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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
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, 2011, 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 auditors consider 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, 2011, 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), (31) and (32) to the consolidated financial statements. Our opinion is not qualified in respect of these matters.

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, 2011 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.

Ali Owaid Rukheyes
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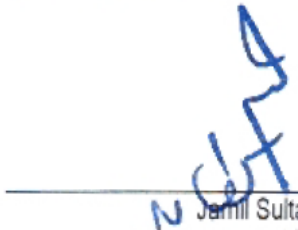
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State of Kuwait
March 29, 2012

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

	Note	2011	2010 (Restated)
ASSETS			
Assets:			
Cash and cash equivalents	3	**5,532,126**	7,948,453
Investments at fair value through income statement	4	**35,630**	61,810
Accounts receivable and other debit balances	5	**10,947,048**	10,425,791
Investments available for sale	6	**5,548,717**	14,571,465
Investment in associates	7	**176,211,952**	185,914,230
Investment in joint venture	8	**18,584,142**	19,859,088
Properties held for trading	9	**24,579,257**	30,899,472
Properties under development	10	**109,170,361**	109,653,213
Property, plant and equipment	11	**6,276,564**	9,581,994
Investment properties	12	**138,133,600**	151,226,038
Total assets		**495,019,397**	540,141,554
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable and other credit balances	13	**127,231,096**	113,490,799
Bank facilities	14	**180,476,974**	189,459,203
Provision for employees' end of service indemnity	15	**925,027**	845,029
Total liabilities		**308,633,097**	303,795,031
Equity:			
Share capital	16	**81,419,506**	81,419,506
Treasury shares	17	**(7,405,861)**	(7,363,836)
Statutory reserve	18	**39,291,710**	39,291,710
Treasury shares reserve		**12,857,601**	12,857,601
Effect of change in other comprehensive income of associate		**1,533,718**	2,777,324
Effect of associate's treasury shares transactions		**(9,368,240)**	(8,893,779)
Investment revaluation reserve		**(150,078)**	157,728
Foreign currency translation reserve		**(7,384,122)**	(2,698,428)
Retained earnings		**52,219,219**	93,072,043
Equity attributable to Parent Company's shareholders		**163,013,453**	210,619,869
Non - controlling interests		**23,372,847**	25,726,654
Total equity		**186,386,300**	236,346,523
Total liabilities and equity		**495,019,397**	540,141,554

The accompanying notes (1) to (38) 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, 2011
(All amounts are in Kuwaiti Dinars)

	Note	2011	2010 (Restated)
Revenues:			
Rental income		**8,930,691**	8,935,789
Net sales		**9,829,856**	12,816,834
Share of results from associates	7	**6,069,458**	5,374,130
Share of results from joint venture	8	**(502,027)**	(150,733)
Change in fair value of investment properties	12	**(15,619,522)**	(3,134,545)
		8,708,456	23,841,475
Expenses:			
Staff costs		**(4,368,753)**	(4,630,445)
Cost of sales		**(10,420,773)**	(13,301,183)
General and administrative	19	**(4,248,897)**	(6,691,677)
Depreciation		**(758,863)**	(739,377)
		(19,797,286)	(25,362,682)
Operating loss		**(11,088,830)**	(1,521,207)
Net investment income	20	**169,972**	866,567
Net gain on sale of subsidiaries		**-**	4,560,931
Impairment losses	21	**(27,121,819)**	(37,439,089)
Other income	22	**2,010,485**	1,630,552
Interest income	23	**3,862,693**	3,579,802
Interest expense	24	**(4,372,495)**	(2,767,554)
Provisions	25	**(5,509,253)**	(3,318,529)
Foreign currency exchange loss		**(935,268)**	(40,084)
Net loss for the year		**(42,984,515)**	(34,448,611)
Attributable to:			
Equity holders of the Parent Company		**(40,852,824)**	(34,448,895)
Non - controlling interests		**(2,131,691)**	284
		(42,984,515)	(34,448,611)
Loss per share attributable to equity holders of the Parent Company (Fils)	29	**(52.72)**	(44.46)

The accompanying notes (1) to (38) 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, 2011
(All amounts are in Kuwaiti Dinars)

	Note	**2011**	2010
Net loss for the year		**(42,984,515)**	(34,448,611)
Other comprehensive loss:			
Foreign currency translation reserve		**(4,907,810)**	(7,451,187)
Investments available for sale	6	**(307,806)**	3,049,835
Share of other comprehensive loss from associates	7	**(1,243,606)**	(2,970,555)
Other comprehensive loss for the year		**(6,459,222)**	(7,371,907)
Total comprehensive loss for the year		**(49,443,737)**	(41,820,518)
Attributable to:			
Equity holders of the parent company		**(47,089,930)**	(41,095,693)
Non-controlling interests		**(2,353,807)**	(724,825)
Total comprehensive loss for the year		**(49,443,737)**	(41,820,518)

The accompanying notes (1) to (38) 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, 2011
(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 other comprehensive income of associates	Effect of associate's treasury shares transactions	Investment revaluation reserve	Foreign currency translation reserves	Retained earnings	Subtotal	Non controlling interests	Total equity
Balance at December 31, 2009	81,419,506	(7,179,151)	39,291,710	12,859,431	5,747,879	(8,893,779)	(2,892,107)	4,027,650	127,520,938	251,902,077	23,247,679	275,149,756
Total comprehensive (loss) 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	2,777,324	(8,893,779)	157,728	(2,698,428)	93,072,043	210,619,869	25,726,654	236,346,523
Total comprehensive loss for the year	-	-	-	-	(1,243,606)	-	(307,806)	(4,685,694)	(40,852,824)	(47,089,930)	(2,353,807)	(49,443,737)
Purchase of treasury shares	-	(42,025)	-	-	-	-	-	-	-	(42,025)	-	(42,025)
Purchase of treasury shares - associate	-	-	-	-	-	(474,461)	-	-	-	(474,461)	-	(474,461)
Balance at December 31, 2011	**81,419,506**	**(7,405,861)**	**39,291,710**	**12,857,601**	**1,533,718**	**(9,368,240)**	**(150,078)**	**(7,384,122)**	**52,219,219**	**163,013,453**	**23,372,847**	**186,386,300**

The accompanying notes (1) to (38) 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, 2011
(All amounts are in Kuwaiti Dinars)

	Note	2011	2010 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss for the year		**(42,984,515)**	(34,448,611)
Adjustments for:			
Depreciation		**758,863**	739,377
Net investment income		**(169,972)**	(866,567)
Impairment losses		**27,121,819**	37,439,089
Share of results from associates		**(6,069,458)**	(5,374,130)
Share of results from Joint venture		**502,027**	150,733
Gain on sale of property, plant and equipment		**-**	(9,992)
Writing of property, plant and equipment		**30,129**	-
Net gain on sale of subsidiaries		**-**	(4,560,931)
Change in fair value of investment properties		**15,619,522**	3,134,545
Interest income		**(3,862,693)**	(3,579,802)
Interest expense		**4,372,495**	2,767,554
Provisions		**5,509,253**	3,318,529
Provision for employees' end of service indemnity		**199,195**	203,888
		1,026,665	(1,086,318)
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**(2,052,109)**	(646,654)
Accounts payable and other credit balances		**7,923,801**	2,785,670
Cash generated from operations		**6,898,357**	1,052,698
Payment for employees' end of service indemnity		**(119,197)**	(120,317)
Net cash generated from operating activities		**6,779,160**	932,381
CASH FLOWS FROM INVESTING ACTIVITIES:			
Term deposit		**-**	600,000
Purchase of investments at fair value through income statement		**-**	(237,760)
Proceeds from sale of investments at fair value through income statement		**-**	166,120
Purchase of investments available for sale		**(2,359)**	(1,893,922)
Proceeds from sale of investments available for sale		**593,256**	2,968,854
Proceeds from sale of subsidiaries		**-**	6,643,172
Payment for additions to properties held for trading		**(104,324)**	(58,826)
Payment for additions to properties under development		**(2,191,753)**	(1,479,300)
Purchase of property, plant and equipment		**(1,243,552)**	(1,983,906)
Proceeds from sale of property, plant and equipment		**-**	45,305
Payment for installments of lands		**(1,014,990)**	(20,142,108)
Payment for additions to investment properties		**(872,626)**	(3,313,863)
Dividend received from an associate		**9,397,970**	9,397,970
Dividend income received		**35,156**	68,898
Interest received		**377,423**	380,091
Net cash generated from (used in) investing activities		**4,974,201**	(8,839,275)

