

Consolidated financial statements and auditors' report

Tamdeen Real Estate Company – KSC (Closed)

and Subsidiaries

Kuwait

31 December 2005

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Auditors' report

To the shareholders of
Tamdeen Real Estate Company – KSC (Closed)
Kuwait

We have audited the accompanying consolidated balance sheet of Tamdeen Real Estate Company (A Kuwaiti Closed Shareholding Company) and its subsidiaries (the group) as at 31 December 2005, and the related consolidated statements of income, changes in equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the parent company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as at 31 December 2005, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Furthermore, in our opinion proper books of account have been kept by the parent 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 that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, as amended, and by the parent 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, as amended, nor of the articles of association have occurred during the year that might have had a material effect on the business of the group or on its financial position.

Anwar Y. Al-Qatami, F.C.C.A.
(Licence No. 50-A)
of Grant Thornton – Anwar Al-Qatami & Co.

Fawzia Mubarak Al-Hassawi
(Licence No. 80-A)
of Al-Fouz International Audit Bureau

Kuwait
12 March 2006

Consolidated statement of income

	Notes	Year ended 31 Dec. 2005 KD'000	Year ended 31 Dec. 2004 KD'000
Income			
Real estate rental income		6,380	3,780
Real estate depreciation and expenses	4	(2,134)	(745)
Net real estate rental income		4,246	3,035
Other real estate income	5	1,203	1,007
Management fees from real estate and investment portfolios		60	50
Profit on sale of investments in land and real estate held for trading		-	53
Profit on sale of real estate properties		-	1,048
Impairment in value of available for sale investments		-	(105)
Net investments income	6	6,472	5,533
Share of profit in associated company		3,250	556
Other income		43	-
Foreign exchange profit/(loss)		1,545	(574)
		16,819	10,603
Expenses and other charges			
Staff costs		1,614	1,123
General and administrative expenses		2,221	1,077
Finance costs		4,620	2,536
		8,455	4,736
Profit from operations			
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(47)	(36)
Board of directors' remuneration		(100)	(100)
Provision for National Labour Support Tax		(32)	(78)
Profit for the year		8,185	5,653
Attributable to :			
Minority interest		1,170	637
Shareholders of the parent		7,015	5,016
		8,185	5,653
EARNING PER SHARE ATTRIBUTABLE TO SHARE HOLDERS OF PARENT COMPANY			
	7	21.9 Fils	16.6 Fils

The notes set out on pages 6 to 16 form an integral part of these consolidated financial statements.

Consolidated balance sheet

	Notes	Year ended 31 Dec. 2005 KD'000	Year ended 31 Dec. 2004 KD'000
Assets			
Non-current assets			
Available for sale investments	8	108,416	97,744
Investment in associated companies	9	34,252	31,611
Investment in unconsolidated companies	10	1,250	-
Investment properties	11	89,718	35,133
Projects in progress	12	17,430	25,101
Machines and equipment	13	125	51
		251,191	189,640
Current assets			
Cash and bank balances		1,812	328
Short-term deposits		551	35
Investments at fair value through statement of income	14	898	2,959
Accounts receivable and other debit balances	15	1,241	693
Investments in land and real estate held for trading	16	8,594	8,594
		13,096	12,609
Total asset		264,287	202,249
Equity and liabilities			
Equity attributable to shareholders of the parent company			
Issued and fully paid share capital – 320,000,000 shares of Kuwaiti Fils 100 each		32,000	32,000
Treasury shares	17	(34)	(34)
Reserve of profit on sale of treasury shares		715	715
Legal reserve	18	3,789	3,076
Share premium		11,132	11,132
Voluntary reserve	18	5,187	4,474
Retained earnings		10,371	7,979
Cumulative changes in fair values		68,636	57,243
		131,796	116,585
Minority interest		41,953	8,282
Total equity		173,749	124,867
Liabilities			
Non-current liabilities			
Term loans	19	46,858	51,620
Bonds	20	19,737	-
Refundable rental deposits		1,953	1,806
Provision for end of service indemnity		399	323
		68,947	53,749
Current liabilities			
Bank facilities	21	1,443	7,713
Accounts payable and other credit balances	22	11,803	5,602
Current portion of term loans	19	8,345	10,318
		21,591	23,633
Total liabilities		90,538	77,382
Total equity and liabilities		264,287	202,249

