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Amwal International Investment Company

Annual Report 2012

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 & Managing Director
Abdulaziz Abdulaziz Almeshal	Vice Chairman
Yousef Shamlan Al-Essa	Board Member & Chief Executive Officer
Mansour Salem Al-Nassar	Board Member
Bader Abdulaziz Abul	Board Member
Mohammed Abdulaziz Al-Ageel	Board Member
Ziyad Fouad Al-Saleh	Board Member

Bader Fahed Al-Rezaihan

Chairman & Managing Director

Chairman's Speech

Honorable Ladies and Gentlemen
Shareholders of Amwal International Investment Company K.S.C.C.

I would like to welcome you to your company's general meeting for the fiscal year 2012. I am pleased, on behalf of the Board of Directors of Amwal International Investment Company, the executive management and staff, to submit the consolidated financial statements of Amwal (the Company) and review of performance for the fiscal year 2012. Further, I extend thanks and acknowledgement to all our valuable shareholders for their continuous support to my colleagues in the Board of Directors and myself.

Esteemed Shareholders,

Capital markets continued to be affected in many countries by the debt crisis in the Euro zone countries over the last year. The implications of the slowdown in the economic growth in major economies are still prevailing locally and regionally. The year 2012 started with limited economic expansion in general. However, the political disorders in the region had negative impact on the investment climate. We noticed that the number of IPOs in the regional markets has become almost nil and the acquisitions and mergers significantly decreased.

Despite the economic slowdown prevailing in certain world countries, GCC States could maintain its success story where Qatar and the United Arab Emirates enjoy active growth rates. We believe that solid fundamentals of the Kuwaiti economy and the wider GCC economy will remain strong and will be able to take advantage of new investment opportunities as soon as improvement occurs in the global economy.

Esteemed shareholders,

The Company's investment strategy managed to weather turbulent economic conditions by avoiding bank borrowings during the global economic crisis. Therefore, the company did not face pressures placed by banks to liquidate the assets below the fair values. The Company's strategy is focused on acquiring and incorporating local or regional companies that can expand and grow in the region. While the Company primarily focuses on investment in GCC countries, it also shows great interest in the Middle East and Africa markets. The Company applies a unique model in managing its investments combining the deep rooted history of global companies and local companies' experience.

With regards to our investments in 2012, we continue to work directly and indirectly with our associates to exchange experience and cut costs in view of intensified competition in the market. We also closely monitor regional markets in order to exit our investments to generate liquidity and realize profits for the Company.

In conclusion to our efforts in exiting our non-income generating investments, your Company managed to exit from Al-Oula Tower project in Al-khobar City in the Kingdom of Saudi Arabia which has generated cash proceeds of K.D. 6.8 million. Despite the realized loss of the sale, which is estimated at K.D. 1.9 million, the completion of exit is considered as an achievement for the Company given the current market conditions.

In the income generating investments category, Alshamel International Holding Company K.S.C.C. is still one of the Company's best investments during this year. Alshamel implemented new policies and procedures to be in line with the best practices of the industry and its global peers.

Regarding our non-income-generating investments, the Company is still seeking to exit from those investments despite the strength of these assets and their strategic location. Our investment in the land of the Dubai Golf City, which occupies an area of 55 million square feet of land and we have 4.37% participation. We are still considering various strategies in order to exit from the project.

Honorable Shareholders,

One of the major challenges that faced the Company was enhancements of revenues. However, the Company managed to improve its cash liquidity, which increased from K.D. 1 million in 2011 to KD 6.7 million in 2012, an increase of 5 times. On the other hand, the Company's losses increased from K.D 900 thousand in 2011 to K.D. 2 million in 2012, which is equivalent to loss of 11 fils per share as compared to a loss of 5 fils per share in the previous year. It is also noteworthy that the Company reduced its operating expenses in 2012 following the significant reduction in 2011. Staff costs declined to K.D 200 thousand in the current year, a 35% reduction as compared to the previous year. Furthermore, general and administrative expenses declined to 132 thousand in the current year, which is a reduction of 11% as compared to the previous year. In addition, the Company's working capital was enhanced as net current assets reached KD 6.5 million as compared to KD 805 thousand in the last year.