	Note	**2011**	2010 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net movements on bank overdraft and term loans		**(8,982,229)**	8,391,917
Paid for purchase of treasury shares		**(42,025)**	(263,659)
Proceeds from sale of treasury shares		**-**	77,144
Interest paid		**(10,564,293)**	(10,088,035)
Dividends paid		**-**	(199,371)
Proceeds from non - controlling interest		**-**	3,203,800
Net cash (used in) generated from financing activities		**(19,588,547)**	1,121,796
Foreign currency translation adjustments		**5,418,859**	6,437,380
Net decrease in cash and cash equivalents		**(2,416,327)**	(347,718)
Cash and cash equivalents at beginning of the year		**7,948,453**	8,373,309
Cash and cash equivalents related to sale of subsidiary		**-**	(77,138)
Cash and cash equivalents at end of the year	3	**5,532,126**	7,948,453

The accompanying notes (1) to (38) 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, 2011 is 325 (December 31, 2010 - 324).

The consolidated financial statements were authorized for issue by the Board of Directors on March 29, 2012. 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 of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of Ministerial Order No. 18 of 1990. 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 their fair value.

The accounting policies applied by the Group are consistent with those used in the previous year except for the change in accounting policy for investment in joint venture from proportionate consolidation to equity method due to the early adoption of IFRS 11 Joint Arrangements. The Group had implemented early adoption of IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities. Early adoption of IFRS 10 Consolidated Financial Statements did not have a material impact on the accompanying consolidated financial statements. Early adoption of IFRS 12 Disclosure of Interests in Other Entities resulted in additional disclosures for investment in subsidiaries, associates and joint arrangements. The change in accounting policy for investment in joint venture from proportionate consolidation to equity method of accounting did not have any impact on the net loss for the previous year but resulted in restatement of items in consolidated statements of financial position, income, comprehensive income, changes in equity and cash flows.

IFRS 10 Consolidated Financial Statements (issued in May 2011)
The new Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. It introduces a single consolidation model that identifies control as the basis for consolidation for all types of entities, where control is based on whether an investor has power over the investee, exposure/rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns.

IFRS 11 Joint Arrangements (issued in May 2011)
The new Standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are either joint operations or joint ventures:

- In a joint operation, parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognize their assets, liabilities, revenue and expenses in relation to their interest in the joint operation.

- In a joint venture, parties have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with IAS 28 Investments in Associates and Joint Ventures (2011). Unlike IAS 31, the use of 'proportionate consolidation' is not permitted.

IFRS 12 Disclosure of Interests in Other Entities (issued in May 2011)
The new Standard combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

IFRS 10, 11 and 12 are effective for annual periods beginning on or after January 1, 2013. The group had implemented early adoption of these standards.

The following new and amended International Financial Reporting Standards were implemented as of January 1, 2011.

Revised IAS 24 Related Party Disclosures (issued in November 2009)
The revised standard supersedes IAS 24 issued in 2003 and is mandatory for annual periods beginning on or after 1 January 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The disclosure exemptions do not affect the Group because the Group is not a government-related entity. Also, disclosures regarding related party transactions and balances in these consolidated financial statements are not significantly affected because all counterparties within the scope of the revised Standard previously met the definition of a related party.

Amendment to IAS 32 titled Classification of Rights Issues (issued in October 2009)
The amendment, applicable retrospectively to annual periods beginning on or after February 1, 2010, addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. To date, the Group has not entered into any arrangements that fall within the scope of the amendment.

IFRS 3 Business Combinations (Improvements to IFRSs 2010)
Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS: clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). Applicable, retrospectively, to annual periods beginning on or after July 1, 2010.

Measurement of non-controlling interests: the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by another IFRS. Applicable, prospectively from the date the entity applies IFRS 3 revised, to annual periods beginning on or after July 1,2010.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (issued in November 2009)
The new interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The interpretation is effective for annual periods beginning on or after July 1,2010. To date, the Group has not entered into any arrangements that fall within the scope of the interpretation.

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(v).

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, 2015, 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

IFRS 13 Fair Value Measurement (issued in May 2011)
The new Standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value. The new requirements are effective for annual periods beginning on or after January 1, 2013.

b) 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 2011 %	2010 %
1) Dasman Commercial Complex - Joint venture	Kuwait	**62.146**	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	**99.9**	99.9
4) Aqaba National Real Estate Projects Company (private shareholding company)	Jordan	**70**	70
5) Kuwait National Real Estate (PVT) Ltd	Pakistan	**98**	98
6) National Holding Group Company (Lebanese shareholding company)	Lebanon	**99.9**	99.9
7) Kuwait Touristic Enterprises Development Company (private shareholding company)	Tunisia	**99**	99
8) Kuwait National Real Estate Company (Egyptian shareholding company)	Egypt	**98**	99.9
9) National Project Holding K.S.C. (Holding)	Kuwait	**99.84**	99.84
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	**69.9**	69.9
13) Yemen Kuwait Company for General Trading & Contracting W.L.L.	Yemen	**95**	95
14) Middle East Projects General Trading Company W.L.L.	Kuwait	**99.9**	99.9
15) Kuwait Wadi El-Nile Urban Development Company (Egyptian shareholding company) (KWADICO)	Egypt	**79**	79
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	**99.4**	99.4

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company balances and transactions, included 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 shareholder's 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 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 profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

Interest in subsidiaries

Information about principal subsidiaries which have major non - controlling interests which are material to the Group

Name of entity	Country of incorporation	Ownership interest held by the group %	Ownership interest held by the NCI %	Principal activities
Kuwait Wadi El-Nile Urban Development Company (Egyptian Shareholding company) (KWADICO)	Egypt	79	21	Real Estate
Aqaba National Real Estate Projects Company (Private Shareholding Company)	Jordan	70	30	Real Estate
KREDCO Real Estate Limited	Iraq	51	49	Real Estate

The total non-controlling interest for the above subsidiaries for the year is KD 14,544,908, of which KD 7,248,063 is for Kuwait Wadi El-Nile Urban Development Company (Egyptian Shareholding company) (KWADICO), KD 3,014,901 is for Aqaba National Real Estate Projects Company (Private Shareholding Company) and KD 4,281,944 is for KREDCO Real Estate Limited.

Summarized financial information for each subsidiary that has non-controlling interests that are material to the Group

Summarized statement of financial position

	Kuwait Wadi El-Nile Urban Development Company (Egyptian Shareholding company) (KWADICO)		Aqaba National Real Estate Projects Company (Private Shareholding Company)		KREDCO Real Estate Limited	
	2011	2010	**2011**	2010	**2011**	2010
Current Assets	**89,151,633**	89,514,892	**325,591**	441,753	**479,670**	507,770
Current Liabilities	**(4,906,307)**	(15,658,816)	**(171,358)**	(383,571)	**(11,728)**	-
Total current net assets	**84,245,326**	73,856,076	**154,233**	58,182	**467,942**	507,770
Non-current Assets	**2,315,571**	2,715,511	**9,895,437**	10,483,952	**8,270,719**	8,410,181
Non-current Liabilities	**(52,046,309)**	(38,844,163)	**-**	-	**-**	-
Total non-current net assets	**(49,730,738)**	(36,128,652)	**9,895,437**	10,483,952	**8,270,719**	8,410,181
Net Assets	**34,514,588**	37,727,424	**10,049,670**	10,542,134	**8,738,661**	8,917,951

Summarized statement of comprehensive income

	Kuwait Wadi El-Nile Urban Development Company (Egyptian Shareholding company) (KWADICO)		Aqaba National Real Estate Projects Company (Private Shareholding Company)		KREDCO Real Estate Limited	
	2011	2010	**2011**	2010	**2011**	2010
Revenue	**352,110**	305,713	**312,512**	375,137	**-**	-
Net loss	**(807,392)**	(1,713,080)	**(83,004)**	(62,004)	**(1,185,341)**	(23,141)
Other Comprehensive loss	**-**	-	**-**	-	**(1,156,414)**	-
Total Comprehensive loss	**(807,392)**	(1,713,080)	**(83,004)**	(62,004)	**(2,341,755)**	(23,141)
loss attributable to non controlling interest	**(169,552)**	(359,747)	**(24,901)**	(18,601)	**(580,817)**	(11,339)

c) Joint arrangements

Prior to 1 January 2011, the group's interests in jointly controlled entities were accounted for by proportionate consolidation. The group combined its share of the jointly controlled entities' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements.