Mohammed Jassim Al-Marzuk
Chairman and Managing Director

Ali Yacoub Ghafil Aryan
Vice-Chairman

The notes set out on pages 6 to 16 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to shareholders of the parent company										
	Share capital KD'000	Treasury shares KD'000	Reserve of profit on sale of treasury shares KD'000	Legal reserve KD'000	Share premium KD'000	Voluntary reserve KD'000	Retained earnings KD'000	Cumulative changes in fair values KD'000	Total KD'000	Minority interest KD'000	Total KD'000
Balance as at 31 December 2003	25,169	(34)	715	2,553	2,728	3,951	5,897	29,905	70,884	8,021	78,905
Dividends paid to shareholders	1,888	-	-	-	-	-	(1,888)	-	-	-	-
Increase in share capital	4,943	-	-	-	8,404	-	-	-	13,347	-	13,347
Changes in fair value of available for sale investments	-	-	-	-	-	-	-	27,338	27,338	-	27,338
Profit for the year	-	-	-	-	-	-	5,016	-	5,016	637	5,653
Transfer to reserves	-	-	-	523	-	523	(1,046)	-	-	-	-
Changes in minority interest	-	-	-	-	-	-	-	-	-	(376)	(376)
Balance as at 31 December 2004	32,000	(34)	715	3,076	11,132	4,474	7,979	57,243	116,585	8,282	124,867
Dividends paid to shareholders (note 23)	-	-	-	-	-	-	(3,197)	-	(3,197)	-	(3,197)
Changes in fair value of available for sale investments	-	-	-	-	-	-	-	11,393	11,393	-	11,393
Profit for the year	-	-	-	-	-	-	7,015	-	7,015	1,170	8,185
Transfer to reserves	-	-	-	713	-	713	(1,426)	-	-	-	-
Changes in minority interest	-	-	-	-	-	-	-	-	-	32,501	32,501
Balance as at 31 December 2005	32,000	(34)	715	3,789	11,132	5,187	10,371	68,636	131,796	41,953	173,749

The notes set out on pages 6 to 16 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Notes	Year ended 31 Dec. 2005 KD'000	Year ended 31 Dec. 2004 KD'000
OPERATING ACTIVITIES			
Profit for the year attributable to shareholders of the parent		7,015	5,016
Adjustments:			
Depreciation		1,450	330
Provision for end of service indemnity		113	114
Profit on sales real estate properties		-	(1,048)
Profit on sale of investments in land and real estate held for trading		-	(53)
Unrealised profit from investments at fair value through statement of income		(222)	(394)
Loss on sale investments at fair value through statement of income		122	-
Permanent decline in value of available for sale investment		-	105
Net investments income		(6,472)	(5,533)
Share of profit in associated company		(3,250)	(556)
Finance costs		4,620	2,536
		3,376	517
End of service indemnity paid		(37)	(20)
		3,339	497
Operating profit before changes in operating assets and liabilities		3,339	497
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(548)	(149)
Accounts payable and other credit balances		6,201	2,515
Refundable rental deposits		147	923
Net cash from operating activities		9,139	3,786
INVESTING ACTIVITIES			
Proceeds from sale of real estate project		-	1,650
Sale of investment at fair value through statement of income		2,161	939
Net sale of available for sale investments		721	1,783
Investment in land and real estate held for trading		-	(8,564)
Proceeds from sale of investments in land and real estate held for trading		-	153
Investment in associated companies		609	(27,268)
Investment in unconsolidated companies	10	(1,250)	-
Purchase of investment properties		(36,029)	-
Investment in subsidiary company		(5,789)	-
Project in progress		(12,280)	(12,227)
Net purchase of machines and equipment		(129)	(60)
Net investments income		6,472	5,533
Net cash used in investing activities		(45,514)	(38,061)
FINANCING ACTIVITIES			
Cash dividend paid		(3,197)	-
Increase in capital		-	13,347
Change in minority interest		33,671	261
Change in bank facilities		(6,270)	6,701
Purchase of treasury shares		19,737	-
Change in term loans		(946)	15,529
Finance costs paid		(4,620)	(2,536)
Net cash from financing activities		38,375	33,302
Net increase/(decrease) in cash and cash equivalents		2,000	(973)
Cash and cash equivalents at the beginning of the year		363	1,336
Cash and cash equivalents at the end of the year	24	2,363	363