In addition to the foregoing, total assets declined to K.D. 16.5 million by end of the current year, a 11% decrease as compared to the previous year. Similarly, shareholders' equity declined to KD 16.3 million, a decrease of 10% as compared to the previous year.

The Company is in the process of examining and evaluating new projects in order to utilize the Company's available cash to achieve attractive returns for the shareholders.

Honorable Shareholders,

We still believe that the Company's future growth lies in focusing on specialized investment with operating income. We reviewed many acquisition opportunities. We believe that our experience in private equity investments will lead to identifying attractive investment opportunities. We find that it is our responsibility to take the Company steps forward and restore profitability.

The Company's investment plan for 2013-2015 is focused on investing in operating companies which add value to local or regional economy and thus they will not be almost affected by fluctuations in global markets. We still believe that the food and beverage, education, healthcare and retail sectors are promising sectors due to their features that are consistent with the Company's investment criteria such as consistent income generation and negative correlation with economic crisis, etc.

While both the Board of Directors and shareholders mutually 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 effort, thought and action towards bringing the Company to a position better than it has been.

Finally, I extend thanks and gratitude for your trust and support for the interest 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

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and Consolidated Financial Statements

31 December 2012

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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), Kuwait ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2012, 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 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 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 2012, and their financial performance and 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 Companies' Law No. 25 of 2012 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 Companies' Law No. 25 of 2012 or of the Articles of Association have occurred during the year ended 31 December 2012 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 2012.

Talal Y. Al-Muzaini
Licence No. 209A
Deloitte & Touche
Al-Fahad Al-Wazzan & Co.

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

Kuwait
27 March 2013

Consolidated Statement of Financial Position

As at 31 December 2012

	Note	Kuwaiti Dinars 2012	2011
ASSETS			
Current assets			
Cash and bank balances	4	6,689,334	1,033,702
Investments at fair value through profit or loss		-	3,450
Trade and other receivables	5	27,947	75,249
		6,717,281	1,112,401
Non-current assets			
Investments available for sale	6	6,217,226	5,523,011
Investments in associates	7	3,283,699	11,778,279
Investment in an unconsolidated subsidiary	8	203,500	-
Equipment		721	3,838
Intangible asset	9	24,000	30,000
		9,729,146	17,335,128
TOTAL ASSETS		16,446,427	18,447,529
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	10	136,823	273,942
Non-current liabilities			
Post employment benefits		48,118	33,442
		184,941	307,384
EQUITY			
Equity attributable to owners of the Parent Company			
Share capital	11	18,055,125	18,055,125
Share premium	11	1,500,000	1,500,000
Legal reserve	11	680,359	680,359
Foreign currency translation reserve		(5,744)	(98,541)
Investment fair valuation reserve		(442,894)	(445,959)
Accumulated deficit		(3,525,436)	(1,550,928)
		16,261,410	18,140,056
Non – controlling interests		76	89
		16,261,486	18,140,145
TOTAL LIABILITIES AND EQUITY		16,446,427	18,447,529

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

Bader Fahad Al-Rezaihan
Chairman & MD

Yousef S. Alessa
Chief Executive Officer

Consolidated Statement of Income

For the year ended 31 December 2012

	Note	Kuwaiti Dinars 2012	2011
Income			
Realised loss from investments at fair value through profit or loss		(878)	(10,888)
Realised gain from investments available for sale		-	8,228
Unrealised loss from investments at fair value through profit or loss		-	(750)
Impairment in value of investments available for sale		(157,306)	(670,877)
Share of profit from associates	7	351,043	372,683
Realised loss on sale of investment in an associate		(1,867,942)	-
Management fees and other income		37,327	24,650
Interest income		3,721	1,428
Gain on foreign exchange revaluation		404	10,404
		(1,633,631)	(265,122)
Expense			
Staff costs		(199,576)	(309,109)
General and administrative expenses	12	(131,912)	(148,970)
Provision for doubtful debts		-	(132,286)
Depreciation and amortization		(9,402)	(11,343)
		(340,890)	(601,708)
Loss for the year		(1,974,521)	(866,830)
Attributable to:			
Owners of the Parent Company		(1,974,508)	(866,812)
Non – controlling interests		(13)	(18)
		(1,974,521)	(866,830)
Loss per share	13		
Basic and diluted loss per share (Fils)		(11)	(4.8)