Changes in accounting policy

The group adopted IFRS 11, 'Joint arrangements', on 1 January 2011. This resulted in the group changing its accounting policy for its interests in joint arrangements. The Group also adopted IFRS 10, 'Consolidated financial statements', IFRS 12, 'Disclosure of interests in other entities', and consequential amendments to IAS 28, 'Investments in associates and joint ventures'.

Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

The group has applied the new policy for interests in joint ventures occurring on or after 1 January 2010 in accordance with the transition provisions of IFRS 11. The group recognized its investment in joint ventures at the beginning of the earliest period presented (1 January 2010), as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated by the group. This is the deemed cost of the group's investments in joint ventures for applying equity accounting.
Under the equity method of accounting, interests in joint ventures are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the group's share of the post-acquisition of profits or losses and movements in other comprehensive income in the income statement and in other comprehensive income respectively. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealized gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The effects of the change in accounting policies on the Consolidated Statement of financial position and consolidated statement of income of the group at 1 January 2010 and 31 December 2010 are summarized below. The change in accounting policy has had no impact on loss per share.

Consolidated Statement of Financial Position

	As at December 31 , 2010		As at January 1, 2010	
	Previously presented	Restated	Previously presented	Restated
Cash and cash equivalent	5,293,708	-	2,487,854	-
Accounts receivable and other debit balances	1,701,349	-	1,614,788	-
Investment in associates	758,693	-	-	-
Investment in joint venture	-	19,859,088	-	20,266,186
Investment Property	46,098,828	-	43,097,846	-
Property, plant and equipment	131,446	-	50,335	-
Total Assets	53,984,024	19,859,088	47,250,823	20,266,186
Accounts payable and other credit balances	9,887,830	-	9,900,387	-
Bonds	13,792,451	-	6,642,417	-
Bank facilities	10,444,655	-	10,441,833	-
Total liabilities	34,124,936	-	26,984,637	-

Consolidated Statement of Income

	For the year ended December 31, 2010	
	Previously presented	Restated
Revenue :		
Rental income	1,507,493	-
Share of results from associate	(28,940)	-
Share of results from joint venture	-	(150,733)
Interest income	53,697	-
Expenses :		
Staff costs	(385,487)	-
General and administrative expenses	(218,371)	-
Interest expenses	(1,040,944)	-
Depreciation	(38,181)	-
Net loss	(150,733)	(150,733)

d) Financial instruments

Financial assets and financial liabilities carried on the Statement of Financial Position include cash and cash equivalents, receivables, investments, payables and bank facilities. 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.

1- 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.

2- Investments
The Group classifies its investments in the following categories: Investments at fair value through income statement and investments available for sale. 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 at fair value through income statement and 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.

Realized and unrealized gains and losses from investments at fair value through income statement are included in the income statement. 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.

3- 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 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.

4- Accounts payable

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

5- 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.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

e) 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.

The Group recognizes in its other comprehensive income for its share of changes in other comprehensive income of associate.

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. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

After the application of the equity method, the Group determines whether it is necessary to recognize impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in associate id impaired. If this is the case, The Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of income.

f) 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.

g) 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.

h) 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 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.

Land is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of other property, plant and equipment as follows:

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

Certain property, plant and equipment used in certain projects are depreciated over the period of the respective contracts.

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.

i) Investment properties

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost including purchase price and transaction costs. Subsequent to initial recognition, investment properties are stated at their fair value at the end of 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.

Property interest that is held under an operating lease is classified and accounted for as investment property when the property would otherwise meet the definition of an investment property and the lessee uses the fair value model.

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 or 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.

j) Impairment of tangible and intangible assets

At the end of each reporting period, 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 does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) 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.

k) End of service indemnity

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

l) 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 determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating Lease:

The Group as 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 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 received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

m) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

n) Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group 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 shareholders' 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 and 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 the 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.

o) 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. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.
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 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.

p) 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 profit or loss in the period in which they are incurred.

q) 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. Provisions are not recognized for future operating losses.

r) 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 as at the end of reporting period 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 the subsidiary 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 operation 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.

s) 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.

t) Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. 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.

u) Dividend distribution

Dividend distribution to the parent company's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by the parent company's shareholders.

v) Critical accounting judgments, estimates and assumptions

The Group makes judgments, 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.

a. 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.

1- 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.

2- Classification of investments

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

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

3- 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 this judgment, 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.

4- 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.

5- Classification of Land

Upon acquisition of 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:

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

- Work in progress
  When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress.

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

- Investment properties
  When the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

6- Application of IFRIC 15 – Agreements for the construction of real estate

The determination whether the agreements within the scope of IAS 11 – Construction Contracts or IAS 18 – Revenue require significant judgment.

7- Joint arrangements

The group holds 50% of the voting rights of its joint arrangement. The Group has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities. The parties to the agreements have rights to the net assets and hence this is classified as joint venture.

b. 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.

1- Fair value of unquoted equity investments

If the market for a financial asset 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.

2- 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 include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable are subject to management approval.

3- Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of income. The fair value of the investment property has been arrived at on the basis of a valuation carried out by independent valuers. The management of the Group has complied with Kuwait Stock Exchange Committee decision dated December 23, 2010 (circular 9/2010) with respect to guidelines for fair value of investment properties.

4- Impairment of non-financial assets

An 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.

3. Cash and cash equivalents

	2011	2010 (Restated)
Cash on hand and at banks	**4,078,311**	3,051,551
Short term deposits	**1,453,815**	4,896,902
	5,532,126	7,948,453

The effective interest rate on short term deposits was 12 % per annum (2010: 10 %) according to interest rates prevailing at countries where these amounts are deposited; these deposits have an average maturity of 60 days (2010 - 60 days).

Cash and cash equivalents are denominated in the following currencies:

Currency	2011	2010 (Restated)
Kuwaiti Dinar	**2,291,411**	2,601,959
EURO	**1,550**	1,603
US Dollar	**426,805**	269,940
Egyptian Pounds	**2,127,403**	4,090,830
Jordanian Dinar	**270,378**	198,665
Pakistan Rupee	**80,975**	83,172
Tunisian Dinar	**209,308**	278,694
Lebanese Pounds	**52,713**	264,890
Yemeni Riyal	**30,023**	33,519
Emirates Dirham	**41,560**	125,181
	5,532,126	7,948,453

There is no material difference between the fair value and the carrying value of cash and cash equivalents as of December 31, 2011.