The notes set out on pages 6 to 16 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

31 December 2005

1 Incorporation and Activities

The parent company was incorporated in Kuwait on 16 December 1982 in accordance with the Commercial Companies Law. Its shares are listed on the Kuwait Stock Exchange

The principal activities of the parent company are investing in land and real estate both inside and outside the State of Kuwait, for the purposes of ownership, resale, leasing and renting. The parent company is also engaged in the development and construction of buildings and real estate projects, managing the properties of others, establishing and managing real estate funds, real estate studies and consultancy, and investing in companies with activities similar to its own and in portfolios managed by professional fund managers.

The address of the parent company's registered office is PO Box 21816, Safat 13079, State of Kuwait.

The consolidated financial statements for the year ended 31 December 2005 were authorised for issue by the parent company's board of directors on 12 March 2006 and are subject to the approval of the general assembly of the shareholders.

2 Significant Accounting Policies

Preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards under the historical cost convention except for the investments measured at fair value as explained below.

In 2003 and 2004, International Accounting Standards Board (IASB) issued a series of new International Financial Reporting Standards (IFRS) and revised International Accounting Standards (IAS). The new IFRS and revised IAS became effective for annual periods beginning 1 January 2005. All new IFRS and revised IAS have been adopted by the parent and subsidiaries company during the year.

The accounting policies, with the exception of adoption of IFRS described below, are consistent with those used in the previous year.

Basic of consolidation

Upon consolidation of the financial statements, inter-company balances and transactions are eliminated including inter-company realised and unrealised profits and losses. The consolidated financial statements have been prepared using unified accounting policies for similar transactions and other transactions occurred under similar circumstances and based on the latest audited financial statements of the subsidiaries company.

2 Significant Accounting Policies (Continued)

Recognition of income and expenditure

Profits and losses on sale of investments are recognised as and when they are realised. Dividend income is recognised when the right to receive payment is established. Other income and expenditure are accounted for under the accrual basis.

Finance cost

Finance costs are recognised in the consolidated statement of income for the year on a time proportion basis over the maturity period of the related liabilities.

Investment in associated company

An associate is an enterprise over which the parent company is in a position to exercise significant influences, through participation in the financial and operating policies of the investee. The equity method of accounting was used to account for this investment. Any impairment in value is recognised as and when it occurs.

Investments in land and real estate held for trading

Investments in land and real estate held for trading are regarded as current assets, and are stated at the lower of cost and market value, assessed on an individual investment basis. Realised gains and losses, and change in carrying value in cases of decline are taken to the consolidated statement of income

Investments at fair value through statement of income

"Investments at fair value through statement of income" are initially recognised at cost, excluding transaction costs. These investments as "held for trading".

"Held for trading investments" are acquired principally for the purpose of selling or repurchasing it in the near term or are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking.

After initial recognition, investments at fair value through statement of income are remeasured at fair value.

Gain or loss arising either from the sale or changes in fair value of "investments at fair value through statement of income" are recognised in the consolidated statement of income.

Available for sale investments

"Available for sale investments" are initially recognised at cost plus transaction costs that are directly attributable to the acquisition.

After initial recognition, available for sale investments are remeasured at fair value except for investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

Unrealised gain or loss on remeasurement of available for sale investments to fair value is recognised directly in equity in "cumulative changes in fair value" account until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the consolidated statement of income.

Trade and settlement date accounting

All "regular way" purchase and sales of financial assets are recognised on the trade date, i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

2 Significant Accounting Policies (Continued)

Fair value

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current market value of another instrument which is substantially the same, or is based on the modern techniques regularly used by the market dealers.

