بسم الله الرحمن الرحيم

H. H. Sheikh

Sabah Al-Ahmad Al-Jaber Al-Sabah

Amir of the State of Kuwait

H. H. Sheikh

Nawaf Al-Ahmad Al-Jaber Al-Sabah

Crown Prince

H. H. Sheikh

Jaber Mubarak Al-Hamad Al-Sabah

Prime Minister

Board Members

Bader Fahed Al-Rezaihan	Chairman & MD
Abdulaziz Abdulaziz Almeshal	Vice Chairman
Yousef Shamlan Al-Essa	Board Member & C.E.O
Mansour Salem Al-Nassar	Board Member
Bader Abdulaziz Abul	Board Member
Ammar Abdulwahid Al-Khudairy	Board Member
Ziyad Fouad Al-Saleh	Board Member

Executive Management

Bader Fahed Al-Rezaihan	MD
Yousef Shamlan Al-Essa	C.E.O
Anmar Ebrahim ahmadi	Chief Financial Officer

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Bader Fahed Al-Rezaihan
Chairman & Managing Director

Chairman Speech

Honorable Ladies and Gentlemen
Shareholders of Amwal International Investment Company KSCC

It gives me great pleasure to welcome you to this meeting of the ordinary General Assembly of your company for the financial year 2011. On behalf of the Amwal International Investment Company, I am honored to present to you the consolidated financial statements of your company and the review of its performance during the year. In addition, I would like to thank all our shareholders for the continuous support they extended to me and to my colleagues on the Board of Directors.

Esteemed Shareholders,

2011 was one of the most difficult years witnessed by our region due to the direct and indirect impact the Arab Spring had on all sectors. The political and economic instability during 2011 have had a deep and far reaching effect in creating an atmosphere of uncertainty for investors. This was reflected in the sharp decline of trading activity in the capital markets and private equity sectors. The direct outcome was a marked decline in the profits of investment fund managers and privet equity investors in general.

Esteemed Shareholders,

The Board of Directors undertook a re-structuring of our internal organization and simultaneously drew a new investment strategy to suit the current economic environment. In line with the new strategy, Amwal succeeded in exiting its investment in the Emirates Float Glass in Abu Dhabi. The exit timing came in a period where most investors and creditors have liquidity constraints. Your company continues to have a strong assets base and we are confident that we will be in a position to exit additional investments as the business environment in the region improves.

With regards to our other investments, we continue to monitor them closely. Our focus is concentrated on two aspects. The first aspect is to improve the performance of the income generating investments and increase their returns. The second aspect is to work on exiting the non-income generating investments.

Honorable Shareholders,

In the income generating investments category, AlShamel International Company continues to be one of our best performing investments. Following our restructuring and automation initiatives started in early 2010, AlShamel succeeded in increasing its net income to KD 1.2 million, which represents a 100% increase as compared to the previous year. In addition, our strategic involvement with Alshamel contributed to the success of the negotiations with Carlson Wagonlit Travel CWT which resulted in the renewal of the partnership agreement for a further five years period.

Regarding our non-income generating investments, Amwal is seeking to exit those investments and reinvest the proceeds in income generating investments despite the good quality of those assets and their strategic location. Our 36.75% participation in Al-Oula Tower Project in Al-Khobar City in the Kingdom of Saudi Arabia benefits from the prime location of the land seashore of Al-Khobar. We are confident about this investment, the Saudi market in general and the expected returns on investment.

Finally, our investment in Dubai Golf City occupies an area of 55 million square feet of land and we have 4.6% participation. Amwal is currently following up with the project management team regarding the practical steps of completing the land planning process in preparation for the exit.

Honorable Shareholders,

Amwal has succeeded in reducing its losses from KD 6.754 million in 2010 to KD 867,000 in 2011, which is equivalent to loss per share of 4.8 fils per share compared to 37.4 fils per share in the previous year. The reason for the current year's loss was due to the exit of Emirates Flat Glass Investment as mentioned earlier in this report. That said, we have managed to decrease our operating costs significantly during 2011. For instance, staff costs were reduced to KD 309,000 in the current year, a reduction of 50% as compared to the previous year. Similarly, General and Administrative Expenses dropped to KD 149,000 in the current years, a 50% reduction as compared to the previous year. Furthermore, the financial position of the company became healthier with net current assets standing at KD 805,000 by year end.

The company continues to follow a conservative approach by avoiding debt borrowings, speculative investing and investing in non-operating sectors. We did not undertake any new investment during the year which resulted in a natural decrease in the operating expenses.

In addition to the foregoing, total assets declined to KD 18.448 million by year end, a 7% decrease as compared to the previous year end. Similarly, the shareholders' equity declined to KD 18.140 million by year end, a 5% decrease as compared to the previous year end.

The Board of Directors of Amwal International Investment Company unanimously recommends to the General Assembly not to pay any directors' remuneration for the year 2011.

Honorable Shareholders,

We still believe that the future of the company lies in the focus on specialized investments that are generating income. We have considered many acquisition opportunities during the year. Our experience in the private equity sector will enable us to close on a rewarding investment in the near future.

We are fortunate that both the shareholders and the Board of Directors share the keenness and desire to work for serving the best interest of the company. We assure you our commitment to do our best in efforts, thought and action toward attainting higher level performance and maximizing the benefits for the Company and its Shareholders.