4. Investments at fair value through income statement

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

	2011	2010
Balance at the beginning of the year	**61,810**	-
Additions	**-**	237,760
Disposals	**-**	(171,840)
Unrealized loss from investments at fair value through income statement (Note 20)	**(26,180)**	(4,110)
Balance at the end of the year	**35,630**	61,810

5. Accounts receivable and other debit balances

Current portion	2011	2010 (Restated)
Accrued rent	**2,814,563**	2,602,367
Due from related parties	**4,336,135**	2,986,122
Provision for doubtful debts (a)	**(3,259,940)**	(1,608,019)
	3,890,758	3,980,470
Prepaid expenses	**526,297**	804,425
Advance payments	**1,342,160**	158,193
Staff receivables	**105,699**	53,256
Other receivables	**2,420,562**	2,622,544
Total Current portion	**8,285,476**	7,618,888
Non-Current portion		
Advance payments (c)	**593,870**	1,096,347
Provision for advance payments (c)	**(593,870)**	(1,096,347)
Prepaid expenses	**2,241,572**	2,386,903
Other receivables	**420,000**	420,000
Total Non-current portion	**2,661,572**	2,806,903
	10,947,048	10,425,791

The fair values of accounts receivable and other debit balances approximated their carrying values as at December 31, 2011.

a) Provision for doubtful debts:

The movement during the year is as follows:

	2011	2010 (Restated)
Balance at the beginning of the year	**2,704,366**	2,543,172
Provision for doubtful debts for the year (Note - 25)	**2,023,982**	163,619
Reversal of provision during the year	**(874,538)**	(2,425)
Balance at the end of the year	**3,853,810**	2,704,366

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 32-d). 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. Further, the Group does not hold any collateral as security, for accounts receivable and other debit balances.

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 593,870 (2010 KD 1,096,347) which has been provided for in full in the books of the Parent Company.

6. Investments available for sale

	2011	2010
Quoted securities	**4,258,678**	5,151,010
Managed portfolios and funds	**1,232,208**	3,143,292
Unquoted securities	**57,831**	6,277,163
	5,548,717	14,571,465

The movement during the year is as follows:

	2011	2010
Balance at the beginning of the year	**14,571,465**	18,518,535
Additions	**2,359**	1,893,922
Disposals	**(432,260)**	(2,161,355)
Transferred from investment in associates	**936,689**	-
Changes in fair value	**(307,806)**	3,049,835
Impairment losses (a) (Note - 21)	**(9,221,730)**	(6,729,472)
Balance at the end of the year	**5,548,717**	14,571,465

(a) Impairment losses consist of the following:

	2011	2010
Impairment losses for quoted securities	**1,680,829**	4,732,972
Impairment losses for unquoted securities	**7,540,901**	1,996,500
	9,221,730	6,729,472

It was not possible to reliably measure the fair value of investments in unquoted securities and managed portfolios and funds with a value of KD 1,484,136 (2010 - KD 9,353,825) 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	**2011**	2010
Kuwaiti Dinar	**3,409,160**	11,392,605
US Dollar	**146,211**	565,854
Euro	**790,753**	904,805
UAE Dirham	**1,202,593**	1,708,201
	5,548,717	14,571,465

7. Investment in associates

This investment in associates consists of the following:

Name of the associate	Country of Incorporation	Principal Activities	Percentage of ownership % 2011	Percentage of ownership % 2010	2011	2010 (Restated)
i- Agility Public Warehousing Company K.S.C.	Kuwait	Storage of goods ,management and rental of stores	**22.444**	22.444	**176,211,952**	184,977,541
ii- Al Seef International Holding K.S.C.C.	Kuwait	Real estate investments	**-**	25	**-**	936,689
					176,211,952	185,914,230

The movement during the year is as follows:

	2011	2010 (Restated)
Balance at the beginning of the year	**185,914,230**	218,299,343
Transferred to investments available for sale	**(936,689)**	-
Share of results from associates	**6,069,458**	5,374,130
Cash dividends received	**(9,397,970)**	(9,397,970)
Effect of change in associates' equity (a)	**(1,718,067)**	(2,970,555)
Impairment loss for investment in an associate (Note - 21)	**(3,719,010)**	(25,390,718)
Balance at the end of the year	**176,211,952**	185,914,230

The market value of the investment in Agility Public Warehousing Company K.S.C. at the date of consolidated statement of financial position is KD 85,756,484 (2010 – KD 119,824,126).

Summarized financial information for associate is as follows:

Summarized statement of financial position:

	December 31, 2011	December 31, 2010
Assets		
Cash and cash equivalents	**119,695,000**	203,760,000
Other current assets	**386,420,000**	401,231,000
Total current assets	**506,115,000**	604,991,000
Non-current assets	**896,308,000**	889,607,000
Total assets	**1,402,423,000**	1,494,598,000
Liabilities		
Financial liabilities (excluding trade payable)	**38,339,000**	69,152,000
Other current liabilities (including trade payable)	**387,356,000**	388,908,000
Total current liabilities	**425,695,000**	458,060,000
Non-current liabilities	**77,636,000**	114,671,000
Total liabilities	**503,331,000**	572,731,000
Net Assets	**899,092,000**	921,867,000

Summarized Statement of comprehensive income:

	December 31,	
	2011	2010
Revenue	**1,330,901,000**	1,605,702,000
Depreciation	**(30,797,000)**	(41,578,000)
Interest income	**20,854,000**	6,784,000
Interest expense	**(8,480,000)**	(11,225,000)
Tax	**(8,064,000)**	(6,974,000)
Net profit	**31,265,000**	24,568,000
Other comprehensive loss	**(5,621,000)**	(14,080,000)
Total comprehensive income	**25,644,000**	10,488,000

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

	2011	2010 (Restated)
Movement in treasury shares	**(474,461)**	-
Changes in hedging reserve	**192,791**	(188,079)
Foreign currency translation adjustment	**(1,436,397)**	(2,916,914)
Cumulative changes in fair value of available for sale investments	**-**	134,438
	(1,718,067)	(2,970,555)

The Group's share in the contingent liabilities and capital commitments of the associates amounted to KD 33,894,255 (2010 - KD 31,042,745).

(b) 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.

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

1. 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. The associate Company pled not guilty to each and every count in the indictment. A status conference was held before the judge of the District Court for the Northern District of Georgia in October 2011. The associate Company filed various motions in February 2012, including motions to dismiss the indictment on various grounds and a motion to transfer venue to another judicial district 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 did not affect continued performance of the existing contracts. The SPV Contract expired in December 2010.

The Associate Company is rigorously defending its case and 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. 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, (ASBCA) Appeals" a decision made by the contracting officer demanding repayment of approximately KD 23 million from the Associate Company. The US Government during the year also collected KD 4.7 Million out of the above claim by offsetting payments due under another USG contract. 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, which was denied by the Contracting Officer on 15 December 2011. The associate Company filed an appeal before the ASBCA and decision on this appeal is currently pending.

Due to inherent uncertainty surrounding these cases, no provision is recorded by 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.

2. 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, including the associate's subsidiary in Italy. The ICA issued its final decision on 15 June 2011, imposing a total fine of Euro 139,000 (KD 55,000) on Agility. This decision is being appealed by other third parties before the court which is yet to pronounce its decision.

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. On 28 March 2012 the European Commission issued its final decision imposing a fine of EUR 2,296,000 (KD 828,000) on the associate's UK subsidiary and a fine of EUR 2,662,000 (KD 960,000) on the associate 's Hong Kong subsidiary. The associate is currently reviewing the Commission's decision to determine the further course of action.

In December 2011, the Competition Commission Singapore (CCS) opened an investigation in to the activities of the freight forwarding industry which included two of the associate's subsidiaries. No formal charges have been brought against the subsidiary at this time.

During the year ended December 31, 2010, a subsidiary of the associate Company reached a settlement agreement with New Zealand Commerce Commission (which was approved by the New Zealand High Court), in connection with the Surcharge Investigation, to pay a civil fine of NZ Dollars 2,500,000 (KD 525,000). This amount was paid during the year ended December 31, 2011.

Furthermore, a subsidiary of the associate executed a Plea agreement (which was approved by the court) with the US Government with respect to the Surcharge Investigation under which, the subsidiary of the associate agreed to pay a civil fine of USD 688,000 (KD 193,000) to close the investigation. This amount was paid during the year ended December 31, 2011.

As at December 31, 2011, 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 .

3. A Resolution was issued by the General Administration of Customs for Kuwait ("GAC") to encash a portion, amounting to KD 10,092,000 of the bank guarantee submitted by Global Clearing House Systems K.S.C. (Closed) (the "Company"), a subsidiary of the associate, in favor of GAC. Pursuant to this resolution, GAC called the above guarantee during the year ended 31 December 2007. This Resolution is being appealed through case No. 224/2007 "Administrative - 7".

