SOKOUK HOLDING COMPANY - K.S.C. (HOLDING)
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

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AL-WAHA
AUDITING OFFICE
ALI OWAID RUKHAEYES

Member of The International Group of Accounting Firms

P.O. Box 27387 Safat
13134 – State of Kuwait
Telephone: (965) 22423415
Facsimile : (965) 22423417

RSM Albazie & Co.

Public Accountants

Kuwait Airways Building, 7th Floor
Shuhada Street, P.O. Box 2115 Safat
13022 – State of Kuwait
T + 965 22410010
T + 965 22961000
F + 965 22412761
www.albazie.com

INDEPENDENT AUDITORS' REPORT

The Shareholders
Sokouk Holding Company - K.S.C. (Holding)
State of Kuwait

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Sokouk Holding Company - K.S.C. (Holding) (the Parent Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2011, and 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 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 is 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 Sokouk Holding Company - K.S.C. (Holding) 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 Matter

We draw attention to Note 7 to the accompanying consolidated financial statements which describes the uncertainty relating to amount due from associates. Our opinion is not qualified in respect of this matter.

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, physical stocktaking 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.

Ali Owaid Rukheyes
Licence No. 72-A
Member of the International Group
of Accounting Firms

Dr. Shuaib A. Shuaib
Licence No. 33-A
RSM Albazie & Co.

State of Kuwait
June 14, 2012

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

ASSETS	Note	2011	2010 (Restated)
Cash on hand and at banks	3	**948,639**	1,337,645
Mudaraba deposits	4	**350,000**	-
Accounts receivable and other debit balances	5	**2,545,853**	2,455,875
Sokouk utilization rights	6	**5,367,882**	5,504,484
Due from related parties	7	**26,531,278**	29,044,279
Investments available for sale	8	**8,223,338**	9,081,204
Investment in associates	9	**7,110,225**	12,316,056
Investment in joint venture	10	**1,728,669**	1,886,878
Investment property under development	11	**13,642,357**	13,401,456
Property and equipment	12	**878**	1,445
Total assets		**66,449,119**	75,029,322
LIABILITIES AND EQUITY			
Liabilities:			
Due to financial institution	13	**4,627,513**	-
Murabaha payables	14	**6,574,155**	7,442,189
Accounts payable and other credit balances	15	**1,251,201**	2,459,264
Due to a related party	7	**514,870**	505,336
Provision for end of service indemnity	16	**91,260**	98,529
Total liabilities		**13,058,999**	10,505,318
Equity:			
Share capital	17	**100,000,000**	100,000,000
Share premium	18	**17,500,000**	17,500,000
Statutory reserve	19	**2,229,106**	2,229,106
Voluntary reserve	20	**2,229,106**	2,229,106
Effect of changes in other comprehensive income of associates		**(560,330)**	(513,123)
Foreign currency translation adjustments		**(72,112)**	(55,911)
Cumulative changes in fair value		**(329,719)**	126,930
Accumulated losses		**(68,158,212)**	(57,987,889)
Equity attributable to shareholders of the parent company		**52,837,839**	63,528,219
Non-controlling interests		**552,281**	995,785
Total equity		**53,390,120**	64,524,004
Total liabilities and equity		**66,449,119**	75,029,322

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

Feras Fahad Al Bahar
Chairman & Chief Executive Officer

	Note	2011	2010 (Restated)
Other operating income	21	**531,078**	359,607
Expenses and charges:			
General and administrative	22	**(828,230)**	(851,580)
Depreciation	12	**(9,710)**	(5,538)
		(837,940)	(857,118)
Operating loss		**(306,862)**	(497,511)
Net investment loss	23	**(349,760)**	(785,514)
Group's share of results from associates	9	**(4,758,624)**	(4,917,448)
Group's share of results from joint venture	10	**(144,429)**	(675,771)
Loss from sale of property and equipment		**-**	(15,160)
Finance charges		**(454,429)**	(576,668)
Provision for doubtful debts	24	**(1,281,611)**	(11,516,205)
Impairment loss for Sokouk utilization rights	6	**(257,040)**	(1,821,050)
Change in fair value of investment property under development	11	**(2,331,381)**	(2,934,692)
Impairment loss for goodwill		**-**	(1,312,029)
Foreign currency exchange loss		**(292,383)**	(1,021,799)
Management fee cancelled	25	**(437,308)**	-
Net loss for the year		**(10,613,827)**	(26,073,847)
Attributable to :			
Parent company's shareholders		**(10,170,323)**	(26,080,147)
Non-controlling interests		**(443,504)**	6,300
Net loss for the year		**(10,613,827)**	(26,073,847)
		Fils	Fils
Loss per share attributable to the shareholders of the parent company	26	**(10.17)**	(26.08)

