Tamdeen Entertainment Company (K.S.C.C)
Kuwait

Financial Statements and Independent Auditor's Report
For the year ended 31 December 2010

Tamdeen Entertainment Company (K.S.C.C)
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of Tamdeen Entertainment Company (K.S.C.C), "the Company" which comprise the statement of financial position as at 31 December 2010 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2010, 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 accounts have been kept by the Company and the financial statements, together with the contents of the report of the Board of Directors relating to these 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 that the financial statements incorporate all 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 violations of the Commercial Companies Law of 1960, as amended, or of the Company's Articles of Association have occurred during the year ended 31 December 2010 that might have had a material effect on the business of the Company or on its financial position.

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

Kuwait
13Febreuary 2011

Tamdeen Entertainment Company (K.S.C.C)
Kuwait

Statement of Financial Position as at 31 December 2010
(All amounts in Kuwaiti Dinar)

	Note	2010	2009
Assets			
Non- current assets			
Property and equipment	5	9,668,916	7,855,609
Current assets			
Inventories		101,654	86,907
Trade and other receivables	6	19,499	37,314
Investments in Murabaha		-	166,511
Cash and cash equivalents	7	517,573	530,500
		638,726	821,232
Total assets		10,307,642	8,676,841
Equity and liabilities			
Equity			
Share capital	8	8,500,000	8,500,000
Accumulated losses		(45,007)	(392,289)
		8,454,993	8,107,711
Liabilities			
Non-Current liabilities			
Post employment benefits		45,786	24,723
Current liabilities			
Trade and other payables	9	793,774	544,407
Islamic debit instruments	10	1,013,089	-
		1,806,863	544,407
Total liabilities		1,852,649	569,130
Total equity and liabilities		10,307,642	8,676,841

The accompanying notes are an integral part of these financial statements.

Abdul Aziz A. Al Ghanim
Vice Chairman

Ahmed D. Al Osaimi
Chairman and CEO

Statement of Comprehensive Income for the year ended 31 December 2010
(All amounts in Kuwaiti Dinar)

	Note	2010	2009
Operating revenues		1,589,827	264,214
Operating cost	12	(743,099)	(200,496)
Gross profit		846,728	63,718
Other income		31,153	89,448
General and administrative expenses	13	(480,600)	(357,657)
Finance cost		(26,178)	-
Foreign exchange (losses) / gains		(16,060)	28,494
Board of Directors' remuneration		(3,000)	(3,000)
Zakat		(4,761)	-
Net profit / (loss) for the year		347,282	(178,991)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		347,282	(178,991)

The accompanying notes are an integral part of these financial statements.

Tamdeen Entertainment Company (K.S.C.C)
Kuwait

Statement of Changes in Equity for the year ended 31 December 2010
(All amounts in Kuwaiti Dinar)

	Share capital	Accumulated loss	Total
Balance as at 1 January 2009	8,500,000	(213,298)	8,286,702
Total comprehensive loss for the year	-	(178,991)	(178,991)
Balance as at 31 December 2009	8,500,000	(392,289)	8,107,711
Balance as at 1 January 2010	8,500,000	(392,289)	8,107,711
Total comprehensive income for the year	-	347,282	347,282
Balance as at 31 December 2010	8,500,000	(45,007)	8,454,993

The accompanying notes are an integral part of these financial statements.

Tamdeen Entertainment Company (K.S.C.C)
Kuwait

Statement of Cash Flows for the year ended 31 December 2010
(All amounts in Kuwaiti Dinar)

	2010	2009
Cash Flows from operating activities		
Net profit / (loss) for year	347,282	(178,991)
Adjustments:		
Interest income	(31,153)	(83,628)
Depreciation of property and equipments	326,752	36,521
Provision for claims	100,000	-
Finance costs	26,178	-
Post employment benefits	21,063	8,909
Operating gains / (losses) before changes in working capital	790,122	(217,189)
Inventories	(14,747)	(86,907)
Trade and other receivables	17,815	(3,989)
Trade and other payables	125,876	65,426
Net cash generated from / (used in) operating activities	919,066	(242,659)
Cash flows from investing activities		
Acquisition of property and equipment	(2,116,568)	(5,429,310)
Murabaha	166,511	856,641
Interest income received	31,153	83,628
Net cash used in investing activities	(1,918,904)	(4,489,041)
Cash flows from financing activities		
Proceeds from Islamic debit instruments	1,000,000	-
Paid for Islamic debit instruments	(13,089)	-
Net cash generated from financing activities	986,911	-
Net decrease in cash & cash equivalents	(12,927)	(4,731,700)
Cash and cash equivalents at the beginning of the year	530,500	5,262,200
Cash and cash equivalents at the end of the year (note 7)	517,573	530,500

The accompanying notes are an integral part of these financial statements.