   The associate (after consulting external legal consul) is of the opinion that the purported violations against which a portion of the bank guarantee provided was en-cashed, are not in accordance with the contract and a verdict shall be issued in favor of the Subsidiary Company to return the encashed portion of the guarantee plus interest of 7%. In 2009 the subsidiary 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. Accordingly no expense recorded in the books of 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.

4. 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 leasing of land in 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 confirmed by the Court of Appeal. 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, which issued another resolution No. 1/2007 to terminate the same contracts being the subject of the previous resolution.

The associate again protested against the above resolution through case No. 36/2007 at the Court of First Instance which ruled in favor of the associate company cancelling the aforesaid resolution of the PAI. The PAI appealed against the above ruling at the Court of Appeals which pronounced its judgment in its favor on 20 February 2012 cancelling the ruling of Court of First Instance and confirming the termination of the three contracts. The associate Company is currently appealing the above judgment in the Supreme Court. The associate suspended recognizing revenue on the aforementioned contracts since the inception of the case.

5. On January 9, 2007 the Ministry of Finance terminated Al-Jahra Fish, Meat and Vegetables Market Project Contract with the associate following 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.

   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 filed an appeal at the Supreme Court against this ruling which is pending resolution. As a result of the ruling, the associate resumed operations in the contract.

6. 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, 2011.

8. Investment in joint venture

This investment in joint venture consists of the following:

Name of the joint venture	Country of Incorporation	Principal Activities	Percentage of ownership %			
			2011	2010	**2011**	2010 (Restated)
Mediterranean Investment Holding P.L.C.	Malta	Investing and developing real estate projects	**50**	50	18,584,142	19,859,088

The movement during the year is as follows:

	2011	2010 (Restated)
Balance at the beginning of the year	**19,859,088**	20,266,186
Share of results from joint venture	**(502,027)**	(150,733)
Effect of change in other comprehensive loss of joint venture	**(772,919)**	(256,365)
Balance at the end of the year	**18,584,142**	19,859,088

Summarized financial information for joint venture is as follows:

Summarized statement of financial position

	December 31	
	2011	2010
Assets		
Cash and cash equivalents	**10,608,780**	10,587,415
Other current assets	**2,942,738**	3,232,117
Total current assets	**13,551,518**	13,819,532
Non-current assets	**91,205,477**	94,148,515
Total assets	**104,756,995**	107,968,047
Liabilities		
Financial liabilities (excluding trade payable)	**3,322,928**	3,458,134
Other current liabilities (including trade payable)	**11,025,412**	8,563,170
Total current liabilities	**14,348,340**	12,021,304
Non-current liabilities	**53,240,373**	56,228,569
Total liabilities	**67,588,713**	68,249,873
Net Assets	**37,168,282**	39,718,174

Summarized Statement of comprehensive income :

	Year ended December 31	
	2011	2010
Revenue	**2,746,506**	3,064,500
Depreciation	**89,856**	76,363
Interest income	**151,026**	107,393
Interest expense	**3,119,713**	2,081,887
Net loss	**(997,133)**	(301,466)
Total comprehensive loss	**(997,133)**	(301,466)

9. Properties held for trading

The movement during the year is as follows:

	2011	2010
Balance at the beginning of the year	**30,899,472**	32,088,881
Additions	**771,112**	827,080
Due to disposals of subsidiaries	**-**	(1,934,086)
Interest capitalized on properties held for trading	**-**	1,012,057
Impairment loss in properties held for trading (Note 21)	**(5,898,681)**	-
Amortized interest relating to properties held for trading	**-**	360,779
Foreign currency translation adjustments	**(1,192,646)**	(1,455,239)
Balance at the end of the year	**24,579,257**	30,899,472

10. Properties under development

The movement during the year is as follows:

	2011	2010
Balance at the beginning of the year	**109,653,213**	119,800,455
Additions	**5,501,267**	3,428,368
Interest capitalized on properties under development	**3,353,379**	3,004,395
Amortized portion of deferred interest relating to properties under development	**756,546**	(4,441,276)
Impairment loss of properties under development (Note 21)	**(4,295,076)**	(5,318,899)
Foreign currency translation adjustments	**(5,798,968)**	(6,819,830)
Balance at the end of the year	**109,170,361**	109,653,213

11. Property, plant and equipment

	Leasehold improvements	Buildings, furniture, decorations, office equipment and motor vehicles	Capital work in progress	Total
Cost:				
At December 31, 2010 (Restated)	8,920,954	7,221,787	4,652,947	20,795,688
Additions	-	289,453	954,099	1,243,552
Reclassification to accounts receivable and other debit balances	-	-	(493,131)	(493,131)
Property ,plant and equipment written off	-	(50,165)	-	(50,165)
Impairment loss (Note 21)	-	-	(2,316,385)	(2,316,385)
Foreign currency translation adjustments	-	(385,655)	(73,428)	(459,083)
At December 31, 2011	**8,920,954**	**7,075,420**	**2,724,102**	**18,720,476**
Accumulated depreciation:				
At December 31, 2010 (Restated)	1,644,930	2,893,467	-	4,538,397
Charge for the year	76,558	682,305	-	758,863
Related to property, plant and equipment written off	-	(20,036)	-	(20,036)
Foreign currency translation adjustments	-	491,391	-	491,391
At December 31, 2011	**1,721,488**	**4,047,127**	-	**5,768,615**
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, 2011	**581,003**	**2,971,459**	**2,724,102**	**6,276,564**
At December 31, 2010 (Restated)	657,561	4,271,486	4,652,947	9,581,994

"Leasehold improvements" mainly represent improvements made by the Parent Company for the infrastructure in the Kuwait Free Trade Zone, over the period of management of Kuwait Free Trade Zone. As a result of the resolution relating to the cancellation of the management 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 32 - d).

12. Investment properties

Investment properties are presented as follows:

	2011	2010 (Restated)
Investment properties stated at fair value **(a)**	**128,824,775**	139,799,975
Investment properties under construction stated at cost **(b)**	**9,308,825**	11,426,063
	138,133,600	151,226,038

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

	2011	2010 (Restated)
Balance at the beginning of the year	**139,799,975**	63,773,139
Additions	**857,493**	3,844,825
Transferred from investment properties under construction stated at cost	**-**	78,118,470
Interest capitalized on investment properties stated at fair value	**3,148,035**	3,006,523
Amortized portion of deferred interest expense related to investment properties	**2,269,637**	(3,841,109)
Change in fair value of investment properties	**(15,619,522)**	(3,134,545)
Impairment loss (Note 21)	**(160,145)**	-
Foreign currency translation adjustments	**(1,470,698)**	(1,967,328)
Balance at the end of the year	**128,824,775**	139,799,975

The fair value of the investment property has been arrived at on the basis of a valuation carried out by independent valuers, appropriate to the nature of each individual property.

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

	2011	2010 (Restated)
Balance at the beginning of the year	**11,426,063**	88,953,688
Additions	**15,134**	294,039
Disposals	**(480,618)**	-
Transferred to investment properties stated at fair value	**-**	(78,118,470)
Interest capitalized on investment properties under construction	**-**	457,392
Impairment loss (Note 21)	**(1,510,792)**	-
Foreign currency translation adjustments	**(140,962)**	(160,586)
Balance at the end of the year	**9,308,825**	11,426,063

The management of the Group has complied with Kuwait Stock Exchange Committee decision dated December 23, 2010 (circular 9/2010) with respect to guidelines for fair value of investment properties.