Investment properties

Investment properties are valued at cost less accumulated depreciation and any impairment losses. Investment properties are valued on an individual basis annually by an independent evaluator.

Treasury share

The company's holding in its with no entitlement to cash dividends that the company may distribute. Gains/(losses) resulting from the company trading in its own shares are credited/(debited) directly to shareholders' equity as "reserve of profit on sale of treasury shares".

Where the "reserve of profit on sale of treasury shares" fall short of any losses from the sale of treasury shares, the difference is charged initially to retained profits and then reserves; subsequently, should profits arise upon the sale of treasury shares an amount is transferred to retained profits and reserves equivalent to the loss previously charged to these accounts.

Machines and equipment

Machines and equipment are stated at cost less accumulated depreciation and any impairment losses. Machines and equipment are depreciated at annual rates estimated to fully depreciate the cost of the assets over their expected useful lives.

Related party transactions

Related parties consist of directors, executive officers, their close family members and companies of which they are principal owners. All related party transactions are conducted on an arm's length basis.

End of service indemnity

Provision for end of service indemnity is computed on the basis of employees' accumulated periods of service at the balance sheet date, in accordance with Kuwait labour law for the private sector bye-laws.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated into Kuwaiti Dinars using the rates of exchange prevailing at the consolidated balance sheet date. Foreign currency transactions during the year are translated into Kuwaiti Dinars at the rates of exchange prevailing at the time of transaction. Exchange differences arising from translation are taken to the statement of income.

Cash and cash equivalent

Cash and cash equivalents as stated in the consolidated statement of cash flows are represented by bank and cash balances.

3 Financial instruments

Credit risk

Financial assets, which potentially subject the parent company and its subsidiaries to concentrations of credit risk, consist principally of investments, accounts receivable, and bank and cash balances. The investments are presented at fair value and accounts receivable are presented net of any provisions for doubtful debts. Bank accounts are placed with high credit quality financial institutions.

Interest rate risk

The bank overdrafts and loans bear interest at commercial rates and as shown in its related notes. The overdraft accounts are repayable upon demand whilst the loans are due for repayment upon fixed dates.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchanges rates.

Currency risk is managed on the basis of limits determined by the parent company board of directors and a continuous assessment of the company is open positions and current and expected exchange rate movements. The parent company and its subsidiaries does not engage in foreign exchange trading and where necessary matches currency exposures inherent in certain assets with liabilities in the same correlated currency.

Fair values

At 31 December 2005 and 2004 the carrying amounts of financial assets and liabilities approximated their fair values.

Derivative financial instruments

The parent company and its subsidiaries do not speculate in or engage in the trading of derivative financial instruments.

4 Real estate depreciation and expenses

	2005 KD'000	2004 KD'000
Staff cost	39	75
Investment properties depreciation (Note 11)	1,395	301
Other real estate expense	700	369
	2,134	745

5 Other real estate income

	2005 KD'000	2004 KD'000
Car park and yacht membership revenue	257	216
Rental termination fees	701	273
Project management fees	54	63
Services revenue – Kutt complex	128	371
Other miscellaneous revenue	63	84
	1,203	1,007

6 Net investments income

	2005 KD'000	2004 KD'000
Loss on sale investment at fair value through statement of income	(122)	-
Profit on sale of available for sale investments	2,588	1,479
Unrealised profit from investment at fair value through statement of income	222	394
Dividend income	3,309	3,610
Interest income	475	50
	6,472	5,533

7 Earning per share attributable to the shareholders of the parent company

	2005	2004
Profit for the year attributable to the shareholders of the parent company (KD'000)	7,015	5,016
Weighted average shares (excluding treasury shares) (in thousand)	319,839	301,558
Earnings per share	21.9 Fils	16.6 Fils

8 Available for sale investments

	2005 KD'000	2004 KD'000
Local managed portfolios and funds	6,120	5,198
Equity participation in unquoted local company shares	2,678	1,698
Participations in capital of companies located outside Kuwait	99,618	90,848
	108,416	97,744

Participation in capitals of companies outside Kuwait its subsidiary investments [Tamdeen Investment Co. – KSC (Closed)] representing quoted investments in foreign markets. Included in these participation, an investment by the subsidiary in the share capital of a Gulf quoted financial institution. This participation is mortgaged with a total fair value of KD19,036 thousand (KD77,433 thousand at 31 December 2004) against bank loans (Note 19).