1. Company's overview

Tamdeen Entertainment Company (K.S.C.C) "the Company" is incorporated on 26 December 2006 under Article of association No.9046 Volume1 dated on 26 December 2006.The Company was registered in the commercial registration on 27 December 2006 under number 118447. The establishment of the Company was announced in the assembly meeting incorporation on 22 January 2007.

The Company is located in Al-Zahraa – Mall 360 – fourth floor, office (1), P.O. Box 29060 – Safat – 13151 Kuwait.

The main objectives of the Company are:

1. Owning, and Operating restaurants, cafes, fast food, parks, touristic entertainment facilities, and games as well as importing all equipments needed. Such activities shall be complying with Kuwaiti rules.

2. Owning real estate needed for operation.

3. Run and operate recreation centers.

4. Establishment of crèches.

5. Invest surplus cash available in real estate and monetary portfolio managed by qualified entities

The Company may associate with any entities conducting similar activities or supporting its objectives locally or abroad. The Company is entitled to participate, incorporate, acquire, or have stake share in these entities.

The Company is fully owned to Tamdeen Shopping Centre Company – (K.S.C.C) – (referred to as the Parent Company).

The financial statements were approved by the Board of Directors on 13 February 2011.

2. Significant accounting policies

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

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), and under the historical cost convention.

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

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

New and revised standard related to the Company's activities

- Amendments to IAS 1 Presentation of Financial Statements.
- Amendments to IAS 7 Cash Flows
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers

There is no impact on adopting these amendments and interpretation on the Company's financial statement.

New and revised standard not related to the Company's activities

- Amendments to IFRS 5 -(Non-current Assets Held for Sale and Discontinued Operations)
- IFRS 3 (revised in 2008) - Business Combinations
- IAS 27 (revised in 2008) Consolidated and Separate Financial Statements.
- IAS 28 (revised in 2008) - Investments in Associates

2.1.2 New and revised IFRSs in issue but not yet effective

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

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

The application of these standards and interpretations are not expected to have a material impact on the financial statements of the Group. These standards and interpretations will be adopted by the Group when these standards and interpretations become effective.

2.2 Property and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalized.

Depreciation is calculated based on estimated useful life of the applicable assets except for the land on a straight line basis, as follows:

	Estimated useful life (Year)
Construction work	20 – 25
Games & equipments	5-25
Furniture, office equipment and computers	4 - 20
Vehicles	4

The estimated useful lives of property and equipment are periodically reviewed and effect of any such changes is recognized prospectively in the statement of income.

The cost of property and equipment under preparation are included in projects under progress at the balance sheet until they are completed and ready for their intended use. At that time, they are reclassified under similar assets and the depreciation commences.

Gain or losses resulting from the disposal of property and equipment is included in the statement of income being the difference between the selling price and carrying value of the property and equipment at the date of sale.

2.3 Impairment of non financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognized in the statement of income for the period in which they arise.

If an indication exists that an impairment loss recognized for an asset in prior years may no longer exist or may have decreased, that loss is reversed and recognized as income in the statement of income. However, the carrying amount of the asset shall not exceed the carrying amount that would have been determined as if no impairment loss been recognized in prior years.

2.4 Financial instruments

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

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

Financial assets

Financial assets are classified into the following specified categories: The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. The Group has determined the classification of its financial assets as “loans and receivables”.

Loans and receivables

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

Impairment in value

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

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

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

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

Derecognition

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

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

Financial liabilities

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

Derecognition

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

2.5 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average method.Net realizable value is determined based on estimated selling price less the estimated costs necessary to complete the sale.

2.6 Post employment benefits

The Company is liable under Kuwaiti Labor Law, to make payments to the employees for post employment benefits through defined benefits plan. Such payment is made on a lump sum basis at the end of an employee's service. This liability is unfunded and has been computed as the amount payable as a result of involuntary termination of the Company's employees on the balance sheet date. The Company expects this method to produce a reliable approximation of the present value of this obligation.

2.7 Revenue recognition

- Services revenues are recognized when the services are rendered.
- Interest income is recognized on a time proportion basis.
- Dividend income is recognized when the right to receive it is established.
- Other income is recognized on accrual basis.

2.8 Accounting for leases

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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis

2.9 Foreign currencies

The functional currency of the Company is the Kuwaiti Dinar. Foreign currency transactions are translated at the rates of exchange prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Kuwaiti Dinars at the rates of exchange prevailing at the balance sheet date. Resultant gains or losses are taken to the statement of income.

3. Financial risk management

3.1 Financial instruments

The Company has classified its financial assets and liabilities as of 31 December 2010 and 2009 as follows:

- Loans and receivables: which include trade and other receivables and cash and cash equivalents.
- Financial liabilities: which include trade and other payables and Islamic debit instruments.

3.2 Financial risks

The Company's business activities expose it to certain financial risks such as market risk, credit risk and liquidity risk.

Market risk

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

<u>Foreign exchange risk</u>

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

The Company is exposed to foreign currency risks resulted mainly from the Company's dealings in financial instruments denominated in foreign currencies. Foreign currency risks result from the future transactions on financial instruments in foreign currency as reflected in the financial statements. The Company does not maintain any financial instrument exposed to this risk as at 31 December 2010 and 2009.

