الشركة العربية العقارية
Al-Arabiya Real Estate Company

Annual Report 2010

الشـــركـة العــربيـــة العقــاريـــة
Al-Arabiya Real Estate Company

Al-Sharq - Ahmad Al-Jaber Street
Emad Commercial Center - 7th Floor
Tel.: +965 1840004 - Fax: +965 22420040
P.O.Box: 26980 Safat, 13130 Kuwait
www.arec-kwt.com

بسم الله الرحمن الرحيم

العربيّة®

الشركة العربية العقارية

Al-Arabiya Real Estate Company

His Highness
Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
Amir of The State of Kuwait

العربيّة®

الشركة العربية العقارية

Al-Arabiya Real Estate Company

His Highness
Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
The Crown Prince of The State of Kuwait

His Highness
Sheikh Naser Al-Mohammad Al-Ahmad Al-Sabah
The Prime Minister of The State of Kuwait

الشركة العربية العقارية
Al-Arabiya Real Estate Company

CONTENTS

الشركة العربية العقارية
Al-Arabiya Real Estate Company

BOARD MEMBERS

Mr. Emad Jawad Bukhamseen
Chairman & Managing Director

Mr. Anwar Ali Al-Naki
Vice Chairman

Mr. Tawfiq Shamlan Al-Bahar
Board Member

Mr. Raed Jawad Bukhamseen
Board Member

Mr. Mohammed w. Al-Muhanna
Board Member

Speech of the Chairman of the Board of Directors And Managing Director

Dear Shareholders,

I have the pleasure to welcome you in my name and on behalf of the members of the Board of Directors of Al-Arabiya Real Estate Company and we present to you the most important accomplishments of the Company during the year ending on the 31st of December 2010.

During the year 2010, Al-Arabiya Real Estate Company consolidated its position in the local real estate market through many real estate and investment accomplishments that was able to achieve. In addition, the Company's ambitions were extended to occupy a characterized position in the regional real estate market by selecting important projects in the real estate markets stable in the Gulf and Arab countries. Moreover, it performed many successful projects that resulted in fruitful financial revenues from some external projects despite the financial difficulties confronted by the local and international economy due to the international financial crisis.

The Company strengthened its position on the local and regional level through its strategic plan set in advance and summarized in the following main axes:

1- Establishing for developing the operational income of the Company through:
   - Managing the Company's operating assets and subject to expansion.
   - Following-up the accomplishment and operation of the projects under establishment
   - Acquiring new projects by acquisition inside the State of Kuwait or abroad.

2- Establishing for developing the Company's activity within the growth rates of the real estate sector in the local and regional market on the 5 coming years, in conjunction with the financial and human resources plan to keep up with the targeted growth.

3- Restructuring the assets of the real estate and Investment Company by diversifying the investment and distributing the risks.

4- Restructuring the funding sources based on the cost and promoting the profit margins.

The organizational structure of the Company shall be developed in the light of the general goals of the management and setting organizational strategies, policies and by-laws for all the company's works.

Accomplishments on the internal level:

a- Since its establishment, the Company has consistently dealt with the economic situations very professionally and in 2010, some significant changes occurred to the general performance where the Al-Arabiya Real Estate Company sought to develop its administrative, technical and technological capacities by carrying out changes in its organizational structure by introducing new effective departments and cadres qualified to develop the Company and achieve its goals, in addition to achieving its competing targets and strengthening its capacities in the real estate market on both the local and regional levels which significantly affected the support and emergence of the name of Al-Arabiya Real Estate as a shareholding company having its important position in the internal, Gulf and Arab real estate market.

Al-Arabiya Company operates according to a studied mechanism and regulated steps towards introducing developed and high-technology systems in all its real estate projects to exceed the local geographical borders and the beginning of operating these techniques and all smart services in Al Arabiya tower including the last communication and information systems that satisfy the entire Tenants' needs.

Second: Accomplishments on the local level:

a- Al-Arabiya Tower

Despite the bad economic situation of the region and the decrease of the leasing rates, the marketing and leasing process of the building is performed according to the plan set for accomplishing the full leasing of the tower that is currently considered characterized architectural tower of Kuwait modern landmarks where the leasing was concluded with the most important companies in Kuwait and international banks for preserving the level of the tower and the leasing rate reached 87% and is being completed in 2011.

b- Crystal Tower

The Company started its establishment in 2007 with a cost of about 21 million dinars, and it is one of the most important commercial projects launched by the Company in the last two years, since it has many characteristics such as its location, design and area. The tower's location has a view over the entrance of Derwazah Abdulrazzak which makes it one of the characterized marks on Jaber Al Ahmad Street since it is considered one of the biggest commercial gatherings on this vital street. As for the area of 2134 square meters, with an additional 705 square meters agreed upon of the State properties for promoting the design, in addition to commercial flats of 26000 square meters after getting the approval of the Municipality by adding an additional commercial percentage of 400% and the tower is formed of 53 floors, in addition to a multi floors building as a parking with a capacity of 350 cars and finally as for the design, it includes the latest technologies as to the communication, safety and security that satisfy all the needs and requirements of the region and the loan with the Bank has been finally restricted in full and the funding thereof was terminated. It is expected to be handed over ready for leasing during the second quarter of 2012 and the Company will soon open the leasing door.

c- Investment Residential Building in Al-Salmiyah Region

The Company is currently executing an investment residential building that is almost accomplished and is located in the finest region in Al-Salmiyah and viewing the Arab Gulf Street next to Holiday Inn Hotel before the scientific center with an area of 2600 square meters and a height of 16 floors on the highest level of finishing and modern services. The design of its apartments was based on the fact to have a view over the Gulf with the provision of all modern services and techniques that provides comfort to the tenants, in addition to a sufficient number of parking areas in the basement on the total area of the real estate. The building has been accomplished, taken over from the Contractor and the building was leased in full.

d- Settlement of Bonds

Al-Arabiya Real Estate Company settled later until the date of preparing the financial statements, the due bonds on 24/03/2011 to Global Investment House "Global" and rescheduled the due loan by an amount of 45 million dinars until 31/12/2013 by virtue of a long term loan with one of the local banks with an interest of 3% above the deduction rate declared by the Central Bank of Kuwait.

Which will result in positive results on the Company's financial situation as to decreasing the bank interest and decreasing the liquidity risks by reclassifying the current liabilities to non-current liabilities.

Third: Accomplishments on the external level

a- Lagon Land

Our Company and Al Arabiyah Investment Company solved all the problems with Sama Dubai Company and reached a final satisfactory settlement by exchanging the previous purchase with diversified assets in good prices.

b- Ajman Land

With the cooperation of legal parties in the State of Emirates, we reached the Company's right to its full ownership in Ajman Land of which the ownership was taken for public benefit. As for the compensation for the said land upon which it has been agreed to be paid in cash or in kind, a compensation amount of 220 million AED has been evaluated and the said land was listed within the Company's budget in its final budget for the year 2010 and there are strong indicators towards getting the compensation value during this year.

