivalent of KD 10,444,655, March 31,2010 the equivalent of KD 10,768,475)

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.

5. Treasury shares

	March 31, 2011	(Audited) December 31, 2010	March 31, 2010
Number of treasury shares	**39,163,250**	39,163,250	39,488,251
Percentage of issued and fully paid up shares (%)	**4.81**	4.81	4.85
Market value (KD)	**3,994,652**	6,501,100	8,134,580
Cost (KD)	**7,363,836**	7,363,836	7,282,716

6. Earnings per share

Earnings per share is computed by dividing net profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	Three months ended March 31,	
	2011	2010
Net profit for the period attributable to equity holders of the Parent Company	**886,034**	5,982,016
	2011 Shares	2010 Shares
Number of issued and fully paid-up shares	**814,195,063**	814,195,063
Less: Weighted average number of treasury shares	**(39,163,250)**	(39,006,029)
Weighted average number of shares outstanding	**775,031,813**	775,189,034
	Fils	Fils
Earnings per share attributable to equity holders of the Parent Company	**1.14**	7.72

7 . Related party balances and transactions

Related parties represent major 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	Associates	March 31, 2011	(Audited) December 31, 2010	March 31, 2010
Balances:					
Accounts receivable and other debit balances	**3,177,662**	**147,943**	**3,325,605**	2,986,123	1,691,431
Long term loan	-	-	-	-	218,285
Accounts payable and other credit balances	-	**5,000,000**	**5,000,000**	5,000,000	38,371

	Three months ended March 31,		
	Major shareholders	2011	2010
Transactions:			
Rental income	**115,148**	**115,148**	117,114
Net sales	**3,022,682**	**3,022,682**	1,554,981
Other income	**16,726**	**16,726**	1,967
General and administrative expenses	**(48,160)**	**(48,160)**	(65,169)

	Three months ended March 31,	
	2011	2010
Key management compensation:		
Short term benefits	**137,712**	161,941
Termination benefits	**6,461**	7,543
Board of Director's remuneration	**17,500**	17,500

8. Contingencies and capital commitments

a) At March 31, 2011, the Group's management authorized capital commitments amounting to KD 605,954 (December 31, 2010 – KD 933,972, March 31, 2010 – KD 2,748,144).

b) At March 31, 2011, the Group's capital commitment stated above includes capital expenditure arising from the Parent Company's interest in Mediterranean Investment Holding (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 (December 31, 2010 – Nil, March 31, 2010 – KD 1,170,600).

(ii) Capital expenditure authorized by the board of directors of the joint venture but has not yet been contracted for amounted to KD 172,513 (December 31, 2010 – KD 165,488, March 31, 2010 - Nil).

c) At March 31, 2011, 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:

	March 31, 2011	(Audited) December 31, 2010	March 31, 2010
Letters of guarantee	**3,085,018**	3,119,729	3,046,782

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). 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.

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 Cassation had decided in its session dated June 30, 2009 to 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 periods, 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.

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 41,051,624 (December 31, 2010 – KD 40,212,570, March 31, 2010 – KD 37,817,182), which represents the rehabilitation costs for Kuwait ports authority properties in Kuwait free trade zone, in addition to due rents of 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 (December 31, 2010 – KD 6,928,556 , March 31, 2010 – 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 conservatism approach 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 8– g).

9. Shareholders' Annual General Assembly

The Board of Directors of the Parent Company proposed no cash dividends or bonus shares for the year ended December 31, 2010.

The Shareholders' Annual General Assembly for the year ended December 31, 2010 has not been held till the date of preparation of these interim consolidated financial information. Consequently, the consolidated financial statements for the year ended December 31, 2010 have not been approved till that date. The interim consolidated financial information for the period ended March 31, 2011 does not include any adjustments that may be necessary, if the consolidated financial statements for the year ended December 31, 2010 have not been approved from the shareholder's Annual General Assembly.

10. Working capital

	March 31, 2011	(Audited) December 31, 2010	March 31, 2010
Current assets:			
Cash and cash equivalents	**12,592,527**	13,242,161	15,257,128
Accounts receivable and other debit balances	**10,026,841**	9,320,237	11,218,726
Quoted investments available for sale	**6,620,944**	8,356,112	11,192,457
Properties held for trading	**30,083,237**	30,899,472	30,860,901
Total current assets	**59,323,549**	61,817,982	68,529,212
Current liabilities:			
Accounts payable and other credit balances	**(52,907,981)**	(43,972,279)	(67,792,095)
Bank facilities	**(40,290,982)**	(38,188,270)	(33,920,354)
Total current liabilities	**(93,198,963)**	(82,160,549)	(101,712,449)
Working capital	**(33,875,414)**	(20,342,567)	(33,183,237)

The Group's current liabilities exceed its current assets by an amount of KD 33,875,414 (December 31, 2010 - KD 20,342,567, March 31, 2010 – KD 33,183,237).