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

	Note	2011	2010 (Restated)
Net loss for the year		**(10,613,827)**	(26,073,847)
Other comprehensive loss:			
Exchange differences on translating foreign operations		**(16,201)**	(46,774)
Change in fair value of investments available for sale	8	**(456,649)**	(69,108)
Share of other comprehensive income from associates	9	**(47,207)**	(252,526)
Other comprehensive loss for the year		**(520,057)**	(368,408)
Total comprehensive loss for the year		**(11,133,884)**	(26,442,255)
Attributable to :			
Shareholders of the parent company		**(10,690,380)**	(26,448,555)
Non-controlling interests		**(443,504)**	6,300
Total comprehensive loss for the year		**(11,133,884)**	(26,442,255)

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

SOKOUK HOLDING COMPANY - K.S.C. (HOLDING) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011
(All amounts are in Kuwaiti Dinars)

	Equity attributable to the parent company's shareholders										
	Share capital	Share premium	Statutory reserve	Voluntary reserve	Effect of changes in other comprehensive income of associates	Foreign currency translation adjustments	Cumulative changes in fair value	Accumulated losses	Sub total	Non-controlling interests	Total equity
Balance at December 31, 2009	100,000,000	17,500,000	2,229,106	2,229,106	(260,597)	(9,137)	196,038	(31,405,696)	90,478,820	1,096,195	91,575,015
Correction of an error (Note – 31)	-	-	-	-	-	-	-	(502,046)	(502,046)	(106,710)	(608,756)
Restated balance	100,000,000	17,500,000	2,229,106	2,229,106	(260,597)	(9,137)	196,038	(31,907,742)	89,976,774	989,485	90,966,259
Total comprehensive (loss) income for the year	-	-	-	-	(252,526)	(46,774)	(69,108)	(26,080,147)	(26,448,555)	6,300	(26,442,255)
Balance at December 31, 2010	100,000,000	17,500,000	2,229,106	2,229,106	(513,123)	(55,911)	126,930	(57,987,889)	63,528,219	995,785	64,524,004
Total comprehensive loss for the year	-	-	-	-	(47,207)	(16,201)	(456,649)	(10,170,323)	(10,690,380)	(443,504)	(11,133,884)
Balance at December 31, 2011	**100,000,000**	**17,500,000**	**2,229,106**	**2,229,106**	**(560,330)**	**(72,112)**	**(329,719)**	**(68,158,212)**	**52,837,839**	**552,281**	**53,390,120**

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

SOKOUK HOLDING COMPANY - K.S.C. (HOLDING) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
(All amounts are in Kuwaiti Dinars)

	2011	2010 (Restated)
Cash flows from operating activities:		
Net loss for the year	**(10,613,827)**	(26,073,847)
Adjustments for:		
Depreciation	**9,710**	5,538
Dividend income	**(20,128)**	(29,296)
Realized gain on sale of investments available for sale	**(232,734)**	-
Impairment loss in value of investments available for sale0000	**602,622**	814,810
Group's share of results from associates	**4,758,624**	4,917,448
Group's share of results from joint venture	**144,429**	675,771
Loss from sale of property & equipment	**-**	15,160
Finance charges	**454,429**	576,668
Provision for doubtful debts	**1,281,611**	11,516,205
Impairment loss for Sokouk utilization rights	**257,040**	1,821,050
Change in fair value of investment property under development	**2,331,381**	2,934,692
Impairment loss for goodwill	**-**	1,312,029
Management fee cancelled	**437,308**	-
Provision for end of service indemnity	**33,056**	36,129
	(556,479)	(1,477,643)
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	**801,693**	1,137,800
Due from related parties	**1,228,969**	4,542,444
Accounts payable and other credit balances	**2,407,341**	(2,597,877)
Due to a related party	**9,534**	(2,611,901)
Cash generated from (used in) operations	**3,891,058**	(1,007,177)
Contribution to Zakat paid	**-**	(8,377)
End of service indemnity paid	**(40,325)**	(18,213)
Net cash generated from (used in) operating activities	**3,850,733**	(1,033,767)
Cash flows from investing activities:		
Paid for Murabaha deposits	**(350,000)**	-
Net paid for investments in Wakala	**-**	(105,001)
Paid for purchase of investments available for sale	**(1,573,316)**	-
Proceeds from sale of investments available for sale	**1,604,645**	-
Dividends received	**20,128**	29,296
Dividend received from an associate	**400,000**	114,000
Paid for investment property under development	**(3,009,590)**	(60,124)
Paid for purchase of property & equipment	**(9,143)**	-
Proceeds from sale of property and equipment	**-**	9,169
Net cash used in investing activities	**(2,917,276)**	(12,660)
Cash flows from financing activities:		
Net movement on Murabaha payables	**(1,322,463)**	1,014,733
Net cash (used in) generated from financing activities	**(1,322,463)**	1,014,733
Net decrease in cash on hand and at banks	**(389,006)**	(31,694)
Cash on hand and at banks at the beginning of the year	**1,337,645**	1,369,339
Cash on hand and at banks at the end of the year	**948,639**	1,337,645

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

1. Incorporation and activities

Sokouk Holding Company – K.S.C. (Holding) "the parent company", (previously known as Sokouk Real Estate Development Company – K.S.C. (Closed) and prior before as Al-Wasta Real Estate Development Company – K.S.C. (Closed)), is registered in the State of Kuwait and was incorporated and authenticated at the Ministry of Justice – Real Estate Registration and Authentication Department under Ref. No. 1909/Volume 1 on August 23, 1998 and registered on commercial register under Ref. No. 74323 dated August 29, 1998.