Profits

The executive steps of the strategy followed by the Company's Board of Directors and the concrete developments that occurred on its total conditions affected the financial results at the end of 2010, when the Company realized profits during this period of 484,384 Dinars and the Company's total revenues reached K.D 15,015.413 and its expenses K.D 14,531.029.

Moreover, most of the Company's results are still positive and good, especially concerning:

Details	Amount in Millions K.D 2009	Amount in Millions K.D 2010	Change Rate
Assets	181	174,4	(3,7%)
Equities	67,3	72,5	7,64%
Lands under development	89	54	(39,10%)
Real estate investments	36,7	31,1	(15,22%)

Dear Shareholders,

I shall thank in your name all the workers in Al-Arabiyah Real Estate Company for the fruitful efforts they deployed during the last period for contributing in the sustainable development operations and activating the national economy and we shall not forget the entire governmental and non-governmental bodies that helped us in the said period, wishing them all success under the instructions of His Highness our Amir Sheikh Sabah Al Ahmad AL Jaber Al Sabah and His Crown Prince Sheikh Nawaf Al Ahmad Al Sabah and the Government under the presidency of Sheikh Naser Al Mohamad Al Ahmad Al Sabah.

Regards,

Chairman of the Board of Directors and Managing Director.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Arab Real Estate Company K.S.C (closed) "the "Parent Company", and its subsidiaries (collectively referred to as the Group) which comprise the consolidated statement of financial position as at 31 December 2010, 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 information.

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 about 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 qualified opinion.

Basis for Qualified Opinion

The Management accounts of Holiday Inn Kuwait and Rotana Hotel Al Sharjah for the year ended 31 December 2010 have not been audited (note 1). Their total assets amounted to KD 1,217,253 as of 31 December 2010 and their net profits amounted to KD 1,281,156 for the year then ended (KD 829,247 as of 31 December 2009 and KD 841,883 respectively). We were unable to perform alternative audit procedures, consequently we were unable to determine any adjustments on these amounts were necessary.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects the financial position of the Group 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 3.1) to the consolidated financial statements, as the Group's current liabilities as of 31 December 2010 have significantly exceeded its current assets by KD 62,803,044. These conditions indicate the existence of a material uncertainty and that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified with respect of this matter.

Other matters

As disclosed in (note 30), the Group has corrected retroactively the accounting treatment related to recording of impairment losses of available for sale investments. We qualified our reports dated 31 March 2009 and 24 March 2010 on the financial statements for the years ended 31 December 2008 and 2009 respectively. Our report on the consolidated financial statements for the year ended 31 December 2010 is not qualified with respect of this regard.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of accounts have been kept by the Company, and the consolidated financial statements, together with the contents of the report of the Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained the information that we deemed necessary for the purpose of our audit; and that the consolidated financial statements incorporate all information that is required by Commercial Companies Law of 1960, as amended, and by the Company's Articles of Association; that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, or the Company's Articles of Association have occurred during the year ended 31 December 2010 that might have had a material effect on the business of the Group or on its financial position, except that the Parent Company holds certain investments in shares, which is considered contravention to its objectives.

Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche
Al Fahad, Al Wazzan & Co.

Naser Abdullah Al-Muqait
R.A.A. No. 9A
Al-Ahli Audit Bureau
Chartered Accountants

Kuwait
27 March 2011

Consolidated Statement of Financial Position

as of 31 December 2010

(All Amounts are in Kuwaiti Dinars)

	Note	31 December 2010	31 December 2009 (Restated – note 30)	1 January 2009 (Restated – note 30)
ASSETS				
Non-current assets				
Property, plant and equipment	5	27,385,673	11,317,263	12,139,417
Intangible assets		20,101	26,057	32,013
Properties under development	6	54,234,449	89,052,731	94,415,769
Investments properties	7	31,186,000	36,785,154	17,792,000
Investment in associates	8	24,941,877	25,088,591	25,255,632
Available for sale investments	9	19,087,631	16,703,787	16,187,138
		156,855,731	178,973,583	165,821,969
Current assets				
Properties and lands held for trading	10	5,649,157	106,504	234,138
Inventories		11,984	17,779	22,602
Trade and other receivables	11	11,457,114	1,613,904	3,233,124
Investments at fair value through profit or loss		1,739	9,379	10,812
Cash and cash equivalents	12	396,361	357,895	988,177
		17,516,355	2,105,461	4,488,853
Total assets		174,372,086	181,079,044	170,310,822
Equity and liabilities				
Equity				
Share capital	13	50,984,499	48,556,666	48,556,666
Share premium		5,614,733	5,614,733	5,614,733
Treasury shares	14	(714,784)	(714,784)	(714,784)
Statutory reserve	15	4,329,455	4,279,517	3,946,487
Voluntary reserve	16	4,329,455	4,279,517	3,946,487
Other reserves	17	5,723,041	1,055,036	1,011,015
Retained earnings		2,264,429	4,309,029	2,776,768
Equity attributable to the shareholder of the Parent Company		72,530,828	67,379,714	65,137,372
Non-controlling interest		13,610	32,015	55,610
		72,544,438	67,411,729	65,192,982
Non-current liabilities				
Loans and bank facilities	18	21,202,536	19,091,168	20,390,000
Issued bonds	19	-	19,455,000	-
Post employment benefits		305,713	218,120	203,015
		21,508,249	38,764,288	20,593,015
Current liabilities				
Trade and other payables	20	12,406,308	18,852,843	11,626,922
Loans and bank facilities	18	51,763,091	56,050,184	52,939,345
Issued bonds	19	16,150,000	-	19,958,558
		80,319,399	74,903,027	84,524,825
Total liabilities		101,827,648	113,667,315	105,117,840
Total equity and liabilities		174,372,086	181,079,044	170,310,822

The accompanying notes form an integral part of these consolidated financial statements.