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 2012

	Kuwaiti Dinars	
	2012	**2011**
Loss for the year	**(1,974,521)**	(866,830)
Other comprehensive income:		
Exchange differences arising from translation of foreign operations	**92,797**	(56,444)
Investments available for sale		
- Changes in fair value arising during the year	**-**	(14,050)
- Exchange differences	**3,065**	(2,248)
Total other comprehensive income for the year	**95,862**	(72,742)
Total comprehensive income for the year	**(1,878,659)**	(939,572)
Total comprehensive income attributable to:		
Owners of the Parent Company	**(1,878,646)**	(939,554)
Non controlling interests	**(13)**	(18)
	(1,878,659)	(939,572)

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 2012

	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 2012	18,055,125	1,500,000	680,359	(98,541)	(445,959)	(1,550,928)	89	18,140,145
Loss for the year	-	-	-	-	-	(1,974,508)	(13)	(1,974,521)
Other comprehensive income								
Exchange differences arising on translation of foreign operations	-	-	-	92,797	-	-	-	92,797
Available for sale investments:								
- Changes in fair value	-	-	-	-	-	-	-	-
- Exchange differences	-	-	-	-	3,065	-	-	3,065
Total comprehensive income for the year	-	-	-	92,797	3,065	(1,974,508)	(13)	(1,878,659)
Balance as at 31 December 2012	18,055,125	1,500,000	680,359	(5,744)	(442,894)	(3,525,436)	76	16,261,486

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 2012

	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	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 Cash Flows

For the year ended 31 December 2012

	Note	Kuwaiti Dinars 2012	Kuwaiti Dinars 2011
Cash flows from operating activities			
Loss for the year		**(1,974,521)**	(866,830)
Adjustments:			
Realized loss from investments at fair value through profit or loss		**878**	-
Impairment in value of an investment available for sale		**157,306**	670,877
Share of profit from associates		**(351,043)**	(372,683)
Realised loss on sale of investment in an associate		**1,867,942**	-
Interest income		**(3,721)**	(1,428)
Depreciation and amortization		**9,402**	11,343
Provision for post-employment benefits		**14,676**	(265,227)
		(279,081)	(823,948)
Changes in operating assets and liabilities			
Decrease in investments at fair value through profit or loss		**2,572**	23,500
Decrease/(increase) in trade and other receivables		**45,929**	(26,824)
Decrease in trade and other payables		**(206,391)**	(142,546)
Net cash used in operating activities		**(436,971)**	(969,818)
Cash flows from investing activities			
Investments available for sale		**(823,427)**	(667,586)
Proceeds from sale of investments available for sale		**-**	2,177,144
Investment in an associate (net)		**(4,463)**	(64,114)
Proceeds from sale of an associate		**6,765,033**	-
Investment in an unconsolidated subsidiary		**(180,500)**	-
Dividend received from an associate		**332,524**	178,765
Acquisition of equipment		**(285)**	(2,309)
Interest income received		**3,721**	1,428
Net cash from investing activities		**6,092,603**	1,623,328
Net increase in cash and cash equivalents		**5,655,632**	653,510
Cash and cash equivalents at beginning of the year		**1,033,702**	380,192
Cash and cash equivalents at end of the year	4	**6,689,334**	1,033,702

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 regulated as an investment company by the Capital Markets Authority of Kuwait ("the regulator") and is registered with the Central Bank of Kuwait (CBK).

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.

