

dimah | ديمه
capital | كابيتال

ANNUAL REPORT | 2011



His Highness the Amir
Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah



His Highness the Crown Prince
Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah

**Dimah Capital Investment K.S.C. (Closed) and its Subsidiary
(Formerly Known As Beyoo Finance And Investment Company K.S.C. (Closed))
State of Kuwait**

**Consolidated Financial Statements
For The Year Ended December 31, 2011**

**With
Independent Auditor's Report**

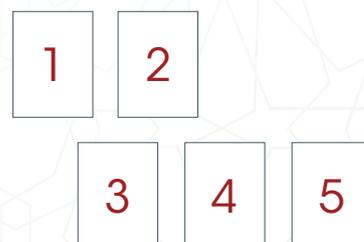
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BOARD OF DIRECTORS



- 1- Mr. Abdulrahman Mahmoud Zaman - Chairman
- 2- Mr. Sameer Al-Gharaballi - Vice Chairman & MD
- 3- Mr. Fawaz Sulaiman Al-Othman - Board Member
- 4- Mr. Ahmad Ibrahim Al-Khalaf - Board Member
- 5- Mr. Mahmoud Abdulmajeed Zubaid - Board Member





EXECUTIVE MANAGEMENT



- 1- Mr. Sameer Al-Gharaballi - Vice Chairman & MD
- 2- Mr. Haidar Toufic - Executive Vice President - Asset Management
- 3- Mr. Dakhil Abdullah Al Dakhil - Vice President - Corporate Finance

1

2

3



FATWA & SHARIA SUPERVISION BOARD

- 1- Dr. Essam Khalaf Al-Enez - Chairman, Fatwa and Sharia Supervision Board
- 2- Dr. Nazem Mohammad Al Musbah - Member of the Board
- 3- Dr. Sulieman Maarafie Safar - Member of the Board
- 4- Dr. Naif Mohammad Al-Ajmi - Member of the Board
- 5- Dr. Khaled Shojaa Al-Otaibi - Member of the Board
- 6- Dr. Ibrahim Abdullah Al-Sabaii - Member of the Board

BOARD OF DIRECTORS REPORT

Dear Shareholders,

We are pleased to welcome you in your annual general assembly and to present the fourth annual report for the financial year ending 31 December 2011 which includes the reports of the Board of Directors and the Sharia Supervisory Board. The report also includes the latest business developments, financial statements and the independent auditors report in addition to an overview of the main local, regional and international economical developments.

It has been nearly 4 years since the great meltdown of the US sub-prime housing market. We all remember very well what followed then. The near collapse of major western banks lead by some well-known American banks. Some of those famous and at the time prestige names have since disappeared. For some of us who have been around long enough recall the similar disasters of the late seventies and early eighties when some famous banks around the world completely collapsed. Economic history keeps repeating itself more often than actual history itself. This is a phenomenon understood well among economists and policy makers. It was not a long time ago when Japan faced a nearly similar scenario. In Japan's case it was the very careless lending by some major Japanese banks to speculators either in the financial markets or the real estate sector. The similarities are there and well documented.

Back in 2008 the sentiment was a doom and gloom and commentators were turned to painter, busy painting the ugliest pictures of our beautiful world. Thanks to very aggressive and decisive monetary policies taken by most western government lead by US and followed by UK, our world still beautiful and life goes on. Obviously the first action was to reduce interest rate to near zero. This is a very powerful tool for central bankers and believers in the free economy. Unfortunately, the impact of such move has not been felt yet as savers have kept piling into cash even though they are not getting anything on their savings. The most positive impact was seen in the huge reduction on yield of some government bonds lead by again US, Germany, UK, France and some others with very high credit quality rating.

In 2011, the BRIC economies and some other emerging markets continued their impressive growth relative to the developed world. The US economy managed to pull back some growth and ended the year with growth of 1.9%. However, Europe suffered badly apart from Germany which carried on growing on the back of huge export boom to countries such as China, Russia and Brazil. Europe had the misfortune of not only tackling their big deficits but at the same time cutting government spending to balance their books and make sure that they comply with the Maastricht treaty.