Emad Jawad Bukhamseen
Chairman and Managing Director

Dr. Anwar Ali Al-Naqi
Vice Chairman

Consolidated Statement of Income

For the year ended 31 December 2010

(All Amounts are in Kuwaiti Dinars)

	Note	2010	2009 (Restated - note 30)
Net income from properties		2,132,972	2,475,049
Net income from operation hotels		1,262,074	1,121,691
(Losses) / gains from sale of investments properties		(480,000)	185,500
Losses on sale of properties held for trading		(2,233,421)	-
Gain from change in fair value of investments properties	7	249,421	9,389,137
Compensations	11	10,057,080	-
Other income		107,161	385,859
Staff costs	21	(411,460)	(478,183)
Depreciation and amortization		(852,699)	(882,256)
Impairment and other provisions	22	(1,579,699)	(2,163,286)
Other expenses	23	(1,052,244)	(1,507,315)
Foreign currency exchange differences		326,630	(343,452)
Investment losses	24	(18,970)	(944,699)
Losses on sale of property, plant and equipments		(143,552)	-
Operating profit		7,363,293	7,238,045
Group's share in associates' results	8	841,395	183,863
Losses from disposal of associates	8	(866,959)	-
Finance charges		(6,877,025)	(5,103,977)
Profit for the year before deductions		460,704	2,317,931
Key management remuneration		(15,000)	-
Contribution to Kuwait Foundation for the Advancement of Sciences		-	(24,828)
National Labor Support Tax		-	(70,209)
Zakat		-	(48,168)
Net profit for the year		445,704	2,174,726
Attributable to:			
Shareholders of the Parent Company		484,384	2,198,321
Non-controlling interest		(38,680)	(23,595)
		445,704	2,174,726
Earnings per share (fils)	25	0.96	4.35

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

(All Amounts are in Kuwaiti Dinars)

	Note	2010	2009 (Restated note 30)
Net profit for the year		445,704	2,174,726
Other comprehensive income			
Change in fair value of available for sale investments	9	4,687,694	(967,515)
Impairment of available for sale investments		110,310	988,774
Group's share in associate reserve		(53,276)	(71,589)
Foreign currency translation reserve		(76,723)	94,351
Total other comprehensive income for the year		4,668,005	44,021
Total comprehensive income for the year		5,113,709	2,218,747
Attributable as follows:			
Shareholders of the Parent Company		5,152,389	2,242,342
Non-controlling interest		(38,680)	(23,595)
		5,113,709	2,218,747

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

(All Amounts are in Kuwaiti Dinars)

	Equity of the parent Group's shareholders									
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (note 17)	Retained earnings	Total	Non-controlling interest	Total
Balance as at 1 January 2009 (as previously restated)	48,556,666	5,614,733	(714,784)	3,946,487	3,946,487	(10,250,369)	14,038,152	65,137,372	55,610	65,192,982
Prior years adjustments (note 30)	-	-	-	-	-	11,261,384	(11,261,384)	-	-	-
Balance as at 1 January 2009 (Restated)	48,556,666	5,614,733	(714,784)	3,946,487	3,946,487	1,011,015	2,776,768	65,137,372	55,610	65,192,982
Total comprehensive income for the year	-	-	-	-	-	44,021	2,198,321	2,242,342	(23,595)	2,218,747
Transferred to reserves	-	-	-	333,030	333,030	-	(666,060)	-	-	-
Balance as at 31 December 2009	48,556,666	5,614,733	(714,784)	4,279,517	4,279,517	1,055,036	4,309,029	67,379,714	32,015	67,411,729
Balance as at 1 January 2010	48,556,666	5,614,733	(714,784)	4,279,517	4,279,517	1,055,036	4,309,029	67,379,714	32,015	67,411,729
Total comprehensive income for the year	-	-	-	-	-	4,668,005	484,384	5,152,389	(38,680)	5,113,709
Losses on sale of share in a subsidiaries	-	-	-	-	-	-	(1,275)	(1,275)	20,275	19,000
Transferred to reserves	-	-	-	49,938	49,938	-	(99,876)	-	-	-
Bonus shares (note 13)	2,427,833	-	-	-	-	-	(2,427,833)	-	-	-
Balance as at 31 December 2010	50,984,499	5,614,733	(714,784)	4,329,455	4,329,455	5,723,041	2,264,429	72,530,828	13,610	72,544,438

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

(All Amounts are in Kuwaiti Dinars)

	Note	2010	2009 (Restated note 30)
Cash flows from operating activities			
Net cash generated from operating activities	28	6,069,102	7,172,132
Cash flows from investing activities			
Paid for acquisition of property, plant and equipment		(22,182)	(54,146)
Paid for acquisition of investments properties		(154,374)	(118,623)
Paid for acquisition of properties under development		(3,091,671)	(6,106,834)
Proceeds from sale of investments properties		7,200,000	1,500,000
Paid for acquisition of an associate		(2,135,176)	(322,441)
Proceeds from sale of associate		1,188,871	-
Paid for acquisition of available for sale investments		(167)	(521,938)
Proceeds from sale of investments available for sale		2,771,848	-
Dividends received		648,274	1,047,228
Net cash generated from / (used in) investing activities		6,405,423	(4,576,754)
Cash flows from financing activities			
Net (paid for) / proceeds from loans		(4,311,875)	901,669
Paid for bonds		(3,305,000)	-
Finance cost paid		(4,819,184)	(4,105,836)
Cash dividends paid		-	(21,493)
Net cash used in financing activities		(12,436,059)	(3,225,660)
Net increase / (decrease) in cash and cash equivalent		38,466	(630,282)
Cash and cash equivalent at the beginning of the year		357,895	988,177
Cash and cash equivalent at the end of the year	12	396,361	357,895

The accompanying notes form an integral part of these consolidated financial statements.

1. Incorporation and activities

Arab Real Estate Group is a Kuwaiti Shareholding Group (Closed) "Parent Company" incorporated in the State of Kuwait on 21 June 1976 and is listed in the Kuwait Stock Exchange. The Parent Company's registered head office is located at Al-Sharq, Ahmed Al-Jaber Street, Emad Commercial Center, Kuwait.

The main activity of the Parent Company is carrying out various real estate commercial activities such as purchase and sale of investments in lands and properties and managing properties for others, undertaking contracting activities and trading in all materials related to construction or required for it, set up commercial markets and tourism, sport and entertainment facilities, constructing, acquiring, managing hotels and its tourism activities, managing real estate portfolios for the Company only and investment in the shares and projects of other companies whose activities are similar to the Company's activities, establish and manage real estate investment funds only. Owning local and international shares and bonds of companies whose activities are similar to the Company's activities and use the available financial surplus of the Company for investment in financial and real estate portfolios managed by specialized companies.

These consolidate financial statements include the financial statement of the Parent Company and its subsidiaries and Hotels "together referred to as the Group" as following:

Company	Incorporation country	Activity	Legal form	Ownership (%)
Dot Com Real Estate International Co.	Kuwait	Real estate	W.L.L	51
Holiday Inn Hotel	Kuwait	Services	Hotel	100
Rotana Al Sharqa Hotel	UAE	Services	Hotel	100
Sumit Holdings Company Limited	UAE	Real estate	W.L.L	100
AREC Properties Company Limited	UAE	Real estate	W.L.L	100
AREC Apartments Company Limited	UAE	Real estate	W.L.L	100

The financial statements of Holiday Inn Hotel - Kuwait and Rotana Hotel Al Sharja were consolidated for the year ended 31 December 2010 and it was prepared by the management. The assets of the Hotels as of 31 December 2010 amounted to KD 1,217,253 and net profit of KD 1,281,156 for the year ended in that date (KD 829,247, KD 841,883 as of 31 December 2009 respectively).