9 Investment in associated companies

This caption comprises of the following:

	Place of incorporation	2005		2004	
		Holding percentage %	Value KD'000	Holding percentage %	Value KD'000
Kuwait National Cinema Company - KSC	Kuwait	30.07	28,680	30.07	26,023
Ajmal Holding Company - BSC	Bahrain	38	5,572	38	5,588
			34,252		31,611

During the month of December 2004, the parent company and its one of subsidiary [Tamdeen Investment Co. – KSC (Closed)] participated in the incorporation of a closed shareholding company in Bahrain under the name of Ajmal Holding Company. The parent company and its subsidiary participated in 19% each in the paid up share capital of the new company. This investment is managed by the subsidiary company through a fund.

9 Investment in associated companies (continued)

The combined financial figures of the associated companies comprise the following:

	2005 KD'000	2004 KD'000
Assets	59,599	55,380
Liabilities	(14,313)	(18,307)
Net assets	45,286	37,073
Profit for the year	10,126	1,689

At 31 December 2005, the fair market value of the parent company's investment in Kuwait National Cinema Company – KSC amounted to KD25,473 thousand (2004: KD36,125 thousand).

10 Investment in unconsolidated companies

Investment in unconsolidated companies represent 100% ownership of Tamdeen Investment Co. – KSC (Closed) and Al Madina Nmozagia General Trading and Contracting Company – WLL of KD250 thousand and 100% ownership of Wafra Holding – KSC of KD1,000 thousand.

The financial statement for these companies haven't been consolidated because it is still in the preparation stage to commence its activities.

11 Investment properties

	Land KD'000	Buildings KD'000	Machinery and equipment KD'000	2005 Total KD'000	2004 Total KD'000
Cost					
At 1 January	26,750	9,488	1,965	38,203	38,203
Addition	32,878	3,151	-	36,029	-
Transfer from projects in progress	-	19,951	-	19,951	-
At 31 December	59,628	32,590	1,965	94,183	38,203
Accumulated depreciation					
At 1 January	-	2,050	1,020	3,070	2,769
Charge for the year	-	1,264	131	1,395	301
At 31 December	-	3,314	1,151	4,465	3,070
Net book value					
At 31 December	59,628	29,276	814	89,718	35,133
Fair value				135,093	55,059

Investment properties include: Land, buildings, machinery and equipment, and they depreciate as the following:

Buildings	20 to 50 years
Machinery and equipment	15 years

The above fair value has been assessed by an independent valuer. The investment properties include mortgaged real estate with net book value of KD34,832 thousand (2004: KD35,133 thousand) for local banks against long-term loans (see Note 19).

12 Projects in progress

	2005 KD'000	2004 KD'000
Cost		
At 1 January	25,761	14,136
Additions	12,280	12,227
Transfer to investment properties	(19,951)	-
Disposals	-	(602)
At 31 December	18,090	25,761
Provision for decline in value		
At 1 January	660	660
At 31 December	660	660
Net book value at 31 December	17,430	25,101

13 Machines and equipment

	Machines and equipment KD'000	Furniture, fixtures and office equipment KD'000	2005 Total KD'000	2004 Total KD'000
Cost				
At 1 January	55	271	326	266
Additions	33	96	129	61
Disposals	-	-	-	(1)
At 31 December	88	367	455	326
Accumulated depreciation				
At 1 January	30	245	275	246
Charge for the year	18	37	55	29
At 31 December	48	282	330	275
Net book value				
At 31 December	40	85	125	51

The parent company and its subsidiaries depreciate machines and equipment using the following annual rates:

Machines and equipment	20%
Furniture, fixtures and office equipment	20% to 33.33%