In conclusion, I take this opportunity to thank you for your confidence and support in the best interests of Amwal International Investment Company.

Bader Fahed Al-Rezaihan
Chairman & Managing Director
AMWAL International Investment Company

Amwal International Investment Company K.S.C. (Closed) and Subsidiaries

Kuwait

Independent Auditor's Report

and Consolidated Financial Statements

31 December 2011

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Amwal International Investment Company K.S.C. (Closed)
Kuwait

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Amwal International Investment Company K.S.C. (Closed) ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statements of income, comprehensive income, changes in shareholders' 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained 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 the Group as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Furthermore in our opinion, proper books of account 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 all the information and explanations that we required for the purpose of our audit and the consolidated financial statements incorporate all the information that is required by the 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 violation of the Commercial Companies Law of 1960, as amended, or of the Articles of Association have occurred during the year ended 31 December 2011 that might have had a material effect on the business of the Group or on its financial position.

We further report that, during the course of our audit we have not become aware of any material violation of the provisions of Law 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations during the year ended 31 December 2011.

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

Dr. Saud Al-Humaidi
Licence No. 51 A
Dr. Saud Al-humaidi & Partners
Member of Baker Tilly International

Kuwait 20 May 2012

Consolidated Statement of Financial Position

As at 31 December 2011

	Note	Kuwaiti Dinars 2011	2010 (Restated)	2009 (Restated)
ASSETS				
Current assets				
Cash and bank balances	4	**1,033,702**	380,192	1,179,186
Investments at fair value through profit or loss	5	**3,450**	26,950	22,200
Trade and other receivables	6	**75,249**	48,425	181,357
Due from related parties		**-**	-	167,213
		1,112,401	455,567	1,549,956
Non-current assets				
Investments available for sale	7	**5,523,011**	7,719,744	7,379,606
Investments in associates	8	**11,778,279**	11,576,691	16,769,144
Equipment		**3,838**	6,872	13,854
Intangible asset	9	**30,000**	36,000	42,000
		17,335,128	19,339,307	24,204,604
TOTAL ASSETS		**18,447,529**	19,794,874	25,754,560
LIABILITIES AND EQUITY				
LIABILITIES				
Current liabilities				
Trade and other payables	10	**273,942**	416,488	168,521
Non-current liabilities				
Post employment benefits		**33,442**	298,669	356,611
		307,384	715,157	525,132
EQUITY				
Equity attributable to owners of the Parent Company				
Share capital	11	**18,055,125**	18,055,125	18,055,125
Share premium	11	**1,500,000**	1,500,000	1,500,000
Legal reserve	11	**680,359**	680,359	680,359
Foreign currency translation reserve		**(98,541)**	(42,097)	264,882
Investment fair valuation reserve		**(445,959)**	(429,661)	(1,341,769)
Share based compensation reserve		**-**	-	77,586
Accumulated deficit		**(1,550,928)**	(684,116)	5,993,084
		18,140,056	19,079,610	25,229,267
Non – controlling interests		**89**	107	161
		18,140,145	19,079,717	25,229,428
TOTAL LIABILITIES AND EQUITY		**18,447,529**	19,794,874	25,754,560

The accompanying notes from 1 to 22 form an integral part of these consolidated financial statements.

BADER F. AL REZAIHAN
Chairman & MD

Yousef S. Alessa
CEO

Consolidated Statement of Income

For the year ended 31 December 2011

	Note	Kuwaiti Dinars 2011	2010
Income			
Realised loss from investments at fair value through profit or loss		**(10,888)**	-
Realised gain from investments available for sale		**8,228**	-
Unrealised (loss)/ gain from investments at fair value through profit or loss		**(750)**	4,750
Impairment in value of an investment available for sale		**(670,877)**	(833,864)
Share of profit/ (loss) from associates	8	**372,683**	(4,617,452)
Management fees and other income		**24,650**	113,293
Interest income		**1,428**	7,994
Gain/ (loss) on foreign exchange revaluation		**10,404**	(210)
		(265,122)	(5,325,489)
Expense			
Staff costs		**(309,109)**	(632,468)
General and administrative expenses	12	**(148,970)**	(304,714)
Provision for doubtful debts		**(132,286)**	(479,190)
Depreciation and amortization		**(11,343)**	(12,979)
		(601,708)	(1,429,351)
Loss for the year		**(866,830)**	(6,754,840)
Attributable to:			
Owners of the Parent Company		**(866,812)**	(6,754,786)
Non – controlling interests		**(18)**	(54)
		(866,830)	(6,754,840)
Loss per share	13		
Basic and diluted loss per share (Fils)		**(4.8)**	(37.41)

The accompanying notes from 1 to 22 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Kuwaiti Dinars	
	2011	**2010** (Restated)
Loss for the year	**(866,830)**	(6,754,840)
Other comprehensive income:		
Exchange differences arising from translation of foreign operations	**(56,444)**	(306,979)
Available for sale investments		
- Changes in fair value arising during the year	**(14,050)**	953,952
- Exchange differences	**(2,248)**	(41,844)
Total other comprehensive income for the year	**(72,742)**	605,129
Total comprehensive income for the year	**(939,572)**	(6,149,711)
Total comprehensive income attributable to:		
Owners of the Parent Company	**(939,554)**	(6,149,657)
Non controlling interests	**(18)**	(54)
	(939,572)	(6,149,711)

