Tamdeen Entertainment Company - KSCC
State of Kuwait

Financial Statements and Independent Auditor's Report
For the year ended 31 December 2011

Tamdeen Entertainment Company - KSCC
State of Kuwait

I N D E X

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Tamdeen Entertainment Company KSCC
State of Kuwait

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of Tamdeen Entertainment Company - KSCC, "the Company" which comprise the statement of financial position as at 31 December 2011 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 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 2011, and 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 the information that we deemed necessary 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 2011 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, 9 February 2012

Tamdeen Entertainment Company - KSCC
State of Kuwait

Statement of Financial Position as at 31 December 2011
(All amounts are in Kuwaiti Dinar)

	Note	2011	2010
Assets			
Non- current assets			
Property and equipments	5	9,484,913	9,668,916
Current assets			
Inventories		124,165	101,654
Trade and other receivables	6	66,272	19,499
Cash and cash equivalents	7	1,563,902	517,573
		1,754,339	638,726
Total assets		11,239,252	10,307,642
Equity and liabilities			
Equity			
Share capital	8	8,500,000	8,500,000
Statutory reserve	9	70,862	-
Retained earnings / (accumulated losses)		608,740	(45,007)
		9,179,602	8,454,993
Liabilities			
Non-current liabilities			
Post employment benefits		56,093	45,786
Current liabilities			
Trade and other payables	10	484,858	793,774
Islamic debit instruments	11	1,518,699	1,013,089
		2,003,557	1,806,863
Total liabilities		2,059,650	1,852,649
Total equity and liabilities		11,239,252	10,307,642

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

Tamdeen Entertainment Company - KSCC
State of Kuwait

Statement of Comprehensive Income for the year ended 31 December 2011
(All amounts are in Kuwaiti Dinar)

	Note	2011	2010
Operating revenues		2,610,964	1,589,827
Operating cost	13	(1,308,366)	(743,099)
Gross profit		1,302,598	846,728
Other income		2,462	31,153
General and administrative expenses	14	(478,337)	(480,600)
Finance cost		(75,945)	(26,178)
Foreign exchange gains / (losses)		2,848	(16,060)
Board of Directors' remuneration		(15,000)	(3,000)
Contribution to Kuwait Foundation for Advancement of Science	17	(6,378)	-
Zakat		(7,639)	(4,761)
Net profit for the year		724,609	347,282
Other comprehensive income		-	-
Total comprehensive income for the year		724,609	347,282

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

Tamdeen Entertainment Company - KSCC
State of Kuwait

Statement of Changes in Equity for the year ended 31 December 2011
(All amounts are in Kuwaiti Dinar)

	Share capital	Statuary reserve	(Accumulated loss) / retained earnings	Total
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
Balance as at 1 January 2011	8,500,000	-	(45,007)	8,454,993
Total comprehensive income for the year	-	-	724,609	724,609
Transferred to reserves	-	70,862	(70,862)	-
Balance as at 31 December 2011	8,500,000	70,862	608,740	9,179,602

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

Tamdeen Entertainment Company - KSCC
State of Kuwait

Statement of Cash Flows for the year ended 31 December 2011
(All amounts are in Kuwaiti Dinar)

	2011	2010
Cash Flows from operating activities		
Net profit for the year	724,609	347,282
Adjustments:		
Interest income	(31,153)	(31,153)
Depreciation of property and equipments	625,699	326,752
Provision for claims	-	100,000
Finance costs	75,945	26,178
Post employment benefits	28,190	21,063
Operating profit before changes in working capital	1,423,290	790,122
Inventories	(22,511)	(14,747)
Trade and other receivables	(46,773)	17,815
Trade and other payables	(199,880)	125,876
Net cash generated from operating activities	1,154,126	919,066
Cash flows from investing activities		
Acquisition of property and equipments	(568,615)	(2,116,568)
Murabaha	-	166,511
Interest income received	31,153	31,153
Net cash used in investing activities	(537,462)	(1,918,904)
Cash flows from financing activities		
Proceeds from Islamic debit instruments	500,000	1,000,000
Paid for Islamic debit instruments	(70,335)	(13,089)
Net cash generated from financing activities	429,665	986,911
Net increase / (decrease) in cash & cash equivalents	1,046,329	(12,927)
Cash and cash equivalents at the beginning of the year	517,573	530,500
Cash and cash equivalents at the end of the year (note 7)	1,563,902	517,573

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. Utilization of the surplus funds by investing these funds in financial and real estate portfolios managed by specialized entities

The Company may have interest or participate with entities that carry out similar activities or these that can assist the company in achieving its objectives in Kuwait and abroad. And it may establish, incorporate, acquire, or affiliate these entities.