14 Investments at fair value through statement of income

	2005 KD'000	2004 KD'000
Local managed portfolios	888	17
Investment in funds managed by others	10	2,942
	898	2,959

15 Accounts receivable and other debit balances

	2005 KD'000	2004 KD'000
Receivable from tenants	550	320
Staff receivable	115	119
Other debit balances	836	472
	1,501	911
Provision for doubtful debts	(260)	(218)
	1,241	693

16 Investments in land and real estate held for trading

	2005 KD'000	2004 KD'000
Cost		
At 1 January	8,594	130
Additions	-	8,564
Disposals	-	(100)
	8,594	8,594

During 2004, the parent company participated in the purchase of land in Kuwait, part of a real estate portfolio, with a value of KD8,564 thousand, this investment is managed by the one of subsidiary company [Tamdeen Investment Co. – KSC (Closed)].

17 Treasury shares

At the consolidated balance sheet date the parent company owned 161,250 (2004 : 161,250 shares) of its own shares equivalent to 0.05% (2004 : 0.05%) of the total shares issued. The market value of these shares accordingly to purchase orders at the consolidated balance sheet date was KD75 thousand (2004 : KD63 thousand).

18 Reserves

In accordance with the Commercial Companies Law of Kuwait, 10% of the profit of each year is transferred to the legal reserve until such time that the balance of the reserve account equals 50% of the balance of the paid up share capital.

Distribution of the legal reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are insufficient for the payment of a dividend of that amount.

10% of the year profit is transferred to the voluntary reserve this transfer could be stopped ceased based on the board of director decisions. Transfers to the voluntary reserve are made in accordance with the recommendation of the board of directors to the general assembly.

19 Term loans

	2005 KD'000	2004 KD'000
Denominated in Japanese Yen with annual interest rate ranging between 2% to 2.25% over LIBOR (1% to 2.25% at 31 December 2004)	3,374	3,847
Denominated in U.S. Dollar with annual interest rate ranging between 1% to 2.25% over LIBOR (1% to 2.25% at 31 December 2004)	5,146	6,371
Denominated in Kuwaiti Dinars with annual interest rate ranging between 0.75% to 2.25% over KIBOR (0.75% to 2.25% at 31 December 2004)	40,096	44,100
Denominated in Euro with annual interest rate ranging between 1% to 2.25% over LIBOR (1% to 2.25% at 31 December 2004)	6,587	7,620
	55,203	61,938

19 Term loans (continued)

The loans are due for repayment as follows:

	2005 KD'000	2004 KD'000
Within one year	8,345	10,318
From one to five years	46,858	51,620
	55,203	61,938

All of the term loans are granted for the parent and one of its subsidiary companies [Tamdeen Investment Co. – KSC (Closed)] by local banks. The total amount of the instalments relating to the loans which are due to be repaid within twelve months from the consolidated balance sheet date are shown as a current liability.

Loans are granted for parent company against the mortgage of investment properties with a book value of KD34,832 thousand (2004 : KD35,133 thousand) (Note 11). Loans are granted for subsidiary company against the mortgage of investments in shares with a fair value of KD19,036 thousand (2004 : KD79,194 thousand) (Note 8).

20 Bonds

The parent company issued KD20,000 thousand unsecured bonds on 14 September 2005 at an issue price of 100%. The bonds bear interest at 7.25% for first three years and 8.25% for remaining two years, payable half yearly in arrears and mature in September 2008 with ability to renewed up to September 2010. The issue expenses are being charged to operations over the life of the bonds.

21 Bank facilities

Bank facilities in a form of overdraft facilities are granted to the parent company and one of its subsidiary [Tamdeen Investment Co. – KSC (Closed)] by local banks to finance working capital and real estate activities. They are completely repayable on different dates during the year 2005 (renewable), with annual interest rate ranging between 1% to 2.25% over the Central Bank of Kuwait discount rate (2004 :1% and 2% over the Central Bank of Kuwait discount rate).

22 Accounts payable and other credit balances

	2005 KD'000	2004 KD'000
Retentions for executed works	4,653	2,040
Income received in advance	1,463	1,990
Accrued leave and expenses	1,359	979
Uncollected dividends to shareholders	137	105
Other credit balances	4,191	488
	11,803	5,602

23 Proposed appropriations

The board of directors of the parent company proposed to distribute cash dividends of 12 Kuwaiti Fils per share and bonus shares of 6% and to distribute KD70 thousand as remuneration to the board of directors of the parent company (KD100 thousand in 2004). This proposal is subject to the approval of the general assembly of shareholders.