The principal activities of the Company are:

1. Investing in real estate, industrial, agricultural and other economic sectors, through contributing in the establishment of specialized companies or purchasing shares or bonds of these companies in various sectors in Kuwait and abroad;
2. Contributing in establishments or partial ownership of companies in various sectors;
3. Manage funds of public and private institutions and invest these funds in various economic sectors, including the management of financial and real estate portfolios;
4. Provide and prepare technical and economic studies and project consultancy;
5. Mediate in lending and borrowing operations;
6. Perform businesses related to bonds issuance managers' functions issued by companies, organizations and custodians;
7. Finance and brokerage international trade operations;
8. Providing loans to different sectors taking into consideration the financial viability in granting loans and by maintaining the continuity of the Company's financial position viability in accordance with the conditions, rules and limits set by the regulator;
9. Dealing and trading in GCC and global market and precious metals market inside Kuwait and outside in favor of the Company;
10. Trading in shares and bonds of companies and local and international government organizations;
11. Provide all services that help in developing and supporting the capacity of the financial and monetary market in Kuwait and to meet its needs within the limits of the law and according to procedures or instructions issued by the regulator;
12. Establishing and managing all types of investment funds in accordance with the law.

These consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on 27 March 2013 and are subject to the approval of the Company's shareholders at their forthcoming Annual General Meeting (AGM).

On 29 November 2012, Companies' Law No. 25 of 2012 (the Law) was published in the official gazette to supersede Law No. 15 of 1960 – the Law of Commercial Companies. Companies in Kuwait have been granted six months to comply with the Law's requirements as may be specified in the Executive Regulations. The Group is taking necessary actions to ensure compliance within the specified timeframe.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

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 Company.

2.2 Significant accounting policies

New and revised accounting standards

Effective for the current year

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in previous year, except for the adoption of following new and amended IASB Standards during the year:

IFRS 7 Financial Instruments: Disclosures - Transfer of financial assets (effective 1 July 2011)

The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the users of the financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognized assets to enable the users to evaluate the nature of, and risks associated with such involvement. The Group does not have any assets with these characteristics and hence there has been no effect on the presentation of its consolidated financial statements.

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets (effective 1 January 2012)

The amendment clarifies the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and has no effect on the Group's financial position, performance or disclosures.

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

Issued but not yet effective

The following IASB Standards have been issued/amended but are not yet mandatory, and have not been early adopted by the Group:

IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (effective 1 January 2013)

IFRS 9 Financial Instruments: Classification and Measurement (effective 1 January 2015)

IFRS 10 Consolidated Financial Statements (effective 1 January 2013)

IFRS 11 Joint Arrangements (effective 1 January 2013)

IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011; effective 1 January 2013)

IFRS 13 Fair Value Measurement (effective 1 January 2013)

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (effective 1 July 2012)

IAS 19 Employee Benefits (Revised) (effective 1 January 2013)

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective 1 January 2014)

Annual improvements to IFRSs 2009-2011 Cycle issued in May 2012 (effective 1 January 2013)

IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial

instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 9 'Financial Instruments': Classification and Measurement

The standard was issued in November 2009 and becomes effective for annual years beginning on or after 1 January 2015. IFRS 9 improves the ability of the users of the financial statement to assess the amount, timing and uncertainty of future cash flows of the entity by replacing many financial instrument classification categories, measurement and associated impairment methods. The application of IFRS 9 will result in amendments and additional disclosures relating to financial instruments and associated risks. The application of IFRS 9 is under local regulatory review for early adoption in the State of Kuwait.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns. The Group is currently assessing the impact this standard may have on its consolidated financial statement presentation.

IFRS 11 Joint Arrangements

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement

IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

IAS 1 Financial Statement Presentation:

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 19 Employee Benefits (Revised)

The amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. These amendments are not expected to impact the Group's financial position or performance.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

Annual improvements to IFRSs 2009-2011 Cycle issued in May 2012 (effective 1 January 2013)

These improvements will not have any significant impact on the Group, but include:

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

Adoptions of other new or amended Standards are not expected to have a material effect on the consolidated financial position or financial performance of the Group. Additional disclosures will be made in the consolidated financial statements when these Standards become effective.