The main activities of the company would were as follows:

1. Ownership of shares of Kuwaiti or foreign shareholding companies or units in Kuwaiti or foreign limited liability companies, or establishing, managing, financing and sponsoring such companies.
2. Financing and sponsoring entities in which the Company has an ownership interest of not less than 20% of those entities.
3. Owning industrial rights such as patents, industrial trademarks, sponsoring foreign companies or any other related industrial rights and leasing such rights for the benefit of companies inside or outside State of Kuwait.
4. Ownership of movable assets or real estates required to pursue the Company's activities within the limits acceptable by law.
5. Utilizing available surplus funds by investing these funds in portfolios managed by specialized parties.

The Company shall have the right to have an interest or to take part in any manner with the authorities that practice similar operations, or that may help the Company to achieve its objectives inside and outside Kuwait. The Company shall also acquire these authorities or merge them with the Company. The objectives for which the Company was established shall be practiced according to Islamic Shari'a, and the Company shall not analyze the above objectives as it allows the Company directly or indirectly to deal in usury in the form of interest or any other form.

The parent company's registered address is P.O. Box 29110 – Safat – Postal code 13152 - State of Kuwait.

The parent company was listed on Kuwait Stock Exchange on December 27, 2005.

The Group's number of employees is 17 as at December 31, 2011 (2010 - 18 employees).

The consolidated financial statements were authorized for issue by the Board of Directors on June 14, 2012. The shareholders' General Assembly has the power to amend the 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 certain investments available for sale and investment property under development 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 changes due to implementation of the following new and amended International Financial Reporting Standards 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.

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: clarification 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 1 July 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 1 July 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 recognised 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 1 July 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(q).

Standards and Interpretations issued but not effective

The following IASB Standards and Interpretations 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 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. This standard is effective for annual periods beginning on or after 1 January 2013.

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 recognise 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 11 is effective for annual periods beginning on or after 1 January 2013.

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 12 is effective for annual periods beginning on or after 1 January 2013.

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 1 January 2013.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of Sokouk Holding Company - K.S.C. (Holding) and the following subsidiaries:

Subsidiaries	Country of incorporation	Percentage of holding % 2011	2010
Gulf Real Estate Development House Co. K.S.C. (Closed)	Kuwait	**75**	75
Sokouk Investment Advisory Co.	Cayman Island	**100**	100
Sokouk Real Estate Co.– K.S.C. (Closed)	Kuwait	**100**	100
Gulf Money House for Money Collection - W.L.L.	Kuwait	**100**	100
Sokouk Al Aqlemiya Trading Co.-W.L.L.	Kuwait	**100**	100
Sokouk Al Arabia Trading Co.-W.L.L.	Kuwait	**100**	100
Sokouk Al Oula Trading Co.-W.L.L.	Kuwait	**100**	100
Sokouk Al Kuwaitia Trading Co.-W.L.L.	Kuwait	**100**	100
Sokouk Al Islamia Trading Co.-W.L.L.	Kuwait	**100**	100

The consolidated financial statements includes also the financial statements of the following joint venture:

Joint venture	Country of incorporation	Percentage of holding % 2011	2010
Joint Venture Al-Salmiya Hotel Project	Kuwait	**74.25**	74.25

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

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

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

c) Financial instruments

Financial assets and financial liabilities carried on the Statement of Financial Position include cash on hand and at banks, Mudaraba deposits, accounts receivable, due from related parties, investments available for sale, due to financial institution, murabaha payables, accounts payable and due to a related party. 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.

i) Mudaraba deposits

Mudaraba deposits represents an agreement whereby the Group gives certain amount of cash to another party to be invested according to specific conditions in return for certain fee. Mudaraba deposits are stated at amortized cost using the effective yield method.

ii) 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.

iii) Investments

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

Investments 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 consolidated statement of income. 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 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 derecognised 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.

iv) Accounts payable

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

d) Sokouk utilization rights

Sokouk utilization rights represent Sokouks that are held by the group either for trading purposes or to keep as long term investment, and are stated at cost less impairment loss in value (if any).

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 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 interest in that associate (which includes any long-term interests that, in substance, form part of the Group 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 interest in the associate.

Any excess of the cost of acquisition over the Group 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 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) Joint Ventures

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

Where a Group undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

The Group reports its interests in jointly controlled entities using the equity method of accounting, 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 joint ventures 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 joint venture, less any impairment in the value of individual investments.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of an associate.

Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint venture.