On 6 April 2005, the general assembly of shareholders approved the cash dividend of 10% to the shareholders registered as records for the year ended 31 December 2004 (7.5% to the shareholders as bonus shares in 2004 for the year ended 2003).

24 Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise of following consolidated balance sheet balances:

	2005 KD'000	2004 KD'000
Cash and bank balances	1,812	328
Short-term deposits	551	35
	2,363	363

25 Investment in subsidiaries

Investment in subsidiaries represents the parent company's investment in 55.7% of the share capital of Tamdeen Investment Co. – KSC (Closed) (previously called Gulf Projects Investment Co.) which was acquired effectively at the beginning of 2003 in addition to the parent's company share of 19% of the share capital of Tamdeen Shopping Centers Company – KSA (Closed) which was incorporated on 30 March 2005 as the parent company exercise control over this company and according to the contract dated 7 March 2005.

The financial statements of the subsidiaries company which have been consolidated with these condensed consolidated financial statements include the following:

	2005 KD'000	2004 KD'000
Assets	142,515	97,326
Liabilities	(8,671)	(24,481)
Equity	133,844	72,845
Profit for the year	2,682	1,438

26 Segmental analysis

The parent company and its subsidiaries principal trading activities are all carried out within the State of Kuwait. With the exception of participation in capital of companies outside Kuwait (Note 8), all of the assets and liabilities are located in Kuwait.

A segmental analysis of total income and net profit, total assets, total liabilities and net assets employed by activity is as follows:

	Real estate KD'000	Investment KD'000	Total KD'000
Year ended at 31 December 2005			
Total income	5,450	11,369	16,819
Profit for the year attributable to shareholders of the parent company	(550)	7,565	7,015
Total asset	90,092	174,195	264,287
Total liabilities	(81,867)	(8,671)	(90,538)
Minority interest	-	(41,953)	(41,953)
Net assets employed	8,225	123,571	131,796

26 Segmental analysis (continued)

	Real estate KD'000	Investment KD'000	Total KD'000
Year ended at 31 December 2004			
Total income	5,144	5,459	10,603
Profit for the year attributable to shareholders of the parent company	1,584	3,432	5,016
Total asset	69,935	132,314	202,249
Total liabilities	(52,900)	(24,482)	(77,382)
Minority interest	-	(8,282)	(8,282)
Net assets employed	17,035	99,550	116,585

27 Related party transactions

Included in the transactions carried out by the subsidiaries company [Tamdeen Investment Co. – KSC (Closed)] certain transactions with related parties within the normal activities of the subsidiary company involving shareholders who are represented in the board of directors in addition to other major shareholders. These transactions were incorporated in the consolidated financial statements as follows:

	2005 KD'000	2004 KD'000
Consolidated balance sheet		
Term loans and bank facilities	1,750	20,000
Consolidated income statement		
Interest on term loans and bank facilities	1,079	742
Management fees of portfolio owned by others (major shareholders)	41	32
General and administrative expense (board of directors salary and remuneration)	-	25
Contra accounts – off consolidated balance sheet items		
Net book value of portfolios (major shareholders')	22,080	19,131

28 Commitments and contingent liabilities

At the consolidated balance sheet date the parent company had outstanding letters of guarantee of KD1,250 thousand (2004 : KD1,250 thousand), and commitments for investments for KD650 thousand (2004 : KD1,266 thousand) relating to the one of subsidiary company [Tamdeen Investment Co. – KSC (Closed)].

29 Contra accounts – off consolidated balance sheet items

The one of subsidiary company [Tamdeen Investment Co. – KSC (Closed)] manages investment portfolios for third parties which had a net book value of KD27,977 thousand at 31 December 2005 (2004 : KD24,278 thousand). These balances are not included in the consolidated balance sheet

30 Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation of the consolidated financial statements.