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.

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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 of cash in 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

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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 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.

2.13 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.

2.14 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 prevailing 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.

2.15 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.

2.16 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.

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3. Subsidiaries

The subsidiaries of the Company are listed below:

	% of ownership	
	2012	**2011**
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	
	2012	**2011**
Cash in hand and at banks	**6,539,334**	254,806
Short-term deposits with banks with original maturities of less than three months	**150,000**	778,896
	6,689,334	1,033,702

The effective interest rate on short-term deposits as at 31 December 2012 was 0.625% to 1.500% (31 December 2011: 1.125% to 1.250%) per annum.

5. Trade and other receivables

	Kuwaiti Dinars	
	2012	**2011**
Trade receivables	**20,750**	67,069
Prepayments, advances and deposits	**7,197**	7,441
Accrued income	**-**	739
	27,947	75,249

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

Trade receivables comprise the following:

	Kuwaiti Dinars	
	2012	**2011**
Neither past due nor impaired	**17,567**	52,271
Past due but not impaired	**3,183**	14,798
Total	**20,750**	67,069

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 past due but not impaired receivables is as follows:

	Kuwaiti Dinars	
	2012	2011
6 – 12 months	3,183	14,798
	3,183	14,798

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.

6. Investments available for sale

	Kuwaiti Dinars	
	2012	2011
Unquoted	6,453,595	5,602,074
Less: Impairment	(236,369)	(79,063)
	6,217,226	5,523,011

Investment securities are denominated in the following currencies:

	Kuwaiti Dinars	
	2012	2011
Kuwaiti Dinar	7,500	7,500
Qatar Riyal	157,305	311,546
UAE Dirham	6,052,421	5,203,965
	6,217,226	5,523,011

Unquoted investments include KD 6.052 million (2011 – KD 5.204 million) of equity interest in a special purpose entity that is currently developing a mix use real estate project in the UAE.

Available for sale investments include unlisted securities carried at cost of KD 6,059,921 (2011 - KD 5,211,465).

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.

7. Investments in associates

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

	Kuwaiti Dinars	
	2012	2011
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%

The carrying values of the associates are as follows:

	Kuwaiti Dinars	
	2012	2011
Al Shamel	3,283,699	3,227,945
Burj Al Oula	-	8,550,334
	3,283,699	11,778,279

Movements in investments in associates are as follows:

	Kuwaiti Dinars	
	2012	2011
Opening balance	11,778,279	11,576,691
Capital contribution/acquisition of associates	4,463	64,114
Disposal of an associate (including loss on disposal of KD 1,867,942)	(8,606,522)	-
Share of profit for the year	351,043	372,683
Dividend received	(332,524)	(178,765)
Net exchange differences	88,960	(56,444)
Closing balance	3,283,699	11,778,279

The fair value of the Group's investment in the quoted associate (Al Shamel) as at 31 December 2012 is KD 3,798,752 (31 December 2011: KD 5,586,400) based on the last trade in September 2012 on the Kuwait Stock Exchange.

The summarized financial information of associates is as follows:

	Kuwaiti Dinars	
	2012	2011
Assets	12,017,402	37,224,458
Liabilities	2,426,450	4,599,951
Revenue	6,087,870	7,482,660
Profit	1,063,570	1,098,640

8. Investment in an unconsolidated subsidiary

	% of ownership	
	2012	2011
Divine Bakery Company WLL, Kuwait (Divine)	100%	-

This represents the Group's acquisition of a local limited liability company carried at cost. The Group acquired 60% of the capital of Divine in February 2012. During the year, the Group acquired the remaining 40% through a sale purchase agreement with the partners of Divine. The legal formalities of transferring the remaining 40% ownership are in progress.

The total assets and operating results of the above subsidiary are not significant to the Group's consolidated financial statements and accordingly the subsidiary has not been consolidated.