The interim consolidated financial information have been prepared assuming the Group will continue as a going concern. The consolidated interim consolidated financial information 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.

11. 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:

	2011				2010			
	Real estate & Others	Wholesale	Investments	Total	Real estate & Others	Wholesale	Investments	Total
Segment income	**3,234,542**	**3,029,258**	**1,712,938**	**7,976,738**	7,054,908	1,608,551	3,792,540	12,455,999
Segment expenses	**(1,972,074)**	**(3,689,987)**	**-**	**(5,662,061)**	(2,604,333)	(2,003,141)	-	(4,607,474)
Depreciation, amortization and change in fair value	**(143,637)**	**(89,368)**	**-**	**(233,005)**	(1,312,532)	(84,542)	-	(1,397,074)
Segment profit (Loss)	**1,118,831**	**(750,097)**	**1,712,938**	**2,081,672**	3,138,043	(479,132)	3,792,540	6,451,451
Net interest				**(1,381,425)**				(435,527)
Un allocated expenses				**(17,500)**				(150,598)
Net profit for the period				**628,747**				5,865,326
Attributable to:								
Equity holders of the Parent Company				**886,034**				5,982,016
Non-controlling interest				**(203,287)**				(116,690)
				682,747				5,865,326
Total Assets	**360,406,929**	**9,628,257**	**201,085,265**	**571,120,451**	384,127,073	7,544,022	240,416,837	632,087,932

(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 segment information are as follows:

	March 31, 2011						March 31,2010					
	Kuwait	**GCC**	**Asia**	**Africa**	**Others**	**Total**	Kuwait	GCC	Asia	Africa	Others	Total
Cash on hand & at banks and money market funds	**2,726,838**	**31,603**	**729,003**	**670,987**	**4,501,718**	**8,660,149**	5,021,110	209,333	1,485,667	933,649	1,772,726	9,422,485
Bank deposits	**801,003**	**29,380**	**80,000**	**3,021,995**	**-**	**3,932,378**	2,510,518	29,900	906,075	2,388,150	-	5,834,643
Investments Held For trading	**49,140**	**-**	**-**	**-**	**-**	**49,140**	-	-	-	-	-	-
Accounts receivable & other debit balances	**6,099,028**	**34,084**	**3,966,569**	**987,772**	**1,631,628**	**12,719,081**	6,557,406	372,546	5,542,494	451,193	1,533,442	14,457,081
Investments available for sale	**9,880,340**	**1,613,731**	**-**	**-**	**1,395,923**	**12,889,994**	12,327,252	3,546,692	-	-	2,049,960	17,923,904
Investment in associates	**187,352,649**	**-**	**-**	**-**	**793,482**	**188,146,131**	222,492,933	-	-	-	-	222,492,933
Property, plant and equipment	**2,673,006**	**54,526**	**5,628,312**	**979,900**	**131,813**	**9,467,557**	1,559,627	873,738	5,682,104	471,608	124,625	8,711,702
Properties under development	**-**	**18,559,150**	**2,365,420**	**85,460,265**	**-**	**106,384,835**	-	24,238,307	1,929,768	96,025,465	-	122,193,540
Properties held for trading	**-**	**12,821,449**	**4,824,269**	**12,437,519**	**-**	**30,083,237**	-	12,597,084	6,297,282	11,966,535	-	30,860,901
Investment properties	**60,439,525**	**80,633,029**	**7,489,493**	**1,991,402**	**48,234,500**	**198,787,949**	62,566,050	83,030,637	7,411,748	1,818,170	45,364,138	200,190,743
Total assets	**270,021,529**	**113,776,952**	**25,083,066**	**105,549,840**	**56,689,064**	**571,120,451**	313,034,896	124,898,237	29,255,138	114,054,770	50,844,891	632,087,932
Bank facilities	**(191,174,407)**	**-**	**(313,676)**	**-**	**(10,397,755)**	**(201,885,838)**	(186,100,933)	-	-	-	(10,768,475)	(196,869,408)
Bonds	**-**	**-**	**-**	**-**	**(14,216,231)**	**(14,216,231)**	-	-	-	-	(6,828,634)	(6,828,634)
Other liabilities	**(36,431,639)**	**(15,944,472)**	**(2,855,467)**	**(59,132,680)**	**(4,146,352)**	**(118,510,610)**	(29,235,895)	(26,497,988)	(1,330,759)	(80,471,246)	(4,301,331)	(141,837,219)
Deferred tax	**-**	**-**	**-**	**-**	**(5,845,636)**	**(5,845,636)**	-	-	-	-	(5,993,762)	(5,993,762)
Total liabilities	**(227,606,046)**	**(15,944,472)**	**(3,169,143)**	**(59,132,680)**	**(34,605,974)**	**(340,458,315)**	(215,336,828)	(26,497,988)	(1,330,759)	(80,471,246)	(27,892,202)	(351,529,023)