Stock Markets

Most markets around the world ended 2011 in the negative territories. On average most markets were down between 15% to 30% apart from US which did much better. At present some of these markets look very attractive not only on historical basis but also in relative to cash and bonds. Some of them will perform well in 2012 and I expect this trend to continue and all the negative news and the bad sentiments start to be discounted in the markets.

Kuwait

Economic activities in Kuwait slowed down and was effected by the Arab Spring and some political disagreement between the parliament and the government. Overall the government benefited a lot from the big raise in oil price which has reached around the US\$100 per a barrel. Although consumer spending remain quite high and the housing market has recovered from the lows it reached back in 2009 and 2010. These were not reflected in the Kuwaiti stock market which finished the year down nearly 20%.

Arab World

The spread of the Arab Spring has had some dramatic effects on some economies which rely on western tourism and foreign investment inflows. Countries like Egypt and Tunis were good examples whereas Libya which is oil rich and never relies on foreigners has to some extent avoided the total collapse. The stock markets were mainly flat in the MENA region except for few that were up slightly. I expect some of these markets will do much better this year as the combination of government measures, cheap valuation and higher oil prices will entice investors to come back to the markets. especially if cash is not earning high return then it is naturally losing its value, either because of inflation or some other factors such as tax or Zakat.

Dear shareholders,

In the midst of the succession of events that the region has been witnessing, Dimah capital has maintained its pace with the rising global challenges by transforming its activities from finance to specializing in asset management, real estate and providing investment services through a highly proficient team with global and regional achievements.

In line with the efforts of the Board of Directors to enhance business operations and raise its revenue to the level of the expectations of our shareholders, the Executive Management have changed the name of the company from Beyoo Finance & Investment simultaneously with the change of activities. Indeed, the Executive Management succeeded in achieving this, thanks to the continuous support of the Board of Directors and the shareholders.

However, the bigger challenge was in the restructuring of human resources such that it reflects the new business model that the company had adopted. Qualified managers who would lead all new projects that the company sets up were hired by the end of the year, alongside a professional team that can bear the responsibilities that comes with these projects. It is our pleasure to inform you that Dimah Capital is now fully compliant with the regulations and legislations laid out by

the Capital Market Authority (CMA). In fact, we have taken matters a step further than CMA requirements by implementing internal rules and regulations that protect our employees while also guaranteeing the comfort of our clients.

Dear shareholders,

Despite the political and economic challenges, Dimah Capital has succeeded in taking the first step on the track towards its goals. In the span of a short time, the company put forth many promising investment ideas that serve to achieve the results anticipated from this transformation. These were based on the visions of the shareholders and the strategy of the company. Furthermore, the company was successful in restructuring its activities and investments after changing from a finance and investment company to specializing in asset management (funds and portfolios). Dimah Capital also created leading investment opportunities, the fruits of which it will reap in 2012 and in coming years.

Out of keenness to avoid any obstacles that might stand in the way of its advancement and the achievement of its future goals, Dimah Capital has taken the necessary precautions. This includes taking out provisions, which would provide the base for a solid company that is immune to risks, although it did result in a drop in the company's performance and a slight decrease in its assets by 6% and a reduction in property rights by 6.42% in 2010. Total assets and property rights of the company in 2011 came to KD 15,036,956 and KD 15,686,852 respectively, at a loss of KD 696,239.

As such, the company recommends that the General Assembly withhold from distributing profits for the financial year ended December 31, 2011.

Finally, our gratitude is extended to Allah Almighty for all His blessings and hope that our success continues, to serve our country under the leadership of His Highness the Amir Sheikh Sabah Al Ahmad Al Jaber Al Sabah, His Highness the Crown Prince Sheikh Nawaf Al Ahmad Al Jaber Al Sabah, and to help our government in its efforts to promote our national economy and implementing His Highness the Amir's vision in transforming the county into an international financial center.

Thanks are also extended to our executive management and staff who, have put forth all their efforts to achieve and maintain the company's goals, as well as to the Sharia Board for their efforts and compliance throughout the year.