13. Accounts payable and other credit balances

	2011	2010 (Restated)
Current portion		
Revenue received in advance	**286,873**	610,685
Payable to contractors and suppliers	**1,373,179**	1,520,148
Dividend payable to shareholders	**1,383,829**	1,566,435
Accrued expenses	**3,224,203**	3,142,598
Accrued interest (a)	**49,281**	119,116
Payable for purchase of lands	**7,210,386**	20,850,892
Other payables	**2,477,992**	1,692,352
Total current portion	**16,005,743**	29,502,226

	2011	2010 (Restated)
Non current portion		
Revenue received in advance	**23,024,716**	13,710,171
Refundable deposits from tenants	**1,945,474**	1,722,249
Payable to contractors and suppliers	**5,168,567**	3,514,178
Due to related parties	**5,000,000**	5,000,000
Accrued expenses	**5,686,071**	5,766,071
Provision for contractual obligations	**220,036**	831,716
Payable for purchase of lands	**68,954,186**	52,612,961
Other payables	**1,226,303**	831,227
Total non current portion	**111,225,353**	83,988,573
	127,231,096	113,490,799

a) Accrued interest is normally settled quarterly to semi - annually.
b) There is no material difference between the fair value and the carrying value of accounts payable and other credit balances.

14. Bank facilities

Bank facilities consist of the following:

	2011	2010
Current portion	**63,476,974**	52,459,203
Non-current portion	**117,000,000**	137,000,000
Total bank facilities	**180,476,974**	189,459,203

The interests on the bank borrowings are as follows:

	2011 **%**	2010 %
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	**7**	-

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

Certain bank facilities are secured by 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) Pledging certain properties outside Kuwait against bank facilities granted to foreign subsidiaries..
d) Promissory notes.

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

15. Provision for employees' end of service indemnity

	2011	2010
Balance at the beginning of the year	**845,029**	769,100
Charge for the year	**199,195**	203,888
Due to sale of subsidiary	**-**	(7,642)
Paid during the year	**(119,197)**	(120,317)
Balance at the end of the year	**925,027**	845,029

16. Share capital

The authorized, issued and fully paid-up share capital consists of 814,195,060 shares (2010 - 814,195,060 shares) of 100 fils each, and all shares are in cash.

17. Treasury shares

	2011	2010
Number of treasury shares	**39,723,251**	39,163,250
Percentage of issued and fully paid up shares (%)	**4.88**	4.81
Market value (KD)	**5,005,128**	6,501,100
Cost (KD)	**7,405,861**	7,363,836

18. 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. Since there is a loss for the year, there was no transfer to statutory reserve during the year.

19. General and administrative expenses

	2011	2010 (Restated)
Cleaning and maintenance	**(868,308)**	(921,309)
Security	**(161,848)**	(187,021)
Utilities	**(103,976)**	(210,594)
Insurance	**(61,730)**	(68,245)
Land lease and office rent	**(948,832)**	(1,509,551)
Legal fees	**(385,269)**	(427,129)
Subscriptions and communication	**(266,062)**	(210,441)
Advertising and marketing	**(445,757)**	(1,595,012)
Printing and stationary	**(45,887)**	(59,621)
Business travel	**(87,710)**	(213,151)
Bank charges	**(51,159)**	(30,180)
Professional Services	**(427,539)**	(851,017)
Share of Maastricht School of Management - Netherlands (relating to revenue of a subsidiary)	**(112,700)**	(181,844)
Others	**(282,120)**	(226,562)
	(4,248,897)	(6,691,677)

20. Net investment income

	2011	2010
Dividend income	**35,156**	68,898
Unrealized loss from investments at fair value through income statement (Note 4)	**(26,180)**	(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	**160,996**	807,499
	169,972	866,567

21. Impairment losses

	2011	2010
Impairment of investment available for sale (Note - 6)	**(9,221,730)**	(6,729,472)
Impairment for investment in associates (Note - 7)	**(3,719,010)**	(25,390,718)
Impairment of properties held for trading (Note - 9)	**(5,898,681)**	-
Impairment of properties under development (Note - 10)	**(4,295,076)**	(5,318,899)
Impairment of property, plant and equipment (Note - 11)	**(2,316,385)**	-
Impairment of investment properties (Note - 12)	**(1,670,937)**	-
	(27,121,819)	(37,439,089)

22. Other income

	2011	2010
Promotional income	**100,237**	86,455
Service income - programs and courses fee	**868,757**	972,037
Service and registration income – Other	**92,755**	84,627
Consultancy fees	**-**	126,000
Gain on sale of property, plant and equipment	**-**	9,992
Accrued expenses no longer required	**302,288**	127,967
Miscellaneous	**646,448**	223,474
	2,010,485	1,630,552

23. Interest income

Interest from:	**2011**	2010 (Restated)
Deposits and accounts	**377,422**	424,892
Balance due from Kuwait Ports Authority	**3,485,271**	3,154,910
	3,862,693	3,579,802

24. Interest expense

Interest on:	**2011**	2010 (Restated)
Overdrafts	**(692,373)**	(410,787)
Term loans	**(3,680,122)**	(2,356,767)
	(4,372,495)	(2,767,554)

25. Provisions

	2011	2010
Provision for bad debts related to accounts receivable and other debit balances (Note 5)	**(2,023,982)**	(163,619)
Provision for interest income due on the balance due from Kuwait Ports Authority	**(3,485,271)**	(3,154,910)
	(5,509,253)	(3,318,529)

26. 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.

No KFAS has been provided since there was no profit on which KFAS could be calculated for the year ended December 31, 2011.

27. National Labor Support Tax (NLST)

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

No NLST has been calculated since there was no profit on which NLST could be calculated for the year ended December 31, 2011.

28. Contribution to Zakat

Contribution to Zakat is calculated at 1% on the net profit of the parent Company after deducting its share of profit from Kuwaiti shareholding associates and subsidiaries in accordance with Ministerial resolution No. 58 for year 2007 which is effective from December 10, 2007.

No Zakat has been provided since there was no profit on which Zakat could be calculated for the year ended December 31, 2011.

29. Loss per share

The information necessary to calculate basic loss per share based on the weighted average number of shares outstanding during the year is as follows:

	2011	2010
Net loss for the year attributable to equity holders of the Parent Company	**(40,852,824)**	(34,448,895)
	Shares	Shares
Number of issued and fully paid-up shares	**814,195,063**	814,195,063
Less: Weighted average number of treasury shares	**(39,311,087)**	(39,323,772)
Weighted average number of share outstanding	**774,883,976**	774,871,291
	Fils	Fils
Loss per share attributable to equity holders of the Parent Company	**(52.72)**	(44.46)

30. Related party disclosures

Related parties represent major shareholders, board of directors, associates, key management personnel, and parties related to them. Prices and terms of payment are approved by the Parent Company's management. Significant related party transactions and balances are as follows:

	Major shareholders	Associate	2011	2010
(i) Balances included in the consolidated statement of financial position:				
Accounts receivable and other debit balances	**4,336,135**	**-**	**4,336,135**	2,986,122
Accounts payable and other credit balances	**-**	**5,000,000**	**5,000,000**	5,000,000

(ii) Transactions included in the consolidated statement of income	**Major shareholders**	**Associate**	**2011**	2010
Rental income	**460,591**	**-**	**460,591**	491,704
Net sales revenue	**8,654,765**	**-**	**8,654,765**	8,575,790
General and administrative expenses	**(185,818)**	**-**	**(185,818)**	(242,058)
Other income	**31,474**	**-**	**31,474**	-

	2011	2010
(iii) Key management compensation:		
Short term benefits	**567,927**	569,331
Termination benefits	**41,134**	25,846

31. Working capital

	2011	2010 (Restated)
Current assets:		
Cash and cash equivalents	**5,532,126**	7,948,453
Accounts receivable and other debit balances	**8,285,476**	7,618,888
Quoted investments	**5,526,516**	8,356,112
Properties held for trading	**24,579,257**	30,899,472
Total current assets	**43,923,375**	54,822,925
Current liabilities:		
Accounts payable and other credit balances	**(16,005,743)**	(29,502,226)
Bank facilities	**(63,476,974)**	(52,459,203)
Total current liabilities	**(79,482,717)**	(81,961,429)
Working capital	**(35,559,342)**	(27,138,504)

The Group's current liabilities exceed its current assets by an amount of KD 35,559,342 (2010 - KD 27,138,504).

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. The group's management is now in the final process of negotiating to restructure its borrowings with the lender financial institutions. The major shareholders of the Parent Company as well as the associate will provide necessary support, if needed, to enhance the Group's cash inflows.