These consolidated financial statements were approved for issue by the Board of Directors of the Parent Company on 27 March 2011.

2. Basis of preparation and significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented in these financial statements unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) on the historical cost basis except for certain financial instruments that are measured at fair values.

2.1.1 New and revised IFRSs affecting amounts reported in the current year (and/or prior years)

The following new and revised IFRSs have been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IFRS 5 (*Non-current Assets Held for Sale and Discontinued Operations)*	The amendments to IFRS 5 clarify that the disclosure requirements in IFRSs other than IFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those IFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5. All the assets and liabilities of a subsidiaries should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiaries, regardless of whether the Group will retain a non-controlling interest in the subsidiaries after the sale.
Amendments to IAS 1 *Presentation of Financial Statements*	The amendments to IAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or noncurrent.
Amendments to IAS 7 *Cash Flows*	The amendments to IAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.
IFRS 3 (revised in 2008) *Business Combinations*	IFRS 3 (2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree. IFRS 3 (2008) changes the recognition and subsequent accounting requirements for contingent consideration. IFRS 3 (2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred.
IAS 27 (revised in 2008) *Consolidated and Separate Financial Statements*	The revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. Increases in interests in existing subsidiaries or decreases in interests in existing subsidiaries that did not involve a loss of control are dealt with in equity, with no impact on goodwill or profit or loss. When control of a subsidiaries is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiaries is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

IAS 28 (revised in 2008) *Investments in Associates*	The principle adopted under IAS 27(2008) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to IAS 28.
IFRIC 17 *Distributions of Non-cash Assets to Owners*	The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.
IFRIC 18 *Transfers of Assets from Customers*	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with IAS 18 Revenue.

2.1.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments
Amendments to IFRS 7	Level of disclosures about Credit risk and collateral held
IAS 24	Related Party Disclosures
Amendments to IAS 1	Presentation of analysis of items of other comprehensive income
Amendments to IAS 32	Classification of Rights Issues
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

- IFRS 9 "financial instruments": Classification and Measurement. This standard was issued in November 2010 and becomes effective for financial years beginning on or after 1 January 2013. This standard establishes principles for the financial reporting of financial assets that will present relevant and useful information to users of the financial statements for their assessment of the amounts, timing and uncertainty of the entity's future cash flows.
- Most of other amendments will have impact on disclosures and presentation only.

2.2 Basis of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiaries, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiaries and any non-controlling interests.

Any related accumulated items in equity will be accounted for as if the Company had directly disposed of the relevant assets (reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiaries at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting.

Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of 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 an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised immediately in the profit or loss. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has 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 expenditure is capitalized.

Property and equipment are depreciated based on the straight-line method over their estimated useful lives. The useful lives of property and equipment are estimated as follows:

	Estimated useful lives (Years)
Hotel buildings	20
Hotel furniture and fixtures	10
Group furniture and fixtures	4
Vehicles	3

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, when no future economic benefits are expected from use or disposal with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

2.4 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The costs incurred by the Group against the right to exploit plots of land are capitalized within intangible assets and amortised on a straight-line basis over five years. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Gains or losses from sale of property and equipment are recorded in the statement of income, as the difference between the selling price and net book value of such assets at the sale date.

2.5 Land and properties under development

Lands and properties under development are stated at cost including development costs. At completion of development process, they are either classified as investment properties, lands and properties held for trading, or properties and equipment for the Group's self-occupation, depending on the management's intention regarding the future use of these lands and properties.

2.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment properties. Investment property is measured initially at its cost, including related transaction costs. It is subsequently measured at fair value. Gains or losses arising from change in fair value are recognized in the statement of income.

Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

2.7 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognised in the income statement for the period in which they arise. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.8 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), held to maturity, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. The Group has determined the classification of its financial assets as follows:

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 3.3.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and cash equivalent) are measured at amortised cost using the effective interest method, less any impairment.

Available for sale (AFS)

AFS financial assets are non-derivatives and are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The financial assets available for sale are re-measured at fair value. The fair value is determined in the manner described in note 3.3.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of changes in fair value reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Foreign exchange gains and losses are recognised in other comprehensive income.

Impairment in value

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment will be affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the income statement.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities

Financial liabilities (including borrowings) are recognised initially at fair value, net of transaction costs incurred subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged and expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.9 Lands and properties held for trading

Lands and properties acquired for sale are classified as lands and properties held for trading and carried at the lower of cost and net realizable value. The net realizable value is the estimated selling price less the costs estimated to complete sale.

2.10 Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined on the average cost basis. Net realizable value is the estimated selling price less the estimated cost of completion.

2.11 End of service's indemnity

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment, regarding the labour in other countries; the indemnity is calculated based on law identified in these countries. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the balance sheet date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2.12 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.13 Treasury shares

Treasury shares represent the Parent Company's own shares that have been issued, subsequently purchased by the Group and not yet reissued or cancelled. Treasury shares are accounted for using the cost method. Under the cost method, the total cost of the shares acquired is reported as a contra account within equity when the treasury shares are disposed; gains are credited to a separate un-distributable account in equity "gain on sale of treasury shares". Any realised losses are charged to the same account in the limit of its credit balance, any additional losses are charged to retained earnings to reserves and then to premium. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and the gain on sale of treasury shares.

2.14 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Kuwaiti Dinars' (KD), which is the Company's, functional and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses are resulted from the settlement of such transactions and from the translation at year-end in the income statement.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates.
- All resulting exchange differences are recognised as a separate component of equity.

2.15 Revenue recognition

- Gains and losses from sale of financial investment, investment properties, and lands and properties held for trading are recognized in the statement of income at completion of sale.
- Income from renting investment properties are recognized on an accrual basis.
- Dividends are recognized when the right to receive such payments is established.
- Interest income is recognized on a time proportion basis.

2.16 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

2.18 Proposed dividends

The dividends attributable to shareholders of the Parent Company are recognized as liabilities in the consolidated financial statements in the period in which the dividends are approved by the Parent Company's shareholders.

3. Risks management

3.1 Financial instruments

The Group's activities expose it to a variety of financial risks: market risk including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk, credit risk and liquidity risk.

Market risk

Market risk is the risk of loss resulting from fluctuations in the fair value or the future cash flows of financial instrument as a result of changes in market prices. Market risk comprises of: foreign currency risk, interest rate risk and price risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates which affect the Group's cash flow or the valuation of the monetary assets and liabilities which dominated in foreign currency.