The accompanying notes from 1 to 22 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in shareholder's Equity

For the year ended 31 December 2011

	Kuwaiti Dinars							
	Equity attributable to owners of the Parent Company							
	Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Investment fair valuation reserve	Accumulated deficit	Non - controlling interests	Total
Balance as at 1 January 2011 (restated)	18,055,125	1,500,000	680,359	(42,097)	(429,661)	(684,116)	107	19,079,717
Loss for the year	-	-	-	-	-	(866,812)	(18)	(866,830)
Other comprehensive income								
Exchange differences arising on translation of foreign operations	-	-	-	(56,444)	-	-	-	(56,444)
Available for sale investments:								
- Changes in fair value	-	-	-	-	(14,050)	-	-	(14,050)
- Exchange differences	-	-	-	-	(2,248)	-	-	(2,248)
Total comprehensive income for the year	-	-	-	(56,444)	(16,298)	(866,812)	(18)	(939,572)
Balance as at 31 December 2011	18,055,125	1,500,000	680,359	(98,541)	(445,959)	(1,550,928)	89	18,140,145

The accompanying notes from 1 to 22 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in shareholder's Equity

For the year ended 31 December 2011

Kuwaiti Dinars

	Equity attributable to owners of the Parent Company								
	Share capital	**Share premium**	**Legal reserve**	**Foreign currency translation reserve**	**Investment fair valuation reserve**	**Share based compensation reserve**	**Accumulated deficit**	**Non -controlling interests**	**Total**
Balance as at 1 January 2010 (restated)	18,055,125	1,500,000	680,359	264,882	(1,341,769)	77,586	5,993,084	161	25,229,428
Loss for the year	-	-	-	-	-	-	(6,754,786)	(54)	(6,754,840)
Other comprehensive income									
Exchange differences arising on translation of foreign operations	-	-	-	(306,979)	-	-	-	-	(306,979)
Available for sale investments:									
- Changes in fair value	-	-	-	-	953,952	-	-	-	953,952
- Exchange differences (note 22)	-	-	-	-	(41,844)	-	-	-	(41,844)
Total comprehensive income for the year	-	-	-	(306,979)	912,108	-	(6,754,786)	(54)	(6,149,711)
Cancellation of ESOP	-	-	-	-	-	(77,586)	77,586	-	-
Balance as at 31 December 2010 (restated)	18,055,125	1,500,000	680,359	(42,097)	(429,661)	-	(684,116)	107	19,079,717

The accompanying notes from 1 to 22 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	Note	Kuwaiti Dinars	
		2011	2010
Cash flows from operating activities			
Loss for the year		**(866,830)**	(6,754,840)
Adjustments:			
Impairment in value of an investment available for sale		**670,877**	481,490
Share of (profit)/ loss from associates		**(372,683)**	4,617,452
Interest income		**(1,428)**	(7,994)
Depreciation and amortization		**11,343**	12,979
Provision for post employment benefits		**(265,227)**	(57,942)
		(823,948)	(1,708,855)
Changes in operating assets and liabilities			
Decrease/ (increase) in investments at fair value through profit or loss		**23,500**	(4,750)
(Increase)/ decrease in trade and other receivables		**(26,824)**	132,935
Decrease in due from related parties		**-**	167,213
Increase/ (decrease) in trade and other payables		**(142,546)**	247,967
Net cash used in operating activities		**(969,818)**	(1,165,490)
Cash flows from investing activities			
Investments available for sale		**(667,586)**	90,480
Proceeds from sale of available for sale investments		**2,177,144**	-
Investment in an associate (net)		**(64,114)**	(144,199)
Proceeds from sale of shares of an associate		**-**	10,000
Dividend received from an associate		**178,765**	402,221
Purchase of equipment		**(2,309)**	-
Interest income received		**1,428**	7,994
Net cash from investing activities		**1,623,328**	366,496
Net increase / (decrease) in cash and cash equivalents		**653,510**	(798,994)
Cash and cash equivalents at beginning of the year		**380,192**	1,179,186
Cash and cash equivalents at end of the year	4	**1,033,702**	380,192

The accompanying notes from 1 to 22 form an integral part of these consolidated financial statements.

1. Incorporation and activities

Amwal International Investment Company K.S.C. Closed ("the Company") is a closed Kuwaiti shareholding company. The Company is registered as an investment company with the Central Bank of Kuwait. The principal activities of the Company are to own and manage investments for its own account and for clients.

The registered office of the Company is at P.O. Box 3216, Al-Sahab Tower, Safat 13032, Kuwait.

The Company along with the subsidiaries disclosed in note 3 is referred to as "the Group".

The Company's shares were listed on the Kuwait Stock Exchange on 24 March 2010.

These consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on March 2012 and are subject to the approval of the Company's shareholders at their forthcoming Annual General Meeting (AGM).

2. Basis of preparation and significant accounting policies

2.1 Basis of presentation

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), under the historical cost basis of measurement except for the measurement at fair value of "investments at fair value through profit or loss" and "available for sale investments".