Upon loss of joint control, The Group measures and recognizes its remaining investment at its fair value. Any difference between the carrying amount fo te former jointly controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal are recognized in consolidated statement of income.

g) Investment property under development

Investment property comprise property under construction . Investment property are initially measured at cost including purchase price and transaction costs. Subsequent to initial recognition, investment property is stated at their fair value at the consolidated statement of financial position date. Gains or losses arising from changes in the fair value of investment property is included in the consolidated statement of income for the period in which they arise.

Investment property is 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.

h) Property 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 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 and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

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

Depreciation is computed on a straight-line basis over the estimated useful lives of other property and equipment as follows:

	Years
Furniture and fixture	5
Computer equipment and software	3
Office equipment	3

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 and equipment.

i) Impairment of tangible and intangible assets excluding goodwill

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.

j) Provision for end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector and employees' contracts. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination on the consolidated statement of financial position date, and approximates the present value of the final obligation.

k) Share capital

Ordinary shares are classified as equity.

l) 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.

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.

m) 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 consolidated statement of financial position date 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.

n) 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.

o) 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 consolidated statement of financial position date 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 the consolidated statement of income 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 comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the consolidated statement of financial position date. 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 comprehensive income. Such translation differences are recognized in consolidated statement of income in the period in which the foreign operation is disposed off.

p) 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.

q) Critical accounting judgments, estimates and judgments

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.

Judgments

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

(i) Revenue Recognition

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

(ii) Provision for doubtful debts

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

(iii) Classification of investments

On acquisition of an investment, the Group decides whether it should be classified as "at fair value through statement of income" and "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".

(iv) Impairment of investments

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. In making 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.

Estimates and assumptions

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

(i) Fair value of unquoted equity investments

If the market for 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.

(ii) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value in use" of the asset or the cash-generating unit to which the goodwill is allocated.

Estimating a value in use requires the Group to make an estimate of the expected future cash-flows from the asset or the cash-generating unit and also choose an appropriate discount rate in order to calculate the present-value of the cash-flows.

(iii) Provision for doubtful debts

The extent of provision for doubtful debts involves estimation process. Provision for doubtful debts is made when there is an 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.

(iv) 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. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cashinflows and the growth rate used for extrapolation purposes.

3. Cash on hand and at banks

	2011	2010
Cash on hand	273	528
Cash at portfolio manager	11,548	1,559
Cash at banks	936,818	1,335,558
	948,639	1,337,645

There is no material different between the fair value and the carrying value of cash on hand and at banks.

4. Mudaraba deposits

Mudaraba deposits represent a Mudaraba deposit contract with Kuwaiti Financial Institution. Mudaraba deposits earns rate of return 0.325% (2010 – Nil) per annum.

5. Accounts receivable and other debit balances

	2011	2010
Trade receivables (a)	2,146,435	2,813,960
Other receivables	1,035,460	904,389
Less: Provision for doubtful debts (b)	(2,147,222)	(1,647,222)
	1,034,673	2,071,127
Staff receivables	8,256	5,204
Advance payments to contractors	1,445,653	328,586
Prepaid expenses	36,369	36,026
Accrued income	9,079	3,109
Refundable deposits	11,823	11,823
	2,545,853	2,455,875

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

a) Trade receivables

Trade receivables that are less than a year past due are not considered impaired. As of December 31, 2011, trade receivables amounting to KD 217,376 (2010 - KD 266,679) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

	2011	2010
Up to 6 months	255,831	803,840
7 to 12 months	26,006	96,219
Over 1 year	1,864,598	1,913,901
	2,146,435	2,813,960

The amount of the provision for doubtful debts was KD 2,147,222 as of December 31, 2011 (2010 – KD 1,647,222). The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations. It was assessed that a portion of the impaired trade receivables could be recovered.

b) Provision for doubtful debts

The movement of the provision for doubtful debts is as follows:

	2011	2010
Balance at the beginning of the year	**1,647,222**	1,647,222
Provision for the year	**500,000**	-
Balance at the end of the year	**2,147,222**	1,647,222

Provisions, written off as uncollectible receivables and utilization of the provision for doubtful debts are included in the consolidated statement of income.

c) The other classes within accounts receivable and other debit balances do not contain impaired assets. The maximum exposure to credit risk at the date of consolidated financial statements is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security, for accounts receivable and other debit balances.

Trade receivables are represented as follows:

	2011	2010
Current:		
Trade receivables	**2,091,471**	2,578,709
Deferred profit	**(23,305)**	(66,384)
	2,068,166	2,512,325
Non current:		
Trade receivables	**88,176**	334,993
Deferred profit	**(9,907)**	(33,358)
	78,269	301,635
	2,146,435	2,813,960

The Group preserves the deeds of the utilization rights that had been sold, as a guarantee of related amounts, and the deed is not transferred in the name of the buyer, until the settlement of the total amount.