Foreign currency risks result from the future transactions on financial instruments in foreign currency as reflected in the consolidated financial statements. The Group is exposed to this risk as a result of dealing in financial instruments in US Dollar and UAE Dirham. Following is the net financial assets in foreign currencies as of 31 December:

	2010	2009
US Dollar	3,035,255	2,639,710
UAE Dirham	1,903,778	(9,205,570)
Other currencies	2,240,458	4,696,754

Had the US Dollar and other currencies had weakened/strengthened by 10% as of 31 December 2010 and 2009 against the Kuwaiti Dinar with all other variables held constant, profit for the year (before Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), and Zakat) would have been lower/higher by KD 717,949 (2009 – higher / lower by KD 186,911) as follows:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Group has no significant interest bearing assets, the Group's financial assets are substantially independent of changes in market interest rates. The Group is exposed to this risk as it holds the following financial liabilities:

- Loans and bank facilities (Note 18).
- Bonds (Note 19).

Financial liabilities issued at fixed interest rate expose the Group to fair value interest rate risk arises from changes in interest rates. Financial liabilities issued at variable interest rates expose the Group to cash flow interest rate risks.

At 31 December 2010 and 2009, if interest rates at that date been 1% higher, with all other variables held constant, profit for the year (before KFAS, NLST, and Zakat) would have been lower by approximately KD 838,974 (approximately KD 623,916 - 2009). This is due to the increase of the due finance interest on issued bonds and loans and bank facilities.

The Group management monitors interest rate risk by regular tracking of market interest rates.

Price risk

It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Group is exposed to fluctuation risks of its equity financial assets as the Group owns investments classified in the statement of financial position as investments available for sale and at fair value through profit or loss.

The Group's investments includes KD 6,621,931 as of 31 December 2010 (KD 8,925,948 as of 31 December 2009) are not quoted and recorded by cost. While the Group's investments classified as financial assets at fair value through profit or loss are quoted as of 31 December 2010 and 2009. The Group's management monitors and manages these risks through:

- Tracking the market conditions and trends and follow diversification strategy on its investments.
- Invests with companies that have good financial positions that generate high operating income and dividends.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Receivables, and cash and cash equivalents are considered the most of the assets exposed to credit risk. The Group mitigates this risk by:

- Dealing with high net worth and reputable customers.
- Dealing with highly credit rated financial institutions.

The Group's management believes that the maximum exposure to credit risk as at 31 December is as follows:-

	2010	2009
Trade and other receivables (note 11)	11,457,114	1,613,904
Cash at banks and investment portfolios (note 12)	301,073	328,589
	11,758,187	1,942,493

Liquidity risks

It is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities in its maturity dates. Liquidity risk management mainly includes maintaining sufficient cash and high liquid financial instruments and the availability of funding resources to meet the Group's liquidity requirements. The table below analyses the maturities of the Group's financial liabilities:

	31 December 2010				
	During one year	From one to two years	From two to five years	More than five years	Total
Loans and bank facilities (note 18)	51,988,091	4,338,674	12,854,978	8,392,357	77,574,100
Issued bonds (note 19)	16,765,274	-	-	-	16,765,274
Trade and other payables (note 20)	12,406,308	-	-	-	12,406,308

	31 December 2009				
	During one year	From one to two years	From two to five years	More than five years	Total
Loans and bank facilities (note 18)	57,151,717	4,469,212	4,402,205	16,768,227	82,791,361
Issued bonds (note 19)	1,556,400	19,844,100	-	-	21,400,500
Trade and other payables (note 20)	18,852,843	-	-	-	18,852,843

The Group's management facilities the funding transactions by making available credit facilities through credit commitments with banks. Also the Group's management monitors the liquidity reserve based on the expected cash flows.

The Group's liabilities have significantly exceeded its current assets of 31 December 2010. In this regard, the Group is currently considering the following:

- Sale some properties and investments and use the collection for saving some liquidity.
- Reschedule some loans and bank facilities to long term loans.

During 2011, the Group will prepare detailed studies to put the necessary plans in order to save the necessary liquidity to enforce its financial liabilities.

3.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents balances) and equity (comprising issued capital, reserves, retained earnings and non-controlling interests).

The gearing ratio as of 31 December was as follows:

	2010	**2009 (Restated - note 30)**
Total loans and banks facilities (note 18)	72,965,627	75,141,352
Issued bonds (note 19)	16,150,000	19,455,000
Less : cash and cash equivalents (note 12)	(396,361)	(357,895)
Net debt	88,719,266	94,238,457
Total equity	72,544,438	67,411,729
Total capital	161,263,704	161,650,186
Gearing ratio (%)	55.10	58.30

3.3 Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level one: Quoted prices in active markets for identical assets or liabilities.
- Level two: Quoted prices included within level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

The table below represents the financial instrument's analysis that recorded at fair value on the levels above mentioned:

	2010	**2009**
Assets		
Investments at fair value through profit or loss	1,739	1,746
Available for sale investments (note 9)	12,465,700	7,777,839
	12,467,439	7,779,585

4. Critical accounting estimates and assumptions

In the application of the Group's accounting policies, which are described in note 2, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting assumptions

The following are the key assumptions concerning the future, and other key sources concerning current period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years.

Valuation of financial instruments

As described in (note 3.3), the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 3.3 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments.

The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Impairment of property, plant and equipment, properties held for trading and inventory

The Group reviews the fixed assets and inventories on a continuous basis to determine whether a provision for impairment should be recorded in the statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Evidence of impairment of investments

Management determines the impairment in equity instruments classified as available for sale when there is a significant or prolonged decline in the fair value of these investments. Determination of what is significant or prolonged requires judgment from management. The Group evaluates, among other factors, the usual fluctuation of listed stock prices, expected cash flows and discount rates of unquoted investments, impairment is considered appropriate when there is objective evidence on the deterioration of the financial position for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Accounts receivable

The Group reviews its doubtful receivables periodically to assess a provision for impairment that should be recorded in the statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are necessarily based on assumptions about several factors involving varying degree of judgment and uncertainty.

5. Property, plant and equipment

	Rotana Hotel building (Sharjah)	Holiday Inn Hotel building (Kuwait)	Hotel furniture & fixtures	Vehicles	Total
As of 1 January 2009					
Cost	3,823,761	9,789,802	2,687,137	61,310	16,362,010
Accumulated depreciation	(1,418,683)	(1,274,326)	(1,475,487)	(54,097)	(4,222,593)
Net book value	2,405,078	8,515,476	1,211,650	7,213	12,139,417
Year ended 31 December 2009					
Net book value as of 1 January 2009	2,405,078	8,515,476	1,211,650	7,213	12,139,417
Additions during the year	-	-	54,147	-	54,147
Depreciation for the year	(158,111)	(406,157)	(307,126)	(4,907)	(876,301)
Net book value as of 31 December 2009	2,246,967	8,109,319	958,671	2,306	11,317,263
Year ended 31 December 2009					
Cost	3,823,761	9,789,802	2,741,284	61,310	16,416,157
Accumulated depreciation	(1,576,794)	(1,680,483)	(1,782,613)	(59,004)	(5,098,894)
Net book value	2,246,967	8,109,319	958,671	2,306	11,317,263
Year ended 31 December 2010					
Net book value as of 1 January 2010	2,246,967	8,109,319	958,671	2,306	11,317,263
Additions during the year	-	16,930,019	134,642	-	17,064,661
Disposal of the year (net)	-	-	(143,552)	-	(143,552)
Depreciation for the year	(158,111)	(406,157)	(287,443)	(988)	(852,699)
Net book value as of 31 December 2010	2,088,856	24,633,181	662,318	1,318	27,385,673
Year ended 31 December 2010					
Cost	3,823,761	26,719,821	2,598,917	61,310	33,203,809
Accumulated depreciation	(1,734,905)	(2,086,640)	(1,936,599)	(59,992)	(5,818,136)
Net book value as of 31 December 2010	2,088,856	24,633,181	662,318	1,318	27,385,673

- The Holiday Inn building (Kuwait) is pledged in favor of a local bank against loans and bank facilities (Note 18).
- The Rotana Hotel building (sharjah) is pledged in favor of a foreign bank against loans and bank facilities (Note 18).