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 20.

The consolidated financial statements are presented in Kuwaiti Dinars (KD) which is the functional currency of the Group.

2.2 Significant accounting policies

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the adoption of the following new and amended IASB Standards and IFRIC Interpretations that are effective from 1 January 2011:

IAS 24: Related party disclosures (Revised)

The amended standard clarifies the definition of a related party and lays down additional requirements for disclosure of outstanding commitments to related parties. The adoption of the amendment does not have any impact on the financial position, performance, or disclosures in the financial statements of the Company.

IAS 32 Financial Instruments (Amended)

The definition of a financial liability was amended to classify rights issues for a fixed amount of foreign currency (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Company because the Company does not have these type of instruments.

Improvements to IFRSs

In May 2010, IASB issued amendments to various standards and interpretations as part of its annual improvements project. There are separate transitional provisions for each standard.

IAS 1 Presentation of Financial Statements

The amendment clarifies that an entity may present an analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Company provides this analysis in the statement of changes in equity.

The application of other IASB Standards and IFRIC Interpretations do not have a material impact on the financial statements of the Company.

Standards and Interpretations issued but not yet effective

The following IASB Standards and IFRIC Interpretations have been issued but are not yet effective and have not been early adopted by the Company:

Amendments to IFRS 7	Disclosures - Transfers of Financial Assets (Effective for annual periods beginning on or after 1 July 2011)
IFRS 9	Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2015)
IFRS 10	Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)
IFRS 11	Joint Arrangements (effective for annual periods beginning on or after 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013)
IFRS 13	Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
Amendments to IAS 12	Deferred Tax – Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012)
IAS 19 (as revised in 2011)	Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
IAS 27 (as revised in 2011)	Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013)
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013)

IFRS 9: Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2015)

This standard will replace IAS 39 upon its effective date. IFRS 9 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. Although early application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided in December 2010, to postpone this allowed early application until further notice.

In May 2011, standards on consolidation, joint arrangements, associates and disclosures were issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 (as revised in 2011). These are effective for annual periods beginning on or after 1 January 2013.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation - Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements:

(a) power over an investee,

(b) exposure, or rights, to variable returns from its involvement with the investee, and

(c) the ability to use its power over the investee to affect the amount of the investor's returns.

Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements and is effective for annual periods beginning on or after 1 January 2013.

The application of the above standards will be made in the consolidated financial statements when these standards and interpretations become effective and are not expected to have a material impact on the consolidated financial statements of the Group.

2.3 Financial instruments

Recognition and De-Recognition

A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is de-recognised either when: the rights to receive the cash flows from the asset have expired; the Group has transferred its right to receive cash flows from the assets or has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Classification and measurement

The Group classifies its financial assets as "investments at fair value through profit or loss", "loans and receivables", or "available for sale" and its financial liabilities as "financial liabilities other than at fair value through profit or loss". Management determines the appropriate classification of each instrument at the time of acquisition.

All financial assets and liabilities are initially measured at fair value of the consideration given plus transaction costs except for financial assets classified as investments at fair value through profit or loss. Transaction costs on financial assets classified as investments at fair value through profit or loss are recognised immediately in the consolidated statement of income.

Investments at fair value through profit or loss

These are financial assets that are either held for trading or are designated as investments at fair value through profit or loss upon initial recognition. A financial asset is classified in this category only if they are acquired principally for the purpose of generating profit from short-term fluctuations in price or if so designated by the management upon initial recognition if they are managed and their performance is evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy. Financial assets classified as investments at fair value through profit or loss are subsequently measured and carried at fair value. Resultant unrealised gains and losses arising from changes in fair value are included in the consolidated statement of income. This includes all derivative financial instruments, other than those designated as effective hedging instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are carried at amortized cost using effective interest method, less any provision for impairment.

Available for sale

These are non derivative financial assets not included in any of the above classifications and are principally those acquired to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rate or equity prices. These are subsequently measured and carried at fair value and any resultant unrealised gains or losses are recognised as a separate component in equity. When the "available for sale" asset is disposed off or impaired, the related accumulated fair value adjustments in equity are transferred to the consolidated statement of income as realised gains or losses.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective yield method.

Trade and settlement date accounting

All regular way purchases and sales of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognised in the consolidated statement of income or in equity in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Fair values

For financial instruments traded in organised financial markets, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published bid price.

The fair value of interest bearing financial instruments that are not quoted in an active market is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics. The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount payable on demand.

The fair value of forward exchange contract is calculated by reference to forward exchange rates with similar maturities.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, or the expected discounted cash flows, other appropriate valuation models or brokers' quotes.

For investments in equity instruments, where a reasonable estimate of fair value cannot be determined, the investment is carried at cost less impairment provisions.

Impairment of financial assets

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset, or a group of financial assets, may be impaired. In the case of financial asset classified as available for sale, a significant or prolonged decline in the fair value of assets below its cost is considered in determining whether the assets are impaired.

If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated statement of income, is removed from equity and recognised in the consolidated statement of income. Impairment losses on equities available for sale recognised in the consolidated statement of income are not reversed through the consolidated statement of income.