6. Sokouk utilization rights

Sokouk utilization rights represent the subsidiary company's ownership of real estate sokouk related to Al-Qibla Tower (under development) in the Kingdom of Saudi Arabia. Sokouk are a certificate or deed that entitles its holder the right to utilize a specific real estate property for a specific duration of time per year over a determined number of years. This right is wholly owned by the Sokouk holder who is entitled to sell, grant, inherit or invest in Sokouk.

The movement during the year was as follows:

	2011	2010
Balance at the beginning of the year	**5,504,484**	7,284,200
Additions during the year	**120,438**	41,334
Impairment loss in value	**(257,040)**	(1,821,050)
Balance at the end of the year	**5,367,882**	5,504,484

7. Related party disclosures

The Group has entered into various transactions with related parties, i.e. shareholders, directors, key management personnel, associates, joint ventures and other related parties in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant related parties balances and transactions are as follows:

Balances included in the consolidated statement of financial position:	**2011**	2010 (Restated)
Due from related parties		
Due from associates	**38,343,498**	39,756,740
Due from joint ventures	**1,818,775**	2,139,310
Due from companies under common control	**475,234**	475,234
Due from other related parties	**2,387**	-
Provision for doubtful debts	**(14,108,616)**	(13,327,005)
Total due from related parties	**26,531,278**	29,044,279
Cash with portfolio manager	**11,548**	1,559
Investments available for sale managed by a related party	**1,285,008**	1,921,609
Due to a related party		
Due to principal shareholder	**514,870**	505,336
Total due to a related party	**514,870**	505,336
Due to financial institution	**4,627,513**	-
Murabaha payables	**6,574,155**	7,442,189

Consolidated statement of financial position:	Current	Non current	**2011**	2010 (Restated)
Due from related parties:				
Balance due	2,296,396	38,343,498	**40,639,894**	42,371,284
Provision for doubtful debts	-	(14,108,616)	**(14,108,616)**	(13,327,005)
Net due from related parties	2,296,396	24,234,882	**26,531,278**	29,044,279
Due to a related party	514,870	-	**514,870**	505,336

Due from / to related parties mainly result from purchase and sale of Sokouk utilization rights and investments.

Due from related parties includes an amount of USD 158,284,538 including a deferred revenue of USD 25,008,826, receivable from Munshaat Real Estate Projects Company – K.S.C. (Closed) – associate - payable in five equal annual installments of USD 31,656,908 starting from January 1, 2010 up to January 1, 2014.

The Group had accounted provision for doubtful debts during the year of KD 781,611 (2010 – 11,516,205) for the amount due from associates. The total amount of the provision as of December 31, 2011 amounted to KD 14,108,616 (2010 – KD 13,327,005). There is inherent uncertainty regarding to going concern for the associates, Munshaat Real Estate Projects Company - K.S.C. (Closed) and Mas Holding Company – K.S.C. (Closed) and its subsidiaries. (Note 9).

Transactions included in the consolidated statement of income:	**2011**	2010 (Restated)
Other operating income	**5**	227,731
General and administrative expenses	**(15,309)**	(50,220)
Foreign currency exchange loss	**(290,823)**	(807,109)
Finance charges	**(454,429)**	(576,668)
Management fee cancelled	**(437,308)**	-

Compensation to key management personnel:	**2011**	2010
Short term benefits	**157,647**	236,006
Termination benefits	**17,182**	20,888
	174,829	256,894

8. Investments available for sale

	2011	2010
Quoted:		
Investments in funds & portfolios	**1,280,968**	2,055,038
Unquoted:		
Equity securities	**6,942,370**	7,026,166
	8,223,338	9,081,204

The movement during the year was as follows:

	2011	2010
Balance at the beginning of the year	**9,081,204**	9,965,122
Additions	**1,573,316**	-
Disposals	**(1,371,911)**	-
Changes in fair value	**(456,649)**	(69,108)
Impairment loss in value	**(602,622)**	(814,810)
Balance at the end of the year	**8,223,338**	9,081,204

It was not possible to reliably measure the fair value of unquoted investments amounting to KD 6,942,370 (2010 – KD 7,026,166) 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
US Dollar	**6,023,938**	6,221,420
KD Dinar	**2,191,892**	2,840,043
EGP	**7,508**	19,741
	8,223,338	9,081,204

9. Investment in associates

The investment in associates consists of the following:

Name of the associate	Country of Incorporation	Principal activities	Ownership percentage % 2011	Ownership percentage % 2010	2011	2010
Munshaat Real Estate Projects Company - K.S.C. (Closed)	Kuwait	Real estate	**27.67**	27.67	**7,110,225**	10,932,044
Mas Holding Company - K.S.C.(Closed)	Kuwait	General trading	**40**	40	**-**	1,384,012
					7,110,225	12,316,056

The movement during the year was as follows:

	2011	2010
Balance at the beginning of the year	**12,316,056**	17,600,030
Group's share of results from associates	**(4,758,624)**	(4,917,448)
Share of other comprehensive income from associates	**(47,207)**	(56,857)
Change in associates' equity from prior year restatement	**-**	(195,669)
Dividend received from an associate	**(400,000)**	(114,000)
Balance at the end of the year	**7,110,225**	12,316,056

The market value of the Investment in Munshaat Real Estate Projects Company – K.S.C. (Closed) at the consolidated statement of financial position date is KD 2,049,168 (2010 – KD 3,073,052).