32. Contingencies and capital commitments

a) At December 31, 2011, the Group's management authorized capital commitments amounting to KD 449,793 (2010 - KD 768,524).

b) At December 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**
2012 – 2016	**141,000**
2017 - 2020	**84,000**
	225,000

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.

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

	2011	2010
Letters of guarantee	**3,452,931**	3,119,729

d) 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 expert department where the court on January 26, 2011 transferred the case to the expert department 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.

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.

e) The Parent Company has certain properties constructed 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 June 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 Parent Company 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 the records of the Parent Company.

In the opinion of 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, as there is 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 Parent Company's records, the Group's management had decided that no additional provisions would be necessary to be recorded in the Parent Company's records as at the date of consolidated financial statements.

f) 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 43,697,841 (2010 - KD 40,212,570), 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 (2010 - KD 6,928,556) which represents the share of Kuwait Ports Authority in the rental income collected from to the properties constructed and handed over from it to 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 36,769,284 (2010 - KD 33,284,014) 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 made for the management contract on conservative basis and not as surrender to the validity of the cancellation resolution.

g) The Parent Company had filed a legal case No. 277/2005 against Kuwait Ports Authority and a transport company claiming for the unpaid rent amount from their utilization of certain plots in Kuwait Free Trade Zone during the management by the parent company. The Court of First Instance in its session dated February 15, 2010 had ruled in favor of the parent company obliging Kuwait Ports Authority and the transport company to jointly pay an amount of KD 6,956,416 to the parent company for the areas and periods as mentioned in the court verdict. Further the court refused the case filed by Kuwait Ports Authority and the transport company in this matter. Kuwait Ports Authority and the transport company appealed against the ruling in the court of appeal which decided in its verdict dated May 24, 2011 to refuse the appeal of Kuwait Ports Authority and the transport company and confirmed the appealed ruling of the court of first instance The parent company had received the amount as stated in the Court ruling on October 11, 2011. Kuwait Ports Authority and the transport company again appealed against that ruling in the Court of Cassation which is still under discussion with the Court.

This amount represents the portion of the rental income due from Kuwait Ports Authority which is recorded in the books of the parent company. The parent company previously recorded full provision for the total amount in its books. Provisions accounted earlier were not reversed for amount collected on conservative bases until a final ruling is to be issued which will not be appealed.

33. 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 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:

	2011					
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	**1,429,457**	**4,533,338**	**10,042,948**	**110,182,820**	**1,042,533**	**127,231,096**
Bank facilities	**-**	**4,400,000**	**59,076,974**	**117,000,000**	**-**	**180,476,974**
	1,429,457	**8,933,338**	**69,119,922**	**227,182,820**	**1,042,533**	**307,708,070**

	2010 (Restated)					
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	12,895,260	4,467,895	12,139,071	81,760,996	2,227,577	113,490,799
Bank facilities	-	4,000,000	48,459,203	137,000,000	-	189,459,203
	12,895,260	8,467,895	60,598,274	218,760,996	2,227,577	302,950,002

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

	2011					
Contingent Liabilities	**Up to 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**	**Total**
Letters of guarantee	**-**	**628,441**	**2,824,490**	**-**	**-**	**3,452,931**
Capital commitments	**-**	**-**	**127,248**	**322,545**	**-**	**449,793**
	-	**628,441**	**2,951,738**	**322,545**	**-**	**3,902,724**

	2010 (Restated)					
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
Capital commitments	-	-	406,278	527,694	-	933,972
	34,229	664,852	2,826,926	527,694	-	4,053,701

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).

Year	**Increase / (Decrease) in interest rate**	**Balance on December 31**	**Effect on Consolidated statement of income**
2011			
Bank deposits	**± 50 basis points**	**1,453,815**	**± 7,269**
Overdrafts	**± 50 basis points**	**(3,176,974)**	**± (15,885)**
Loans	**± 50 basis points**	**(177,300,000)**	**± (886,500)**

Year	Increase / (Decrease) in interest rate	Balance on December 31	Effect on Consolidated statement of income
2010 (Restated)			
Bank deposits	± 50 basis points	4,896,902	± 24,485
Overdrafts	± 50 basis points	(10,559,203)	± (52,976)
Loans	± 50 basis points	(178,900,000)	± (894,500)

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
2011			
US Dollar	**±5%**	**±(14,094)**	**± 6,960**
Euro	**±5%**	**± 78**	**-**
UAE Dirham	**±5%**	**± (1,390,594)**	**± 60,130**
Jordanian Dinar	**±5%**	**± 122,404**	**-**
Egyptian Pound	**±5%**	**± (2,919,351)**	**-**
Others	**±5%**	**± 9,730**	**-**

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%	± 80	-
UAE Dirham	±5%	± (1,455,461)	± 85,410
Jordanian Dinar	±5%	± 99,830	-
Egyptian Pound	±5%	± (1,091,456)	-
Others	±5%	± 11,758	-

Equity price risk

Equity price risk is the risk that fair values of equities decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as ‘at fair value through profit or loss’ and ‘available for sale’.

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, to which the Group had significant exposure at December 31.

		2011		2010	
Market indices	Change in equity price %	**Effect on consolidated statement of income**	**Effect on consolidated statement of comprehensive income**	Effect on consolidated statement of income	Effect on consolidated statement of comprehensive income
Kuwait Stock Exchange	±5%	**± 1,782**	**± 160,471**	± 3,091	± 243,473
Abu Dhabi Stock Exchange	±5%	**-**	**± 5,614**		± 14,077
Malta Stock Exchange	±5%	**-**	**± 39,524**		-

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.

Fair value estimation
The Group had measured fair value, which 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:

	2011		
	Level 1	**Level 2**	**Total**
Investment at fair value through income statement:			
Quoted securities	**35,630**	**-**	**35,630**
Investment available for sale:			
Quoted securities	**4,258,678**	**-**	**4,258,678**
Managed portfolios and funds	**-**	**1,232,208**	**1,232,208**
	4,294,308	**1,232,208**	**5,526,516**

	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

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.

34. 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:

	2011	2010 (Restated)
Bank facilities	**180,476,974**	189,459,203
Less: Cash and cash equivalents	**(5,532,126)**	(7,948,453)
Net debt	**174,944,848**	181,510,750
Total equity	**186,386,300**	236,346,523
Total capital resources	**361,331,148**	417,857,273
Gearing Ratio	**48.42 %**	43.44%

35. Proposed dividend

The Board of Directors of the Parent Company did not propose cash dividends or bonus shares for the year ended December 31, 2011. This proposal is subject to the approval of the shareholders' general assembly and responsible authorities.

36. Shareholders' General Assembly

The annual shareholders' general assembly meeting was held on May 29, 2011 and had approved the Board of Directors' recommendation not to distribute either cash dividends or bonus shares for the year ended December 31, 2010 (December 31, 2009 No distribution of either cash dividends or bonus shares).

37. 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 (Restated)			
	Real estate & Others	**Wholesale**	**Investments**	**Total**	Real estate & Others	Wholesale	Investments	Total
Segment income	**10,768,980**	**10,002,052**	**5,737,403**	**26,508,435**	15,076,111	12,867,995	6,089,964	34,034,070
Segment expenses	**(7,196,373)**	**(11,842,050)**	**-**	**(19,038,423)**	(9,690,029)	(14,933,276)	-	(24,623,305)
Depreciation and change in fair value	**(16,039,291)**	**(339,094)**	**-**	**(16,378,385)**	(3,518,991)	(354,931)	-	(3,873,922)
Provisions	**(3,542,249)**	**(1,967,004)**	**-**	**(5,509,253)**	(154,652)	(8,967)	-	(163,619)
Impairment Losses	**(26,149,506)**	**(972,313)**	**-**	**(27,121,819)**	(5,318,899)	-	(32,120,190)	(37,439,089)
Segment (loss) profit	**(42,158,439)**	**(5,118,409)**	**5,737,403**	**(41,539,445)**	(3,606,460)	(2,429,179)	(26,030,226)	(32,065,865)
Net interest				**(509,802)**				(2,342,662)
Un allocated expenses				**(935,268)**				(40,084)
Net loss for the year				**(42,984,515)**				(34,448,611)
Attributable to:								
Equity holders of the Parent Company				**(40,852,824)**				(34,448,895)
Non-controlling interest				**(2,131,691)**				284
				(42,984,515)				(34,448,611)
Total Assets	**286,995,040**	**7,643,917**	**200,380,440**	**495,019,397**	310,154,368	9,642,403	220,344,783	540,141,554