Loans and receivables are subject to credit risk provision for loan impairment if there is objective evidence that the Company will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amount recoverable from guarantee and collateral, discounted based on the contractual interest rate. The amount of loss arising from impairment is taken to the consolidated statement of income.

2.4 Consolidation

Subsidiaries are those enterprises, including special purpose entities, controlled by the Group. Control exists when the Group 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 on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an acquiree is stated at the non-controlling interest's proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of the original business combination and the non-controlling interest's share of changes in the equity since the date of the combination. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position and consolidated statement of income respectively. Non-controlling interest is classified as financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the minority interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited financial statements or audited financial information of the subsidiaries. Intra group balances, transactions, income and expenses are eliminated in full. Unrealised losses resulting from inter-company transactions are also eliminated unless cost cannot be recovered.

2.5 Cash and cash equivalents

Cash and cash equivalents for the purpose of preparing the consolidated statement of cash flows comprise cash on hand and at banks and short term bank deposits with a maturity date not exceeding three months from the date of deposit.

2.6 Investments in associates

Associates are those entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are initially recognised at cost and are subsequently accounted for by the equity method of accounting from the date of significant influence to the date it ceases. Adjustments are made to conform the associate's accounting policies to that of the Group. Under the equity method, the Group recognises in the consolidated statement of income, its share of the associate's post acquisition results of operations and in equity, its share of post acquisition movements in reserves that the associate directly recognises in equity. The cumulative post acquisition adjustments, and any impairment, are directly adjusted against the carrying value of the associate. Appropriate adjustments such as depreciation, amortisation and impairment losses are made to the Group's share of profit or loss after acquisition to account for the effect of fair value adjustments made at the time of acquisition.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivable, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

2.7 Investment properties

Investment properties are initially recorded at cost, being the purchase price and any directly attributable expenditure. Subsequent to initial recognition, investment properties are annually re-measured at fair value on an individual basis based on a valuation by an independent and registered real estate valuer. Changes in fair value are taken to the consolidated statement of income.

2.8 Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Cost of an item of equipment comprises of its acquisition costs and all directly attributable costs of bringing the asset to working condition for its intended use. Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows.

	Years
Computers	2 - 5
Furniture & fittings	3
Other equipment	3

The carrying values of equipment are reviewed at each statement of financial position date to determine whether there is any indication of impairment.

If any such indication exists, the assets are written down to its recoverable amount and the impairment loss is recognized in the consolidated statement of income, being the difference between carrying value and the asset's recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Gain or loss on disposals are determined by comparing the proceeds with carrying amount and taken to the consolidated statement of income.

2.9 Intangible asset

Identifiable non-monetary assets from which future benefits are expected to flow are treated as intangible assets. Intangible asset comprise of rights of utilisation.

Intangible asset is stated at cost less impairment loss, if any. Intangible assets with definite useful lives are amortised on a straight line basis over their expected useful lives and are tested annually for impairment. Rights of utilisation are amortised on a straight line basis over a period of 10 years.

Assets are grouped at the lowest levels for which there are separately identifiable cash flows for the purpose of assessing impairment. If there is an indication that the carrying value of an intangible asset is greater than its recoverable amount, it is written down to its recoverable amount and the resultant impairment loss taken to the consolidated statement of income.

2.10 Post employment benefits

The Group is liable to make defined contributions to State Plans and lump sum payments under defined benefit plans, to employees at cessation of employment, in accordance with the laws of Kuwait. The defined benefit plan is unfunded and is based on the liability that would arise on involuntary termination of all employees on the statement of financial position date and approximates the present value of the liability. Payments under state plans and changes in defined benefit plan liabilities are charged to the consolidated statement of income.

2.11 Accounting for leases

Where the Company is the lessee – operating lease

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

2.12 Share-based payment transactions

The Company operates an equity share based compensation plan. The cost of these share based transactions is measured at fair value at the date of the grant taking into account the terms and conditions upon which the instruments were granted. The share based payment is measured at intrinsic value if the fair value of the equity instrument granted cannot be reliably estimated. The fair value or intrinsic value of the equity instruments is expensed over the vesting period with recognition of a corresponding adjustment in equity. The fair value or the intrinsic value is initially measured at the date the Company grants the share option under the scheme. The intrinsic value is subsequently measured at each reporting date and at the date of final settlement with any change in intrinsic value recognized in profit or loss. For a grant of share options, the share based payment arrangement is finally settled when the options are exercised, are forfeited or lapse.

2.13 Provisions for liabilities

Provisions for liabilities are recognised, when, as a result of past events it is probable that an outflow of economic resources will be required to settle a present legal or constructive obligation and the amount can be reliably estimated.

2.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Dividend income is recognized when the right to receive payment is established. Interest income is recognized on a time proportion basis using the effective yield method.

2.15 Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to Kuwaiti Dinars at the rates of exchange prevailing on that date. Resultant gains and losses are taken to the consolidated statement of income.

Translation differences on non-monetary items, such as equities classified as available for sale financial assets are included in the investment fair valuation reserve in equity. The income and cash flow statements of foreign operations are translated into the Company's reporting currency at average exchange rates for the year and their statement of financial positions are translated at exchange rates ruling at the year-end. Exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency instruments designated as hedges of such instruments, are taken to shareholders' equity. When a foreign operation is sold, any resultant exchange differences are recognised in the consolidated statement of income as part of the gain or loss on sale.