6. Properties under development

	2010	2009
Balance as of 1 January	90,063,656	94,415,769
Additions	3,096,108	6,447,781
Disposals	(1,212,451)	-
Transferred to property, plant and equipment	(17,042,479)	-
Transferred to land and real estate held for trading (note 10)	(18,594,544)	-
Transferred to investment properties (note 7)	(1,677,051)	(10,799,894)
	54,633,239	90,063,656
Impairment of projects in progress	(398,790)	(1,010,925)
Balance at the end of the year	54,234,449	89,052,731

- Certain properties under development with carrying value of KD 48,796,913 as of 31 December 2010 (KD 38,306,985 as of 31 December 2009) are pledged in favor of local Banks against loans and bank facilities (note 18).

7. Investment properties

	2010	2009
Balance as of 1 January	36,785,154	17,792,000
Additions	154,374	118,623
Transferred from properties under development (note 6)	1,677,051	10,799,894
Disposals	(7,680,000)	(1,314,500)
Change in fair value	249,421	9,389,137
Balance as of 31 December	31,186,000	36,785,154

- Investment properties include investments with carrying amount KD 10,565,500 as of 31 December 2010 (KD 9,290,793 as of 31 December 2009) pledged for a local bank as guarantee on loans and bank facilities (note 18).
- Certain investment properties with carrying value of KD 20,620,500 as of 31 December 2010 (KD 27,494,361 as of 31 December 2009) are pledged at a local investment Group against issued bonds during 2003 (Note 19).

8. Investment in associates

Group name	Country of incorporation	Share percentage (%)	2010	2009
Kuwait National Cinema Group (K.S.C.C)	Kuwait	15.76	19,805,556	21,683,040
Sharm Dreams for Real Estate Development Company E.S.C	Egypt	21.88	2,161,807	2,185,755
Layan Real Estate Group W.L.L	Emirates	49	2,974,514	1,219,796
			24,941,877	25,088,591

- The Group's share in Kuwait National Cinema Group is 15.76% as at 31 December 2010 (17.22% as at 31 December 2009) and is classified as an associate according to significant representation in Board of Directors of the associate Company.

Following are the movements of the investment in associates during the year:

	2010	2009
Balance as of 1 January	25,088,591	25,255,632
Paid for share capital increase	2,135,176	322,442
Disposal of unrealized profits (note 10)	(346,924)	-
Group's share in the result of associates	841,395	183,863
Dividends received from an associate	(567,097)	(696,108)
Group's share in associates reserves	(53,276)	(71,589)
Foreign currency translation reserve	(100,158)	94,351
Disposal of a subsidiaries (*)	(2,055,830)	-
Balance as of 31 December	24,941,877	25,088,591

(*) During 2010, the Group's ownership percentage in Kuwait National Cinema company is decreased from 17.22% to be 15.76% which resulted in losses of KD 866,959.

- Investment in associates includes goodwill of KD 5,990,766 as at 31 December 2010 (KD 6,618,263 as of 31 December 2009).
- The Group's investment in Kuwait National Cinema Group includes pledged shares against loans and bank facilities and issued bonds with carrying amount of KD 19,582,129 as of 31 December

2010 (KD 19,623,836 as of 31 December 2009) (note 18 & 19).

- Following are the assets, liabilities and the associate's results based on latest available information:

	2010					
	Assets	Liabilities	Revenues	Net profit / (loss)	Last financial statements date	Fair value
Kuwait National Cinema	69,844,570	25,157,658	21,153,765	5,016,833	2010	13,547,328
Sharm Dreams for Real Estate Development Co.	12,564,878	2,682,286	1,401,852	180,005	2010	-
Layan Real Estate Group	6,944,140	165,695	2,214,996	(19,736)	2010	-
	89,353,588	28,005,639	24,770,613	5,177,102		

	2009					
	Assets	Liabilities	Revenues	Net profit / (loss)	Last financial statements date	Fair value
Kuwait National Cinema	69,320,281	25,628,600	17,713,546	2,990,852	2009	13,226,058
Sharm Dreams for Real Estate Development Co.	12,984,199	4,487,160	202,138	58,539	2009	-
Layan Real Estate Group	3,084,759	31,667	249,062	(539,920)	2008	-
	85,389,239	30,147,427	18,164,746	2,509,471		

9. Available for sale investments

Movements of the available for sale investments are as follows:

	2010	2009
Balance as at 1 January	16,703,787	16,187,138
Additions	450,167	1,789,775
Disposals	(2,754,017)	-
Change in fair value	4,687,694	(967,515)
Impairment in value	-	(305,611)
Balance as at 31 December	19,087,631	16,703,787

Balance of available for sale investments is represented in:

	2010	2009
Quoted shares	12,465,700	7,777,839
Unquoted shares	6,621,931	8,925,948
	19,087,631	16,703,787

- The Group couldn't determine the fair value of its available for sale investment reliably, since there is no active market for them and no recent available information to estimate their fair value thus, they are carried at cost less impairment loss.
- Available for sale Investments are denominated in the following currencies:

	2010	2009
Kuwaiti Diners	13,147,873	8,833,744
US Dollars	3,084,500	2,710,769
Other currencies	2,855,258	5,159,274
	19,087,631	16,703,787

- Certain available for sale investments with a carrying value of KD 15,440,202 as of 31 December 2010 (KD 14,467,891 as of 31 December 2009) are not in accordance with the Parent Company activities.
- Available for sale Investments include shares pledged with carrying amount KD 6,096,946 as of 31 December 2010 against bonds (note 19) (KD 3,227,795 as of 31 December 2009).
- Available for sale investments includes shares pledged with carrying amount of KD 8,776,992 as of 31 December 2010 pledged to one of local banks against loans and bank facilities (note 18) (KD 7,647,621 as of 31 December 2009).