The auditors' report dated April 26, 2012 for the consolidated financial statements of Munshaat Real Estate Projects Company – K.S.C. (Closed) and The auditors' report dated April 11, 2012 for the consolidated financial statements of Mas Holding Company – K.S.C. (Closed) for the year ended December 31, 2011 included an emphasis of matter relating to inherent uncertainty regarding continuation of going concern as follows:

a) Munshaat Real Estate Projects Company – K.S.C. (Closed)
"The consolidated financial statements which indicates that the associate incurred a loss of KD 15,026,905 for the year ended December 31, 2011 and that the associate's current liabilities exceeded its current assets by KD 124,535,439 (2010 - KD 109,544,134). The associate is actively engaged with its lenders to restructure its entire debt obligations due to the default on the repayment of certain debt obligations and also the associate has agreed with the parent company, whose debt has been defaulted, for not pursue the collection of its outstanding dues until the associate completes the restructuring and rescheduling process."

b) Mas Holding Company – K.S.C. (Closed)
"The consolidated financial statements which indicates that the associate incurred a loss of KD 3,462,173 for the year ended December 31, 2011 and that the associate's accumulated losses of KD 2,602,699 which is in excess of capital contributed by the shareholders of the associate. The ultimate parent company of the associate has cancelled their rental contracts with the associate which was the only cash generating contracts for the associate."

The aggregate assets, liabilities, net assets, revenues and results of the following associates as of December 31, 2011 are as follows:

Name of the associate	Total assets		Total liabilities		Net assets		Group's share of net assets	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Munshaat Real Estate Projects Company - K.S.C.(Closed)	**200,690,751**	210,719,596	**175,408,484**	169,847,926	**25,282,267**	40,871,670	**7,110,225**	10,932,044
MAS Holding Company – K.S.C. (Closed)	**6,981,997**	13,577,127	**7,824,066**	9,897,411	**(842,069)**	3,679,716	**-**	1,384,012
	207,672,748	224,296,723	**183,232,550**	179,745,337	**24,440,198**	44,551,386	**7,110,225**	12,316,056

Name of the associate	Revenue		Results		Group's share of results	
	2011	2010	**2011**	2010	**2011**	2010
Munshaat Real Estate Projects Company - K.S.C.(Closed)	**16,245,392**	13,890,166	**(13,642,036)**	(19,224,231)	**(3,774,609)**	(5,319,154)
MAS Holding Company – K.S.C. (Closed)	**2,080,083**	3,538,438	**(2,460,030)**	1,004,266	**(984,015)**	401,706
	18,325,475	17,428,604	**(16,102,066)**	(18,219,965)	**(4,758,624)**	(4,917,448)

10. Investment in Joint Venture

The investment in joint venture consists of the following:

Name of the joint venture	Country of Incorporation	Ownership Percentage % 2011	Ownership Percentage % 2010	2011	2010
Joint Venture – Qitaf GCC	Kuwait	**17.15**	17.15	**1,728,669**	1,886,878

The movement during the year was as follows:

	2011	2010
Balance at the beginning of the year	**1,886,878**	2,618,041
Group's share of results from joint venture	**(144,429)**	(675,771)
Foreign currency translation adjustments	**(13,780)**	(55,392)
Balance at the end of the year	**1,728,669**	1,886,878

The aggregate assets, liabilities, net assets, revenues and results of the following Joint Venture as of December 31, 2011 are as follows:

Name of the joint venture	Total assets		Total liabilities		Net assets		Group's share of net assets	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Joint Venture – Qitaf GCC	**12,262,421**	13,489,639	**2,182,720**	2,487,431	**10,079,701**	11,002,208	**1,728,669**	1,886,878
	12,262,421	13,489,639	**2,182,720**	2,487,431	**10,079,701**	11,002,208	**1,728,669**	1,886,878

Name of the joint venture	Revenue		Results		Group's share of results	
	2011	2010	**2011**	2010	**2011**	2010
Joint Venture – Qitaf GCC	**589,504**	565,753	**(842,150)**	(3,940,354)	**(144,429)**	(675,771)
	589,504	565,753	**(842,150)**	(3,940,354)	**(144,429)**	(675,771)

11. Investment property under development

	2011	2010 (Restated)
Balance at the beginning of the year	**13,401,456**	16,276,024
Additions during the year	**3,009,590**	60,124
Management fees cancelled (Note 25)	**(437,308)**	-
Change in fair value	**(2,331,381)**	(2,934,692)
Balance at the end of the year	**13,642,357**	13,401,456

Borrowing cost amounting to KD 277,341 (2010 – KD Nil) using a capitalization rate 7.485% (2010 – Nil) had been capitalized.

Investment property under development is mortgaged against due to financial institution (Note 13).