2.16 Contingencies

Contingent assets are not recognised as an asset unless realization becomes virtually certain. Contingent liabilities, other than those arising on acquisition of subsidiaries, are not recognized as a liability unless as a result of past events it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Contingent liabilities arising in a business combination is recognized only if its fair value can be measured reliably.

2.17 Segment

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenues and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

3. Subsidiaries

The subsidiaries of the Company are listed below:

	% of ownership	
	2011	**2010**
Al Bareeq International W.L.L., Kuwait	**99%**	99%
Ampower for Electricity Contracting W.L.L., Kuwait	**99%**	99%
Al Badiyah International W.L.L., Kuwait	**99%**	99%

4. Cash and bank balances

Cash and bank balances include the following cash and cash equivalents:

	Kuwaiti Dinars	
	2011	**2010**
Cash on hand and at banks	**254,806**	257,854
Short-term deposits with banks with original maturities of less than three months	**778,896**	122,338
	1,033,702	380,192

The effective interest rate on short-term deposits as at 31 December 2011 was 1.125% to 1.25% (31 December 2010: 1%) per annum.

5. Investments at fair value through profit or loss

	Kuwaiti Dinars	
	2011	**2010**
Local listed equities	**3,450**	26,950
	3,450	26,950

6. Trade and other receivables

	Kuwaiti Dinars	
	2011	**2010**
Trade receivables	**67,069**	43,588
Prepayments, advances and deposits	**7,441**	3,310
Accrued income	**739**	307
Other receivables	**-**	1,220
	75,249	48,425

The carrying value of trade and other receivables approximates its fair value.

Trade receivables comprise the following:

	Kuwaiti Dinars	
	2011	**2010**
Neither past due nor impaired	**52,271**	37,947
Past due but not impaired	**14,798**	5,641
Total	**67,069**	43,588

Past due but not impaired receivables relate to some independent clients for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Kuwaiti Dinars	
	2011	**2010**
6 – 12 months	**14,798**	5,641
	14,798	5,641

The carrying amounts of the Group's trade receivables are denominated in Kuwaiti Dinars.
The other classes within trade and other receivables are neither past due nor impaired. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

7. Investmants available for sale

	Kuwaiti Dinars	
	2011	**2010**
Unquoted	**5,602,074**	8,201,234
Less: Impairment	**(79,063)**	(481,490)
	5,523,011	7,719,744

Investment securities are denominated in the following currencies:

	Kuwaiti Dinars	
	2011	**2010**
Kuwaiti Dinar	**7,500**	7,500
Qatar Riyal	**311,546**	313,794
UAE Dirham	**5,203,965**	7,398,450
	5,523,011	7,719,744

Unquoted investments include KD 5.204 million (2010 – KD 4.558 million) of equity interest in a special purpose entity that is currently developing a mix use real estate project in the UAE.
The fair value of these investments cannot be reliably determined as there is no active market for these investments and there have not been any recent transactions that provide evidence of the current fair value.

8. Investments in associates

This represents the Group's share of investments in the following associates accounted for using the equity method.

	Kuwaiti Dinars	
	2011	**2010**
Al Shamel International Holding Company KSCC, Kuwait (Al Shamel)	**33.25%**	33.25%
Burj Al Oula Company Limited, Saudi Arabia (Burj Al Oula)	**36.75%**	36.75%

The carrying values of the associates are as follows:

	Kuwaiti Dinars	
	2011	**2010**
Al Shamel	**3,227,945**	2,989,440
Burj Al Oula	**8,550,334**	8,587,251
	11,778,279	11,576,691

Movements in investments in associates are as follows:

	Kuwaiti Dinars	
	2011	**2010**
Opening balance	**11,576,691**	16,769,144
Capital contribution/ acquisition of associates	**64,114**	149,199
Sale of shares in an associate	**-**	(10,000)
Loss on sale of shares in an associate	**-**	(5,000)
Share of profit/(loss) for the year	**372,683**	(4,617,452)
Dividend received	**(178,765)**	(402,221)
Net exchange differences	**(56,444)**	(306,979)
Closing balance	**11,778,279**	11,576,691

The fair value of the Group's investment in the quoted associate (Al Shamel) as at 31 December 2011 is KD 5,586,400 (31 December 2010: KD 5,586,400) based on the last trade on the parallel market of the Kuwait Stock Exchange.

The summarized financial information of associates is as follows:

	Kuwaiti Dinars	
	2011	**2010**
Assets	**37,224,458**	37,458,590
Liabilities	**4,599,951**	5,386,642
Revenue	**7,482,660**	1,083,555
Net profit/ (loss)	**1,098,640**	(12,493,534)

The Group's share of the equity of Burj Al Oula to the extent of Saudi Riyals 70 million (KD 5.19 million) (31 December 2010: KD 5.22 million) was acquired by contributing real estate in Saudi Arabia.