9. Intangible asset

	Kuwaiti Dinars	
	2012	2011
Rights of utilization	30,000	36,000
Less: Amortization	(6,000)	(6,000)
	24,000	30,000

10. Trade and other payables

	Kuwaiti Dinars	
	2012	2011
Accounts payable	110,040	246,820
Accrued expenses	25,803	27,122
	980	-
Other	136,823	273,942

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 2011: 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 profit has to be appropriated towards legal reserve. Due to losses reported 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 the reported losses during the year, no appropriation was proposed.

12. General and administrative expenses

	Kuwaiti Dinars	
	2012	2011
Office rent	26,784	26,784
Office expenses	26,686	17,812
Travel expenses	13,507	15,635
Business development	25,546	3,895
Others	39,389	84,844
	131,912	148,970

The number of personnel employed by the Company as of 31 December 2012 was 9 (31 December 2011: 9).

13. Loss per share

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

	2012	2011
Loss for the year (KD)	(1,974,508)	(866,812)
Weighted average number of shares (Shares)	180,551,250	180,551,250
Basic and diluted loss per share (Fils)	(11)	(4.8)

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	
	2012	**2011**
Management fees and other income	**22,108**	8,412
Key management compensation		
Salaries and other short term employee benefits	**89,250**	93,955
Other long term benefits	**7,560**	10,805

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 2012 amounted to KD 596,277 (31 December 2011: KD 1,030,665).

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**
2012					
Revenues from investments	414,737	-	(27,245)	-	387,492
Interest revenue	3,721	-	-	-	3,721
Interest expense	-	-	-	-	-
Net interest revenue	3,721	-	-	-	3,721
Depreciation and amortization	(9,402)	-	-	-	(9,402)
Reportable segment profit/(loss)	77,972	-	(1,895,187)	(157,306)	(1,974,521)
Reportable segment assets	10,236,701	6,052,421	-	157,305	16,446,427
Reportable segment liabilities	123,773	-	61,168	-	184,941

	Kuwaiti Dinars				
	Kuwait	**UAE**	**Saudi Arabia**	**Others**	**Total**
2011					
Revenues from investments	433,291	-	(39,368)	-	393,923
Interest revenue	1,428	-	-	-	1,428
Interest expense	-	-	-	-	-
Net interest revenue	1,428	-	-	-	1,428
Depreciation and amortization	(11,343)	-	-	-	(11,343)
Reportable segment loss	(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

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**
2012			
Cash and bank balances	6,689,334	-	-
Trade and other receivables	27,947	-	-
Investment securities	-	-	6,217,226
	6,717,281	-	6,217,226
2011			
Cash and bank balances	1,033,702	-	-
Trade and other receivables	75,249	-	-
Investment securities	-	3,450	5,523,011
	1,108,951	3,450	5,523,011

All financial liabilities as of 31 December 2012 and 31 December 2011 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 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 2012				
Trade and other payables	136,823	-	-	-
At 31 December 2011				
Trade and other payables	273,942	-	-	-
Letters of guarantee	758,951	-	-	-

(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.

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(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 Group does not hold any listed equity investments as at 31 December 2012 and therefore not exposed to equity price risk.

(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 loss arising from a 10% change of the functional currency against the major currencies to which the Group is exposed to is KD 570 (2011: KD 8,143).

(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 Company is required to maintain a minimum share capital of KD 15 million as it is registered as an investment company with the Central Bank of Kuwait.

19. Fair value of financial instruments

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 unquoted instruments classified as investments available for sale. The value of such investments, amount to KD 6,217,226 (2011: KD 5,523,011).

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.

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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/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 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	
	2012	**2011**
Letters of guarantee	-	758,951
Letters of guarantee (share of associate)	**1,171,832**	1,150,860
Letters of credit (share of associate)	**58,523**	57,908
Capital commitments	**35,000**	-
Capital commitments (share of associate)	**10,508**	-

22. Comparatives

Certain comparative amounts have been reclassified to conform to current year presentation but with no change in previously reported profit or equity.