	March 31,2011						March 31,2010					
	Kuwait	GCC	Asia	Africa	Others	Total	Kuwait	GCC	Asia	Africa	Others	Total
Revenues												
Rental income	2,125,177	-	79,276	-	491,058	2,695,511	2,064,523	-	92,664	-	171,861	2,329,048
Share in the associates' results	1,729,067	-	-	-	(2,333)	1,726,734	3,696,910	-	-	-	-	3,696,910
Net sales revenue	2,235,281	-	789,425	2941	-	3,027,647	1,056,343		537,899			1,594,244
Net Investment Income (loss)	(13,796)	-	-	-	-	(13,796)	43,584	52,046	-	-	-	95,630
Net profit on sale of subsidiaries	-	-	-	-	-	-	-	-	4,309,086	-	-	4,309,086
Change in fair value of investment properties	-	-	-	-	-	-	(1,220,659)	-	-	-	-	(1,220,659)
Interest Income	844,514	1,457	8,598	76,602	34,241	965,412	817,742	1,869	23,564	53,553	-	896,728
Other income	535,879	-	4,763	-	-	540,642	414,400	-	14,125	40	2,516	431,081
Total revenues	7,456,122	1,457	882,062	79,543	522,966	8,942,150	6,872,845	53,915	4,977,338	53,593	174,377	12,132,068
Expenses												
Staff costs	(975,948)	(28,639)	(226,741)	(136,165)	(117,721)	(1,485,214)	(951,055)	(24,890)	(103,763)	(110,741)	(68,547)	(1,258,996)
Cost of Sales	(1,990,633)	-	(903,114)	(1,290)	-	(2,895,037)	(1,214,453)	-	(507,820)	-	-	(1,722,273)
General & Administrative	(864,542)	(54,229)	(135,212)	(210,792)	(17,035)	(1,281,810)	(923,224)	(103,024)	(259,636)	(309,860)	(30,461)	(1,626,205)
Depreciation and amortization	(109,063)	(4,447)	(95,727)	(18,655)	(5,113)	(233,005)	(109,792)	(4,096)	(44,434)	(12,935)	(5,158)	(176,415)
Interest expense	(1,105,268)	-	-	-	(402,515)	(1,507,783)	(572,733)	-	-	-	-	(572,733)
Provision for doubtful debts and interests income	(839,054)	-	-	-	-	(839,054)	(759,522)	-	-	-	-	(759,522)
Others expenses	(17,500)	-	-	-	-	(17,500)	(150,598)	-	-	-	-	(150,598)
Total expenses	(5,902,008)	(87,315)	(1,360,794)	(366,902)	(542,384)	(8,259,403)	(4,681,377)	(132,010)	(915,653)	(433,536)	(104,166)	(6,266,742)
Net profit for the period	1,554,114	(85,858)	(478,732)	(287,359)	(19,418)	682,747	2,191,468	(78,095)	4,061,685	(379,943)	70,211	5,865,326
Attributable to:												
Equity Holders of parent company	1,701,138	(83,357)	(471,140)	(241,189)	(19,418)	886,034	2,242,757	(78,095)	4,055,104	(307,961)	70,211	5,982,016
Non-controlling interest	(147,024)	(2,501)	(7,592)	(46,170)	-	(203,287)	(51,289)	-	6,581	(71,982)	-	(116,690)
	1,554,114	(85,858)	(478,732)	(287,359)	(19,418)	682,747	2,191,468	(78,095)	4,061,685	(379,943)	70,211	5,865,326

12. Comparative figures

Certain prior periods amounts have been reclassified to conform to the current period presentation.