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:

	2011						2010 (Restated)					
	Kuwait	**GCC**	**Asia**	**Africa**	**Others**	**Total**	Kuwait	GCC	Asia	Africa	Others	Total
Cash on hand and at banks	**2,298,822**	**40,505**	**751,914**	**987,070**	**-**	**4,078,311**	1,286,975	128,675	541,710	1,094,191	-	3,051,551
Bank deposits	**-**	**28,476**	**77,000**	**1,348,339**	**-**	**1,453,815**	1,380,493	29,990	210,159	3,276,260	-	4,896,902
Investments at fair value through income statement	**35,630**	**-**	**-**	**-**	**-**	**35,630**	61,810	-	-	-	-	61,810
Accounts receivable & other debit balances	**4,743,065**	**85,128**	**3,723,537**	**2,395,318**	**-**	**10,947,048**	5,604,373	9,419	4,167,009	644,991	-	10,425,792
Investments available for sale	**3,409,160**	**1,202,593**	**-**	**-**	**936,964**	**5,548,717**	11,392,604	1,708,202	-	-	1,470,659	14,571,465
Investment in associates	**176,211,952**	**-**	**-**	**-**	**-**	**176,211,952**	185,914,230	-	-	-	-	185,914,230
Investment in joint venture	**-**	**-**	**-**	**-**	**18,584,142**	**18,584,142**	-	-	**-**	**-**	19,859,088	19,859.088
Properties held for trading	**-**	**8,363,745**	**3,447,351**	**12,768,161**	**-**	**24,579,257**	-	12,969,446	5,045,891	12,884,135	-	30,899,472
Properties under development	**-**	**15,800,854**	**3,169,267**	**90,200,240**	**-**	**109,170,361**	-	18,594,847	2,172,533	88,885,833	-	109,653,213
Property, plant and equipment	**1,340,039**	**14,148**	**4,682,738**	**239,639**	**-**	**6,276,564**	1,529,945	883,026	6,255,984	913,038	-	9,581,993
Investment properties	**57,990,093**	**72,152,141**	**7,991,366**	**-**	**-**	**138,133,600**	60,438,323	80,909,631	7,900,303	1,977,781	-	151,226,038
Total assets	**246,028,761**	**97,687,590**	**23,843,173**	**107,938,767**	**19,521,106**	**495,019,397**	267,608,753	115,233,236	26,293,589	109,676,229	21,329,747	540,141,554
Other liabilities	**(42,660,011)**	**(18,906,140)**	**(3,580,265)**	**(63,009,707)**	**-**	**(128,156,123)**	(35,051,963)	(15,806,701)	(2,430,927)	(61,046,237)	-	(114,335,828)
Bank facilities	**(179,321,418)**	**-**	**(1,155,556)**	**-**	**-**	**(180,476,974)**	(189,459,203)	-	-	-	-	(189,459,203)
Total liabilities	**(221,981,429)**	**(18,906,140)**	**(4,735,821)**	**(63,009,707)**	**-**	**(308,633,097)**	(224,511,166)	(15,806,701)	(2,430,927)	(61,046,237)	-	(303,795,031)

	2011						2010 (Restated)					
	Kuwait	**GCC**	**Asia**	**Africa**	**Others**	**Total**	Kuwait	GCC	Asia	Africa	Others	Total
Revenues												
Rental income	**8,624,322**	**-**	**306,369**	**-**	**-**	**8,930,691**	8,586,399	-	349,390	-	-	8,935,789
Share of results from associates	**6,069,458**	**-**	**-**	**-**	**-**	**6,069,458**	5,374,130	-	-	-	-	5,374,130
Net sales	**8,272,670**	**-**	**1,545,936**	**11,250**	**-**	**9,829,856**	8,409,838	-	4,406,996	-	-	12,816,834
Net Investment Income	**(3,144)**	**173,116**	**-**	**-**	**-**	**169,972**	186,822	144,572	-	-	535,173	866,567
Share of results from a joint venture	**-**	**-**	**-**	**-**	**(502,027)**	**(502,027)**	-	-	-	-	(150,733)	(150,733)
Net gain on sale of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	251,845	-	4,309,086	-	-	4,560,931
Change in fair value of investment properties	**(2,498,244)**	**(13,121,278)**	**-**	**-**	**-**	**(15,619,522)**	(3,407,605)	(279,887)	552,947	-	-	(3,134,545)
Interest Income	**3,501,899**	**5,876**	**35,016**	**319,902**	**-**	**3,862,693**	3,242,823	11,125	53,441	272,413	-	3,579,802
Other income	**1,769,843**	**-**	**192,697**	**47,945**	**-**	**2,010,485**	1,596,278	-	29,495	4,779	-	1,630,552
Total revenues	**25,736,804**	**(12,942,286)**	**2,080,018**	**379,097**	**(502,027)**	**14,751,606**	24,240,530	(124,190)	9,701,355	277,192	384,440	34,479,327
Expenses												
Staff costs	**3,261,859**	**140,844**	**532,254**	**433,796**	**-**	**4,368,753**	3,328,349	120,661	631,541	549,894	-	4,630,445
Cost of sales	**9,384,240**	**-**	**1,030,793**	**5,740**	**-**	**10,420,773**	8,367,990	-	4,933,193	-	-	13,301,183
General & Administrative	**2,880,572**	**259,079**	**343,785**	**765,461**	**-**	**4,248,897**	3,975,979	507,395	703,396	1,504,907	-	6,691,677
Depreciation and amortization	**442,294**	**16,986**	**223,647**	**75,936**	**-**	**758,863**	454,606	17,742	194,127	72,902	-	739,377
Interest expense	**4,355,218**	**-**	**17,277**	**-**	**-**	**4,372,495**	2,767,554	-	-	-	-	2,767,554
Impairment losses	**13,563,158**	**9,285,299**	**2,335,906**	**1,510,792**	**426,664**	**27,121,819**	31,929,001	5,510,088	-	-	-	37,439,089
Provisions	**5,470,347**	**-**	**38,906**	**-**	**-**	**5,509,253**	3,208,706	-	109,823	-	-	3,318,529
Foreign exchange loss	**(221,146)**	**1,156,414**	**-**	**-**	**-**	**935,268**	40,084	-	-	-	-	40,084
Total expenses	**39,136,542**	**10,858,622**	**4,522,568**	**2,791,725**	**426,664**	**57,736,121**	54,072,269	6,155,886	6,572,080	2,127,703	-	68,927,938
Net (loss) profit for the year	**(13,399,738)**	**(23,800,908)**	**(2,442,550)**	**(2,412,628)**	**(928,691)**	**(42,984,515)**	(29,831,739)	(6,280,076)	3,129,275	(1,850,511)	384,440	(34,448,611)
Attributable to:												
Equity Holders of parent company	**(12,035,736)**	**(23,220,091)**	**(2,417,649)**	**(2,250,657)**	**(928,691)**	**(40,852,824)**	(30,158,903)	(6,268,744)	3,102,983	(1,508,671)	384,440	(34,448,895)
Non-controlling interest	**(1,364,002)**	**(580,817)**	**(24,901)**	**(161,971)**	**-**	**(2,131,691)**	327,164	(11,332)	26,292	(341,840)	-	284
	(13,399,738)	**(23,800,908)**	**(2,442,550)**	**(2,412,628)**	**(928,691)**	**(42,984,515)**	(29,831,739)	(6,280,076)	3,129,275	(1,850,511)	384,440	(34,448,611)

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.

38. Comparative figures

Certain prior year amounts have been restated to confirm with the current year presentation and due to change in accounting policies. The details are disclosed in Note 2 (c).