The fair value of investment property under development as of December 31, 2011 amounted to KD 13,642,357 (2010 - KD 13,401,456), which was determined by two independent appraisers.

The management of Parent Company have complied with Kuwait Stock Exchange Committee decision dated December 23, 2010 with respect to guidelines for fair value of investment properties.

12. Property and equipment

	2011	2010
Balance at the beginning of the year	**1,445**	31,312
Additions	**9,143**	-
Disposals	-	(46,642)
Depreciation – related to disposals	-	22,313
Depreciation	**(9,710)**	(5,538)
Balance at the end of the year	**878**	1,445

13. Due to financial institution

During the year the Group obtained the first and second installments of a new finance from a local Islamic Financial Institution (related party). The finance facility carry an annual finance cost of 7.485% and is secured by the investment property under development (Note 11).

14. Murabaha payables

The balance of Murabaha payables represents payments received from Islamic Financing Companies – Related parties. Murabaha payables carry an annual average charge from 5.5% to 8% (2010 – 5% to 7.5%).

	2011	2010
Murabaha payables	**6,671,840**	7,587,173
Deferred expenses	**(97,685)**	(144,984)
	6,574,155	7,442,189

Murabaha payables are presented as follows:

	2011	2010
Current:		
Murabaha payables	**6,574,155**	7,442,189

15. Accounts payable and other credit balances

	2011	2010
Due to contractors	**550,262**	1,454,500
Retention	**506,499**	619,476
Accrued staff leave	**46,435**	63,961
Other accrued expenses	**30,735**	17,221
Dividends payable	**16,757**	19,397
Zakat Payable	-	2,092
KFAS payable	-	6,130
Other payables	**100,513**	276,487
	1,251,201	2,459,264

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

16. Provision for end of service indemnity

	2011	2010
Balance at the beginning of the year	**98,529**	80,613
Charge for the year	**33,056**	36,129
Paid during the year	**(40,325)**	(18,213)
Balance at the end of the year	**91,260**	98,529

17. Share capital

Authorized, issued and fully paid-up capital consist of 1,000,000,000 shares (2010 - 1,000,000,000 shares) of 100 fils each and all shares are in cash.

18. Share premium

This represents cash received in excess of the par value of the shares issued.
Based on the capital increase approved by the ordinary shareholders' general assembly meeting held on September 30, 2007 and the extra ordinary shareholders' general assembly meeting held on October 22, 2007, the share premium amounted to KD 17,500,000. The share premium is not distributable except under specific circumstances as provided in Kuwait Commercial Companies Law.

19. Statutory reserve

As required by the Commercial Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association. Due to accumulated losses, there was no transfer to statutory reserve during the year.

20. Voluntary reserve

As required by 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 KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors. Due to accumulated losses, there was no transfer to voluntary reserve during the year.

21. Other operating income

	2011	2010
Gain from financing activities	**81,215**	128,501
Management fees	**290,254**	227,731
Others	**159,609**	3,375
	531,078	359,607

22. General and administrative expenses

	2011	2010
Salaries and wages	**293,811**	329,562
Other employees' benefits and allowances	**155,329**	115,497
Others	**379,090**	406,521
	828,230	851,580

23. Net investment loss

	2011	2010
Dividend income	**20,128**	29,296
Realized gain from sale of investments available for sale	**232,734**	-
Impairment loss for investments available for sale	**(602,622)**	(814,810)
	(349,760)	(785,514)

24. Provision for doubtful debts

	2011	2010
Provision for trade receivables	500,000	-
Provision for due from related parties	781,611	11,516,205
	1,281,611	11,516,205

25. Management fee cancelled

During the year, the Board of Directors' Meeting of Gulf Real Estate Development House Company - K.S.C (Subsidiary) held on December 28, 2011 approved the cancellation of a contract for project management fee between the subsidiary company and Al-Salmiya Hotel Project - Joint Venture. The Subsidiary company accounted for project management fees for an amount of KD 1,698,285 in prior years, which was capitalized and included in investment property under development in the books of Al-Salmiya Hotel Project - Joint Venture.

Since the Parent Company owns 74.25% of the Joint Venture, an amount of KD 1,260,977 was eliminated at the consolidation level during prior years for management fee when the contract was effective. As a result of the cancellation of contract, the remaining 25.75% of total management fee amounting to KD 437,308 was reversed which affected loss attributable to non-controlling interests.