9. Intangible asset

	Kuwaiti Dinars	
	2011	**2010**
Rights of utilization	**36,000**	42,000
Less: amortization	**(6,000)**	(6,000)
	30,000	36,000

10. Trade and other payables

	Kuwaiti Dinars	
	2011	**2010**
Accounts payable	**246,820**	224,443
Accrued expenses	**27,122**	84,846
Other payables	**-**	107,199
	273,942	416,488

11. Share capital and reserves

Share capital

The authorized, issued and paid up share capital of the Company comprises of 180,551,250 (31 December 2010: 180,551,250) shares of 100 fils each.

Share premium is not distributable.

Legal reserve

In accordance with the Commercial Companies Law and the Company's Articles of Association, 10% of the net profit has to be appropriated towards legal reserve. Due to losses during the year, no appropriation was made to the legal reserve. The legal reserve can be utilized only for distribution of a maximum dividend of 5% in years when retained earnings are inadequate for this purpose.

Voluntary reserve

The Company's Articles of Association stipulates that the Board of Directors may propose appropriations to voluntary reserve for shareholders' approval. Due to losses during the year, no appropriation was proposed to the voluntary reserve.

12. General and administrative expenses

	Kuwaiti Dinars	
	2011	**2010**
Office rent	**26,784**	44,496
Office expenses	**17,812**	40,167
Travel expenses	**15,635**	11,089
Business development and public relations	**3,895**	40,260
Others	**84,844**	168,702
	148,970	304,714

The number of personnel employed by the Company as of 31 December 2011 was 9 (31 December 2010: 12).

13. Loss per share

Loss per share is calculated by dividing the loss attributable to the shareholders of the Parent Company for the year by the weighted average number of shares outstanding during the year as follows:

	2011	**2010**
Loss for the year (KD)	**(866,812)**	(6,754,786)
Weighted average number of shares (Shares)	**180,551,250**	180,551,250
Basic and diluted loss per share (Fils)	**(4.8)**	(37.41)

14. Related party transactions

These represent transactions with certain related parties, shareholders, directors, executive officers and key management of the Company and companies of which they are principal owners or over which they are able to exercise significant influence. Pricing policies and terms of these transactions are approved by management.

	Kuwaiti Dinars	
	2011	**2010**
Key management compensation		
Salaries and other short term employee benefits	**93,955**	177,692
Other long term benefits	**10,805**	21,156

15. Fiduciary assets

The Group manages portfolios on behalf of third parties and maintains securities in fiduciary accounts which are not reflected in the Group's consolidated statement of financial position. Assets under management at 31 December 2011 amounted to KD 1,030,665 (31 December 2010: KD 1,027,296).

16. Segment information

The Group operates in four geographic segments – Kuwait, UAE, Saudi Arabia and others as the Group organizes its operations around these segments.

	Kuwaiti Dinars				
	Kuwait	**UAE**	**Saudi Arabia**	**Others**	**Total**
2011					
Revenues from investments	419,241	-	(39,368)	-	379,873
Interest revenue	1,428	-	-	-	1,428
Interest expense	-	-	-	-	-
Net interest revenue	1,428	-	-	-	1,428
Depreciation and amortization	(11,343)	-	-	-	(11,343)
Reportable segment profit	(31,242)	(796,220)	(39,368)	-	(866,830)
Reportable segment assets	4,381,684	5,203,965	8,550,334	311,546	18,447,529
Reportable segment liabilities	246,216	-	61,168	-	307,384

	Kuwaiti Dinars				
	Kuwait	**UAE**	**Saudi Arabia**	**Others**	**Total**
2010					
Revenues from investments	208,843	-	(4,804,402)	96,150	(4,499,409)
Interest revenue	7,994	-	-	-	7,994
Interest expense	-	-	-	-	-
Net interest revenue	7,994	-	-	-	7,994
Depreciation and amortization	(12,979)	-	-	-	(12,979)
Reportable segment profit	(1,031,089)	(840,286)	(4,804,402)	(79,063)	(6,754,840)
Reportable segment assets	3,495,379	7,398,450	8,587,251	313,794	19,794,874
Reportable segment liabilities	592,819	-	122,338	-	715,157

17. Financial instruments, risk management and fair values

The Group's financial assets have been categorized as follows:

	Kuwaiti Dinars		
	Loans and receivables	**Assets at fair value through profit or loss**	**Available for sale**
2011			
Cash and bank balances	1,033,702	-	-
Trade and other receivables	75,249	-	-
Investment securities	-	3,450	5,523,011
Total	1,108,951	3,450	5,523,011
2010			
Cash and bank balances	380,192	-	-
Trade and other receivables	48,425	-	-
Investment securities	-	26,950	7,719,744
Total	428,617	26,950	7,719,744

All financial liabilities as of 31 December 2011 and 31 December 2010 are categorized as 'other than at fair value through profit or loss'. Trade and other receivables include due from related parties.

Financial risk factors

The Group's use of financial instruments exposes it to a variety of financial risks such as credit risk, liquidity risk and market risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. Risk management is carried out by the Company's Board of Directors in consultation with the Chief Executive Officer (CEO). The CEO identifies and evaluates financial risks in close co-operation with management.