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

The financial statements were approved for issue by the Board of Directors on 9 February 2012.

2. Basis of preparation and Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below.

2.2 Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are consistent with those used in the previous year except for the adoption of the following new and amended IFRSs that are effective from 1 January 2011.

New and revised IFRSs that have been applied in the current year

IAS 1: Presentation of Financial Statements

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

IAS 24: Related party disclosures (Revised)

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

IFRS 3: Business Combination

IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards.

IAS 32: Financial Instruments (Amended)

The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. The amendments require retrospective application. The application of the amendments has had no effect on the financial statements of the Company.

Other improvements to IFRSs

The application of other improvements to IFRSs issued in 2010 has not had any material effect on the financial statements of the Company.

Standards and Interpretations issued but not yet effective

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

For annual periods beginning on or after 1 July 2011

IFRS 7: Financial Instruments

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the entity's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Company's financial position or performance.

For annual periods beginning on or after 1 July 2012

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 affects presentation only and has no impact on the Company's financial position or performance.

For annual periods beginning on or after 1 January 2013.

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.

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.

IFRS 13: Fair Value Measurement

IFRS 13 Fair Value Measurement 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.

For annual periods beginning on or after 1 January 2015

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company’s financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture. The application of IFRS 9 is under local regulatory review for early adoption in the State of Kuwait.

2.3 Property and equipment

Property 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. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

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

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

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 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.

2.4 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.

2.5 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 specified categories which are financial assets at fair value through profit or loss (FVTPL) financial assets held to maturity, available for sale financial assets, loans and receivables. The Company determines the proper classification of financial assets at initial recognition date based on the purpose of the acquisition of these assets. All regular way purchases or sales of financial assets are recognised on a trade date basis. The Company has determined the classification of its financial assets as the following:

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 Company'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 Company 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 Creditors and other credit balances) 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 Company derecognises financial liabilities when, and only when, the Company'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.

2.6 Inventories

Inventories are stated at the lower of cost or net realisable value. Inventories cost is determined on a weighted average cost basis. The Inventories cost includes direct materials, direct labour and fixed and variable overhead, and other costs incurred in bringing inventories to their present location and condition. Net realizable value is the estimated selling prices less all the estimated costs of completion and costs necessary to make the sale.

2.7 Post employment benefits

The Company is liable under the 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.

2.8 Provisions

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

2.9 Dividends

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

2.10 Foreign currencies

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated at the exchange rates to Kuwaiti Dinars prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

2.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

- Services revenues are recognized when the services are rendered.
- Interest income is recognized on a time proportion basis and other income is recognized on accrual basis.

2.12 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 Company 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 Company's net investment outstanding in respect of the leases.

The Company 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

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

3. Financial risk management

3.1 Financial instruments

The Company has classified its financial assets and liabilities as of 31 December 2011 and 2010 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.

Foreign exchange risk

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

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 2011 and 2010.

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 rate of return.

The Company management monitors interest rate risk by:

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

Price risk

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

The Company does not maintain any financial instrument exposed to this risk as at 31 December 2011 and 2010.

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.

The management believes that the maximum exposure to the credit risk as of 31 December is as follows:

	2011	2010
Trade and other receivables (note 6)	66,272	19,499
Cash and cash equivalent (note 7)	1,563,417	516,155
	1,629,689	535,654

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 financial position date.

3.3 Capital risk management

The Company manages its capital to ensure that entities in the Company 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 Company 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.

4. 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.