10. Lands and real estate held for trading

	2010	2009
Cost as at 1 January	1,932,940	1,932,940
Transferred from properties under development (note 6)	18,594,544	-
Disposals	(12,061,678)	-
	8,465,806	1,932,940
Impairment	(2,816,649)	(1,826,436)
	5,649,157	106,504

- Land and real estate held for trading include properties of KD 5,631,596 as of 31 December 2010 (Nil as of 31 December 2009) are pledged in favor of local banks against loans and bank facilities.
- Disposal during 2010 include an amount of KD 6,097,850 represent properties were sold for an associate company which resulted in total profit of KD 708,010 out of which KD 361,086 is recognized in the consolidated statements of income as gains and losses from sale of properties held for trading after disposed the unrealized profits of KD 346,924 which resulted from this transaction.

11. Trade and other receivables

	2010	2009
Trade receivables	946,122	1,012,199
Staff receivables	32,364	23,440
Advance payments for contractors	263,290	162,265
Compensation receivables	10,057,080	-
Due from related parties (Note 26)	162,817	91,355
Paid for purchase of investments	744,405	744,405
Accrued revenue	3,155	3,155
Prepaid expenses	135,232	298,719
Other receivables	27,077	22,771
	12,371,542	2,358,309
Impairment in value	(914,428)	(744,405)
	11,457,114	1,613,904

- Compensation receivables represent the compensation due for the Group of a land in Ajman Emirate whose ownership was expropriated for public benefit during year 1996. The total amounts due to the company as per the letter received from the municipal council of the country is amounted to AED 220 million (in kind or cash). The Group is currently taking the necessary procedures in order to claim for this compensation amount.

- According to the letter of the Group's consultant, the Group has recorded an amount of KD 10,057,080 (equivalent to AED 132 million) after deducting AED 88 Million in order to meet the costs and expenses necessary to finalize the collection procedures.
- A full provision has been provided for past due and impaired receivables. The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.
- Trade and other receivables are denominated in the following currencies:

	2010	2009
Kuwaiti Diners	1,126,044	1,453,536
Other currencies	11,245,498	904,773
	12,371,542	2,358,309

12. Cash and cash equivalents

	2010	2009
Cash on hand	95,288	29,306
Banks current accounts	298,827	263,157
Time deposits (mature in less than three months)	-	63,150
Cash in investment portfolios	2,246	2,282
	396,361	357,895

13. Share capital

On 11 May 2010 the Parent Company's shareholders approved bonus shares dividends for shareholders by 5% of share capital with total of KD 2,427,833. On 1 June 2010, this increase has been recorded in the Commercial Register. The Company's share capital becomes KD 50,984,499 allocated over 509,844,987 shares of 100 fils each as of 31 December 2010 (KD 48,556,666 allocated over 485,566,660 share of 100 fils each as of 31 December 2009). Al shares are in cash.

14. Treasury shares

	2010	2009
Number of shares (share)	4,619,962	4,399,964
Percentage to issued shares (%)	0.91	0.91
Market value	198,658	255,197

15. Statutory reserve

In accordance with commercial Companies law of 1960, as amended and the Group's Articles of Association, 10% of the net profit for the year is required to be transferred to the statutory reserve. The Group may resolve to discontinue such annual transfers when the statutory reserve reaches 50% of the paid up capital. Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up capital to be made in years when accumulated profits are not sufficient for the payment of such dividend.

16. Voluntary reserve

As required by the Group's Articles of Association, 10% of the net profit for the year is required to be transferred to the voluntary reserve. The General Assembly may resolve to discontinue such transfer based on a proposal by the board of directors. There is no restriction on distribution of voluntary reserve.

17. Other reserves

	Gains on sale of treasury shares	Change in fair value reserve	Foreign currency translation reserve	Total
Balance as of 1 January 2009 as previously stated	1,098,372	(11,348,741)	-	(10,250,369)
Prior years adjustments (note 30)	-	11,261,384	-	11,261,384
Balance as of 1 January 2009 (restated)	1,098,372	(87,357)	-	1,011,015
Total comprehensive income / (losses) for the year	-	(137,060)	181,081	44,021
Balance as of 31 December 2009	1,098,372	(224,417)	181,081	1,055,036
Balance as of 1 January 2010	1,098,372	(224,417)	181,081	1,055,036
Total comprehensive income / (losses) for the year	-	4,820,564	(152,559)	4,668,005
Balance as of 31 December 2010	1,098,372	4,596,147	28,522	5,723,041

18. Loans and bank facilities

	2010	2009
Current portion		
Overdraft	5,088	15,247,970
Loans	51,758,003	40,802,214
	51,763,091	56,050,184
Non-current portion		
Loans	21,202,536	19,091,168
	72,965,627	75,141,352

During the year, a current loan of KD 45 million was past due and other loans' installments of KD 1,109,520 were also past due and not paid. During the subsequent period, a contract has been signed in order to restructure the due installments of KD 45 million provided that they will be settled on a lump sum in 31 December 2013.

Loans and bank facilities are granted by one of the local banks at annual interest rate of 2.25%to 3% over the Central Bank of Kuwait discount rate as at 31 December 2010 (2.25% to 3.5% over the central bank of Kuwait discount rate as of 31 December 2009). These loans and bank facilities are guarantee against pledging the following assets:

	2010	2009
Property, plant and equipment (note 5)	26,722,037	10,356,286
Properties under development (note 6)	48,796,913	38,306,985
Investment properties (note 7)	10,565,500	9,290,793
Investment in associates (note 8)	19,582,129	19,623,836
Available for sale investments (note 9)	8,776,992	7,647,621
Investments in associate (note 10)	5,631,596	-
	120,075,167	85,225,521

The maturities of loans and bank facilities are as follows:

	2010	2009
Less than 6 months	49,770,442	53,146,184
From 6 to 12 months	1,992,649	2,904,000
Current portion	51,763,091	56,050,184
From 1 to 5 years	13,376,719	15,091,168
More than 5 years	7,825,817	4,000,000
Non-current portion	21,202,536	19,091,168
Total loans and bank facilities	72,965,627	75,141,352

19. Bonds

The balance of KD 16,150,000 as of 31 December 2010 (KD 19,455,000 as of 31 December 2009) is represented in the bonds for public offering during 2003 allotted into two tranches; the first tranche amounted to KD 6,880,000 as of 31 December 2010 (KD 9,960,000 as of 31 December 2009) with a par value of KD 5,000 and fixed interest rate of 8.5% payable semiannually, and the second tranche amounted to KD 9,270,000 as of 31 December 2010 (KD 9,495,000 as of 31 December 2009) with a par value of KD 5,000 and floating interest rate of 4% over Central Bank of Kuwait discount rate payable semiannually. These bonds mature after 5 years from the issuance date. According to the resolution of the Bond Holders Association dated 17 September 2009, it was agreed upon the following:

- Extending the due date of bonds for one year and a half due in 24 March 2011 instead of 24 September 2009.
- Increase of the annual fixed interest for the first tranche of bonds from 7.5% to 8.5% for the remaining 18 months.
- Increase of the annual variable interest for the second tranche of bonds from 4% above Central Bank of Kuwait discount rate for the remaining 18 months.
- The bonds issued are guaranteed by:

	2010	2009
Investment properties (note 7)	20,620,500	27,494,361
Investments in associates first tranche (Note 8)	19,582,129	19,623,836
Available for sale investments (Note 9)	6,096,946	3,227,795
	46,299,575	50,345,992

Subsequent to the date of the consolidated financial statements, the Group has signed a loan from a local bank in order to pay the issued and past due bonds in 24 March 2011 provided that it will be matured on two equal installments. The first one will be matured on 31 December 2011 and the second one will be matured on 31 December 2012 with annual interest of 3% over the discounted rate of the Central Bank of Kuwait.