<u>Interest rate risk</u>

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 rate of return.

The Group management monitors interest rate risk by:

- Regular tracking of market interest rates.
- Obtain borrowings for short term.

<u>Price risk</u>

It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Company does not maintain any financial instrument exposed to this risk as at 31 December 2010 and 2009.

Credit risk

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

Liquidity risk

It is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk management mainly includes maintaining sufficient cash and high liquid financial instruments and the availability of funding resources to meet the Company's liquidity requirements.

The Company monitors this risk through monitoring the maturities of financial liabilities. The Company's financial liabilities are due within 1 year from the balance sheet date.

4. Capital risk management

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

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

The Company objects to maintain the minimum gearing ratio.

5. Property and equipment

	2010						2009
	Construction works	**Games & equipments**	**Furniture, office equipment and computers**	**Vehicles**	**Projects under progress**	**Total**	**Total**
Cost							
As of 1 January	1,049,363	427,842	47,575	12,485	6,359,228	7,896,493	2,143,918
Additions during the year	-	-	16,464	13,300	2,110,295	2,140,059	5,752,575
Transferred from projects in progress	4,929,942	2,993,229	216,281	-	(8,139,452)	-	-
As of 31 December	5,979,305	3,421,071	280,320	25,785	330,071	10,036,552	7,896,493
Accumulated depreciation							
As of 1 January	13,117	17,066	10,188	513	-	40,884	4,363
Depreciation during the year	152,905	138,157	31,695	3,995	-	326,752	36,521
As of 31 December	166,022	155,223	41,883	4,508	-	367,636	40,884
Net book value							
As of 31 December	5,813,283	3,265,848	238,437	21,277	330,071	9,668,916	7,855,609

Projects under progress represent the purchase cost of equipments which is necessary to operate the Company's entertainment project in 360 Mall.

Depreciations are allocated as follows:

	2010	**2009**
Charged to operating costs (note 12)	317,736	30,183
Charged to general and administrative expenses (note 13)	9,016	6,338
	326,752	36,521

6. Trade and other receivables

	2010	2009
Suppliers' advance payments	10,617	28,012
Prepaid expenses and others	8,882	9,302
	19,499	37,314

7. Cash and cash equivalents

	2010	2009
Cash on hand	1,418	200
Banks current accounts	516,155	530,300
	517,573	530,500

8. Share capital

The issued and paid up capital amounted to KD 8,500,000 as of 31 December 2010 and 2009 divided into 85,000,000 shares of 100 fils per share. All shares are in cash.

9. Trade and other payables

	2010	2009
Creditors property and equipment acquisition	205,742	182,251
Accrued leave	40,721	21,420
Accrued expenses and other	224,259	70,885
Work safety insurance	249,127	206,553
Advance income	50,000	-
Due to related parties	23,925	63,298
	793,774	544,407

10. Islamic debt instruments

	2010	2009
	1,013,089	-

This item is represented in Murabaha payable contract with weighted interest of 5.25% matured on 30 June 2011.

11. Related parties transactions

In the ordinary course of business of the Company, there are transactions with related parties represented in shareholders, senior management and companies owned or being influenced by those managers.

Conditions and prices of those transactions have been approved by the Company's management.

The following is the major transactions and the related balances:

	2010	2009
Transactions		
Rents	-	36,336
Purchase of property and equipment	32,261	182,822
Key management compensation	83,654	55,326
Other expenses	13,160	-
Balances		
Due to Related Parties	23,925	63,298

All related parties transactions are subject to the approval of the General Assembly of the Shareholders.

12. Operating cost

	2010	2009
Staff costs (note 14)	206,435	47,349
Depreciation of property and equipments (note 5)	317,736	30,183
Rents	12,150	42,764
Advertising and commercials	40,132	16,539
Consumed materials	35,182	15,822
Maintenance	7,958	-
Security, safeguard and cleaning	57,401	15,322
Insurance	17,561	5,947
Others	48,544	26,570
	743,099	200,496

13. General and administrative expenses

	2010	2009
Staff costs (note 14)	263,700	254,762
Depreciation of property and equipments (note 5)	9,016	6,338
Rents	4,904	51,094
Travel and residence expenses	11,025	4,092
Subscriptions and duties	7,530	4,485
Legal fees	8,277	-
Information technology	39,223	-
Miscellaneous expenses	136,925	36,880
	480,600	357,651

14. Staff Costs

	2010	2009
Charged to operating cost (note 12)	206,435	47,349
Charged to general and administrative expenses (note 13)	263,700	254,762
	470,135	302,111
Number of staff (Employee)	99	35

15. Significant accounting judgments and estimates

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

Impairment of fixed assets and inventory

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

16. Future Commitments

	2010	2009
Capital expenditures	37,531	1,708,004
Letters of Credit	-	122,784
	37,531	1,830,788