26. Loss per share

There are no potential dilutive ordinary shares. The information necessary to calculate basic loss per share based on the weighted average number of shares outstanding during the year was as follows:

	2011	2010 (Restated)
Net loss for the year attributable to shareholders of the parent company	(10,170,323)	(26,080,147)
	Shares	Shares
Number of shares outstanding:		
Number of issued shares at the beginning of the year	1,000,000,000	1,000,000,000
Weighted average number of shares outstanding	1,000,000,000	1,000,000,000
	Fils	Fils
Loss per share	(10.17)	(26.08)

27. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash on hand and at banks, Mudaraba deposits, accounts receivables, due from related parties, investments available for sale, due to financial institutions, Murabaha payables, accounts payables and due to a related party and as a result, is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) Rate of return risk

Financial instruments are subject to the risk of changes in value due to changes in the level of rate of return. The effective rate of return and the periods in which rate of return bearing financial assets and liabilities are repriced or mature are indicated in the respective notes. Currently the Group does not exposure to such risk.

b) 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 at banks, Murabaha deposits, receivables, and due from related parties. Cash at banks and Mudaraba deposits are placed with a high credit rating financial institution. 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 at banks, Mudaraba deposits, receivables and due from related parties.

c) 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 USD, AED, SAR, QAR and Kuwaiti Dinar.

Year	Increase / (Decrease) against KD	Effect on consolidated statement of income	Effect on consolidated statement of comprehensive income
2011			
USD	**±5%**	**±2,028,758**	**±96,491**
AED	**±5%**	**±424**	-
SAR	**±5%**	**±136**	-
QAR	**±5%**	**±9**	-
2010			
USD	±5%	±2,084,554	±104,185
AED	±5%	±1,719	-
SAR	±5%	±519	-
QAR	±5%	±306	-

d) 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 invests in investments that are readily realizable.

Maturity Table for financial liabilities

2011

Financial Liabilities	**1 month**	**1-3 months**	**3-12 months**	**1-3 years**	**Total**
Due to financial institution	-	-	-	4,627,513	**4,627,513**
Murabaha payables	3,875,623	2,352,687	345,845	-	**6,574,155**
Accounts payable and other credit balances	49,911	648,356	46,435	506,499	**1,251,201**
Due to a related party	-	-	514,870	-	**514,870**
Total	**3,925,534**	**3,001,043**	**907,150**	**5,134,012**	**12,967,739**

2010

Financial Liabilities	1 month	1-3 months	3-12 months	1-3 years	Total
Murabaha payables	2,099,886	141,933	5,200,370	-	7,442,189
Accounts payable and other credit balances	170,305	1,767,573	110,753	410,633	2,459,264
Due to a related party	-	-	505,336	-	505,336
Total	2,270,191	1,909,506	5,816,459	410,633	10,406,789

e) 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 '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:

	2011		2010	
Market indices	**Change in equity price %**	**Effect on consolidated statement of comprehensive income**	Change in equity price %	Effect on consolidated statement of comprehensive income
Kuwait Stock Exchange	**±5**	**±64,051**	±5	±102,752

Fair value of 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 group's assets and liabilities that are measured at fair value at 31 December 2011.

	Level 1	
	2011	2010
Investments available for sale	**1,280,968**	2,055,038

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.

28. 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 stockholders 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 on hand and at banks. 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)
Due to financial institution	**4,627,513**	-
Murabaha Payables	**6,574,155**	7,442,189
	11,201,668	7,442,189
Less:		
Cash on hand and at banks	**(948,639)**	(1,337,645)
Mudaraba deposits	**(350,000)**	-
Net debt	**9,903,029**	6,104,544
Total equity	**53,390,120**	64,524,004
Total capital resources	**63,293,149**	70,628,548
Gearing ratio	**15.65%**	8.64%

29. Capital commitments and contingent liabilities

The Group had capital commitments in respect of future capital expenditure related to the construction of a hotel in a joint venture and capital commitments in respect of construction cost in an associate, and contingent liabilities in respect of bank guarantees in an associate as follows:

	2011	2010
Capital commitments	**4,998,499**	3,470,320
Contingent liabilities	**-**	7,181
	4,998,499	3,477,501

30. General assembly

The Shareholders' General Assembly held on July 28, 2011 approved non-distribution of dividends for the year ended December 31, 2010.

31. Correction of an error

During the year ended December 31, 2011 according to a meeting held on May 25, 2011 between the Parent Company and Sharia Supervisory Board it was noted that the recognized profit arising from investments in wakala was in violation of Islamic Sharia rules. Hence, management of the Group reversed gain generated from these investments through increasing the balance of accumulated losses as of December 31, 2009 by KD 502,046 which represents profit generated from these wakala investments till December 31, 2009 with a corresponding credit to the balance of investments in wakala and increasing net loss for the year ended December 31, 2010 by KD 123,442 being amount of gain from investments in wakala recognized during the year ended December 31, 2010. As a result of the effect of the above, balance of non-controlling interests as of December 31, 2009 and 2010 decreased by an amount of KD 106,710 and 45,594 respectively.

32. Comparative figures

Certain comparative amounts for previous year were restated to conform with the current year presentation (Note 31). Details of restatement are as follows:

Categories	Amounts as per 2010 consolidated financial statements	Amounts reclassified
Due from related parties	27,375,429	29,044,279
Investments in Wakala	2,100,191	-
Investment property under development	13,702,313	13,401,456
Accumulated losses	(57,407,995)	(57,987,889)
Non-controlling interests	1,148,089	995,785