5. Property and equipments

	2011						2010
	Construction works	**Games & equipments**	**Furniture, office equipment and computers**	**Vehicles**	**Projects under progress**	**Total**	**Total**
Cost							
As of 1 January	5,979,305	3,421,071	280,320	25,785	330,071	10,036,552	7,896,493
Additions during the year	213,003	104,215	85,562	4,555	34,361	441,696	2,140,059
Transferred from projects under progress	139,000	207,081	1,035	-	(347,116)	-	-
As of 31 December	6,331,308	3,732,367	366,917	30,340	17,316	10,478,248	10,036,552
Accumulated depreciation							
As of 1 January	166,022	155,223	41,883	4,508	-	367,636	40,884
Depreciation during the year	276,318	264,357	77,720	7,304	-	625,699	326,752
As of 31 December	442,340	419,580	119,603	11,812	-	993,335	367,636
Net book value							
As of 31 December	5,888,968	3,312,787	247,314	18,528	17,316	9,484,913	9,668,916

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:

	2011	**2010**
Charged to operating costs (note 13)	593,902	317,736
Charged to general and administrative expenses (note 14)	31,797	9,016
	625,699	326,752

6. Trade and other receivables

	2011	2010
Suppliers - advance payments	23,415	10,617
Prepaid expenses and others	19,857	8,882
Letters of guarantee margin	23,000	-
	66,272	19,499

7. Cash and cash equivalents

	2011	2010
Cash on hand	485	1,418
Banks - current accounts	1,563,417	516,155
	1,563,902	517,573

8. Share capital

The issued and paid up capital amounted to KD 8,500,000 as of 31 December 2011 (KD 8,500,000 as of 2010) distributed over 85,000,000 shares of 100 fils per share, and all are paid in cash.

9. Statutory reserve

In accordance with the Commercial Companies Law 1960, and the Company's Articles of Association, 10% of the net profit is required to be transferred to statutory reserve. The General Assembly may resolve to discontinue such annual transfers when the statutory reserve reaches 50% of the Company's paid up capital. Statutory Reserve shall not be distributed to the shareholders, except in the cases permitted by the Commercial Companies Law.

10. Trade and other payables

	2011	2010
Creditors of property and equipment acquisition	78,823	205,742
Accrued leave	33,976	40,721
Accrued expenses and other	213,445	219,498
Retentions	137,817	249,127
Deferred income	-	50,000
Due to related parties	6,780	23,925
Kuwait Foundation for Advancement of Science	6,378	-
Zakat	7,639	4,761
	484,858	793,774

11. Islamic debt instruments

	2011	2010
	1,518,699	1,013,089

This item is represented in Murabaha Credit contract with weighted interest rate of 5.25% maturing on 30 June 2012.

12. 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.

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

The following is the major transactions and the related balances:

	2011	2010
Transactions		
Purchase of property and equipment	269,182	32,261
Key management compensation	91,905	83,654
Other expenses	80,174	13,160
Balances		
Due to Related Parties	6,780	23,925

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

13. Operating cost

	2011	2010
Staff costs (note 15)	337,751	206,435
Depreciation of property and equipments (note 5)	593,902	317,736
Rents	-	12,150
Advertising and commercials	60,538	40,132
Consumed materials	65,879	35,182
Maintenance	46,722	7,958
Security, safeguard and cleaning	85,914	57,401
Insurance	13,319	17,561
Others	104,341	48,544
	1,308,366	743,099

14. General and administrative expenses

	2011	2010
Staff costs (note 15)	240,799	262,314
Depreciation of property and equipments (note 5)	31,797	9,016
Rents	7,200	4,904
Travel and residence expenses	20,935	11,025
Subscriptions and duties	8,518	7,530
Professional fees	12,254	12,277
Information technology	123,843	39,223
Miscellaneous expenses	32,991	134,311
	478,337	480,600

15. Staff costs

	2011	2010
Charged to operating cost (note 13)	337,751	206,435
Charged to general and administrative expenses (note 14)	240,799	262,314
	578,550	468,749
Number of staff (employee)	93	99

16. Future commitments

	2011	2010
Capital expenditures	-	37,531
Letters of Credit	23,000	-
	23,000	37,531

17. Kuwait Foundation for Advancement of Science

	2011
Net profit before deductions	753,626
Accumulated losses at the beginning of the year	(45,007)
	708,619
Transferred to statutory reserve	(70,862)
	637,757
Contribution to KFAS by 1%	6,378