The significant risks that the Group is exposed to are discussed below:

(a) 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. Financial assets, which potentially subject the Group to credit risk, consist principally of fixed and short notice bank deposits and trade, joint venture and other receivables. The Group manages credit risk by placing funds with financial institutions of high credit rating and transacting principal business with counter parties of repute.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by monitoring on a regular basis that sufficient funds are available to meet maturing commitments.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Kuwaiti Dinars			
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At 31 December 2011				
Trade and other payables	273,942	-	-	-
Letters of guarantee	758,951	-	-	-
At 31 December 2010				
Trade and other payables	416,488	-	-	-
Letters of guarantee	1,419,826	-	-	-

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's primary exposure to market risk is in equity price risk, currency risk and interest rate risk.

(i) Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Group is exposed to securities price risk because of investments held by the Group and classified in the statement of financial position either as 'available for sale' or at 'fair value through profit or loss'.

To manage the market price risk arising from investments in securities, the Group diversifies its portfolio.

The effect on equity (in the fair value of the equity instruments held as investments available for sale) as at 31 December 2011 due to a reasonable possible change in the equity indices by 5% with all other variables held as constant, is nil (2010: Nil).

(ii) Currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The impact on profit arising from a 10% weakening/ strengthening of the functional currency against the major currencies to which the Group is exposed to is KD 8,143 (2010: KD 5,615).

(iii) 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 rate.

Interest rate change of 1% does not have any material impact in cash flows.

18. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group has no external borrowings.

The Group is required to maintain a minimum share capital of KD 15 million as it is registered as an investment company regulated by the Central Bank of Kuwait.

19. Fair value of financial instruments

Fair value is the amount at which an asset, liability or financial instrument could be exchanged or settled between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The estimated fair values of financial assets and liabilities and off balance sheet financial instruments approximated their respective net book values at the consolidated statement of financial position date.

Financial assets carried at fair value are based on quoted market prices except for certain unquoted instruments classified as investments available for sale. The value of such investments, amount to KD 5,523,011 (2010: KD 7,719,744).

20. Significant accounting judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these consolidated financial statements, as actual results could differ from those estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Judgments and estimates that are significant to the consolidated financial statements are shown below:

Judgment

Classification of financial instruments

Management has to decide on acquisition of a financial instrument whether it should be classified as at 'fair value through profit or loss', 'available for sale' or as 'loans and advances'. In making the judgment the Group considers the primary purpose for which it is acquired and how it intends to manage and report its performance. Such judgment determines whether it is subsequently measured at cost or at fair value and if changes in fair value of instruments are reported in the consolidated statement of income or in the consolidated statement of comprehensive income.

Classification of real estate property

Management decides on acquisition of a real estate whether it should be classified as trading property held for development or investment property. The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business. The Group classifies property as property under development if it is acquired with the intention of development. The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Evidence of impairment in investments

The Group treats available for sale investment securities as impaired when there has been significant or prolonged decline in the fair value below its cost or whether other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment.

Impairment

At each statement of financial position date, management assesses, whether there is any indication that equipment may be impaired. The determination of impairment requires considerable judgment and involves evaluating factors including, industry and market conditions.

Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

Sources of estimation uncertainty

Unquoted investment securities

The valuation techniques for unquoted investment securities make use of estimates such as future cash flows, discount factors, yield curves, current market prices adjusted for market, credit and model risks and related costs and other valuation techniques commonly used by market participants where appropriate.

Trade and other receivables

The Group estimates an allowance for doubtful receivables based on past collection history and expected cash flows from debts that are overdue.

Tangible and intangible assets

The Group estimates useful lives and residual values of tangible assets and intangible assets with definite useful lives.

Investment properties

The Group estimates fair value of investment properties based on valuation reports of registered and approved valuers.

Impairment and useful lives of equipment

The Group tests annually whether equipment has suffered impairment in accordance with accounting policy stated in Note 2.8. The recoverable amount of an asset is determined based on "value in use method". This method uses estimated cash flow projection over the estimated useful life of the asset discounted using the market rate. The Group's management determines the estimated useful lives and related depreciation charge for its equipment. It could change significantly as a result of change in technology. Management will increase the depreciation charge where useful lives are less than previously estimated lives.

Impairment of associates

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each statement of financial position sheet date based on existence of any objective evidence that the investment in associate is 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 recognises the impairment loss in the consolidated statement of income.

Any changes in these estimates and assumptions as well as the use of different, but equally reasonable estimates and assumptions may have an impact on the carrying value of the above assets.

21. Commitments and contingencies

	Kuwaiti Dinars	
	2011	**2010**
Letters of guarantee	**758,951**	1,419,826
Letters of guarantee (share of associate)	**1,150,860**	1,021,360
Letters of credit (share of associate)	**57,908**	29,910
Capital commitments (share of associate)	**-**	24,557

22. Comparative figures

Comparative figures have been restated with the following effect on the opening equity and no impact on previously reported profits:

	Kuwaiti Dinars
Investment fair valuation reserve – 31 December 2009 (before restatement)	(1,661,727)
Adjustments – Exchange variances on AFS investment carried at cost recognized in Investment fair valuation reserve	319,958
Investment fair valuation reserve restated – 31 December 2009	(1,341,769)
Investment fair valuation reserve – 31 December 2010 (before restatement)	(854,856)
Adjustments – Exchange variances on AFS investment carried at cost recognized in Investment fair valuation reserve (including 2009 exchange variance)	425,195
Investment fair valuation reserve restated – 31 December 2010	(429,661)