20. Trade and other payables

	2010	2009
Trade payables	2,184,184	2,720,117
Due to related parties	7,028,011	12,961,822
Dividends payables	1,004,890	1,007,486
Accrued expenses and leaves	800,434	764,417
Kuwait Foundation for the Advancement of Science	243,594	243,594
National Labor Support Tax	303,798	306,346
Zakat	48,168	48,168
Deferred revenue	332,272	237,699
Other payables	190,957	263,194
Provision for claims	270,000	300,000
	12,406,308	18,852,843

21. Staff Costs

	2010	2009
Wages and salaries	271,672	349,272
Staff indemnity and leaves	71,325	53,259
Others	68,463	75,652
	411,460	478,183
Number of employees (employee)	18	17

22. Impairment and other provisions

	2010	2009
Impairment of properties under development	398,790	991,247
Impairment of properties held for trading	1,010,886	127,634
Impairment of trade and other receivables	170,023	744,405
Provision for claims	-	300,000
	1,579,699	2,163,286

23. Other expenses

	2010	2009
Professional and consultant fees	537,144	865,376
Judicial costs	131,441	344,127
Rents	40,800	40,800
Insurance	16,393	4,521
Maintenance	2,208	3,955
Advertising	4,810	4,802
Subscriptions	37,157	77,092
Donations	1,675	4,262
Other expenses	280,616	162,380
	1,052,244	1,507,315

24. Net losses from investments

	2010	2009 (Restated – note 30)
Investments at fair value through profit or loss		
Unrealized losses	(7,668)	(1,435)
	(7,668)	(1,435)
Investments available for sale		
Impairment	(110,310)	(1,294,385)
Realized gains	17,831	-
Cash dividends	81,177	351,121
	(11,302)	(943,264)
	(18,970)	(944,699)

25. Earnings per share

	2010	2009 (Restated – note 30)
Net profit for the year	484,384	2,198,321
Weight average number of outstanding shares (share)	505,225,031	505,225,025
Earnings per share (fils)	0.96	4.35

26. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions

In the ordinary course of business, the Group has entered into various significant transactions with related parties (shareholders and the companies in which they own principal interests and the Group's senior management).

Details of the principal related party transactions are as follows:

	2010	2009
Rental expenses	40,800	40,800
Gain on sale of investments available for sale	36,000	-
Gain on sale of properties held for trading (note 10)	361,086	-
Interest on loans and facilities	84,768	45,041
Key management compensation	88,044	62,250
Salaries and remunerations		
Consolidated financial position		
Due from related parties	162,817	91,355
Due to related parties	7,028,011	12,961,822
Loans and facilities	1,000,0000	1,000,000
Interests loans and accrued facilities	40,189	21,042

27. Segment information

The main objective of the Group is to engage in all activities relating to real estate commercial activities such as purchase and sale of investments in lands and properties and managing properties and managing properties for others. In addition the Group invests its available excess funds through direct investment in capital companies and investment portfolios managed by specialized companies.

The following is the segment information, which is, consists with the internal reporting presented to management:

- Real estate division, which represents all activities relating real estate including investment properties.

- Hotels division, which represents all activities relating constructing, acquiring and managing hotels.

- Investments division which represents all activities relating investing in shares and companies.

The following schedule presents the information about revenues, profit, and assets for each division:

	2010				
	Real estate division	Hotels division	Investments division	Unallocated items	Total
Net Revenues	2,510,752	1,281,156	(44,534)	10,490,871	14,238,245
Costs	(4,251,456)	(811,284)	-	(8,729,801)	(13,792,541)
Segment income	(1,740,704)	469,872	(44,534)	1,761,070	445,704
Segment assets	91,121,378	28,119,927	44,033,493	11,097,288	174,372,086

	2009				
	Real estate division	Hotels division	Investments division	Unallocated items	Total (Restated – note 30)
Net Revenues	12,049,686	1,136,054	(760,836)	385,859	12,810,763
Costs	(1,118,881)	(804,301)	-	(8,712,855)	(10,636,037)
Segment income	10,930,805	331,753	(760,836)	(8,326,996)	2,174,726
Segment assets	125,837,885	11,104,535	41,910,543	2,226,081	181,079,044

28. Cash flow from operating activities

	2010	2009 (Restated – note 30)
Net profit for the year	445,704	2,174,726
Adjustments:		
Depreciation and amortization	858,655	882,256
Compensations	(10,057,080)	-
Unrealized gains	346,924	-
Losses from sale of property, plant and equipment	143,552	-
Impairment and other provisions	1,579,699	2,163,286
Losses from investments	18,970	944,699
Gains for change in fair value of investment properties	(249,421)	(9,389,137)
Gain / (losses) from disposal of investment properties	480,000	(185,500)
Group’s share of associates’ results	(841,395)	(183,863)
Losses from sale of investments in associates	866,959	-
Finance costs	6,877,025	5,103,977
Operating profit before changes in working capital	469,592	1,510,444
Lands and real estate held for trading	12,041,005	-
Inventories	5,795	4,823
Trade and other receivables	312,398	(608,236)
Related parties	(6,436,273)	4,806,088
Post employment benefits	87,593	15,105
Trade and other payables	(411,008)	1,443,908
Net cash generated from operating activities	6,069,102	7,172,132

29. Contingent liabilities and capital commitments

	2010	2009
Uncalled capital of investments in associates	-	312,500
Capital commitments for properties under development	8,583,000	12,000,000

30. Prior years adjustments

During the current year, the Group reversed the impairment of investment available for sale which was previously recognized in change in fair value reserve in equity. The amendment is made retroactively and resulted in the following:

- Decrease in retained earnings of KD 11,261,384 and increase in change in fair value with the same value as of 1 January 2009.
- Decrease in net profit for the year ended 31 December 2009 of KD 988,774. Subsequently decrease earning per share from 6.62 to 4.35fils per share.
- Decrease in retained earnings of KD 12,250,158 and increase the balance of change in fair value reserve with the same value as of 31 December 2009.