FATWA & SHARIA SUPERVISION BOARD REPORT

Esteemed Shareholders,

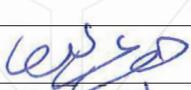
In accordance with the mission of Fatwa and Shariah supervision we have been assigned to carry out, we have supervised the contracts and transactions signed by the company between 01/01/2011 and 12/31/2011. Our responsibilities are limited to issuing an independent opinion on the level of the company's commitment to the Islamic shariah rules in carrying out its activities. On the basis of the Shariah auditing report submitted by the Shariah supervisory administration, which carried out the audit in accordance with the decisions of the Board made in the light of the standards and regulations issued by the Board of Accounting and Auditing of Islamic Financial Institutions requiring the planning and implementation of the auditing and revision procedures for the purpose of obtaining all the information, explanations and approvals necessary to give a reasonable confirmation that the company is committed to the Islamic Shariah regulations as we have established them, we believe that the auditing activities carried out by the administration provide appropriate grounds for expressing a reasonable opinion.

The company's administration is responsible for committing to the implementation of the contracts and transactions in accordance with the Islamic Shariah provisions.

Thusn the Board believes that:

1. During the mentioned period, the company was committed to its responsibilities with regard to the implementation of the contracts and transactions in accordance with the provisions of the Islamic Shariah as precised in the opinions, guidelines and Shariah compatible decisions we have issued during the mentioned period, and no violations to the Shariah have occurred to the best of our knowledge.
2. Zakat alms were calculated following the Board's certified guidelines.

Fatwa and Shariah Supervisory Board Members

Member	Signature
Dr. Essam Khalaf Al-Enzi (chairman)	
Dr. Nazem Mohammal Al Musbah	
Dr. Suleiman Maarafie Safar	
Dr. Shujaa Al Outaibi	
Dr. Ibrahim Abdullah Al-Sabaii	
Dr Naif Mohammad Al-Ajmi	

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Dimah Capital for Investment K.S.C. (Closed)
(Formerly known as Beyoo Finance and Investment Company K.S.C. (Closed))
State of Kuwait

Report on the consolidated financial statements

I have audited the accompanying consolidated financial statements of Dimah Capital for Investment K.S.C. (Closed) (Formerly known as Beyoo Finance and Investment Company K.S.C. (Closed)), (the Parent Company) and its subsidiary (the Group) which comprise the consolidated statement of financial position as of December 31, 2011, and the consolidated statements of income, 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 consolidated financial statements

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

Auditor's responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dimah Capital for Investment K.S.C. (Closed) (Formerly known as Beyoo Finance and Investment Company K.S.C. (Closed)) as of December 31, 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the State of Kuwait.

Report on other Legal and Regulatory Requirements

Also in my opinion, the consolidated financial statements include the disclosures required by the Commercial Companies Law of 1960, as amended, and the Parent Company's Articles of Association, and I obtained the information I required to perform my audit. In addition, proper books of account have been kept, physical stocktaking was carried out in accordance with recognized practice, and the accounting information given in the Director's Report is in agreement with the Parent Company's books. According to the information available to me, there were no contraventions during the year ended December 31, 2011 of either the Commercial Companies Law or of the Parent Company's Articles of Association which might have materially affected the Group's financial position or results of its operations.

I further report that, during the course of my audit, I have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency and the Central Bank of Kuwait and its related regulations, during the year ended December 31, 2011 that might have had a material effect on the financial position of the Parent Company or on results of its operations.

State of Kuwait
26 March 2012

Nayef M. Al Bazie
Licence No. 91-A
RSM Albazie & Co.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2011

(All amounts are in Kuwaiti Dinars)

	Note	2011	2010
ASSETS			
Cash on hand and at banks		2,141,697	1,465,342
Investments at fair value through income statement	3	16,575	331,475
Investments in Wakala	4	2,282,958	3,152,415
Accounts receivable and other debit balances	5	1,761,097	569,920
Murabaha receivable	6	235,158	3,478,339
Investments available for sale	7	8,547,826	6,819,054
Investment in an associate	8	-	57,166
Investment properties	9	-	152,873
Fixed assets	10	51,655	42,856
Total assets		15,036,966	16,069,440
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable and other credit balances	11	324,288	144,862
Due to related parties	12	-	85,054
Provision for end of service indemnity	13	19,736	38,041
Total liabilities		344,024	267,957
Equity:			
Share capital	14	15,000,000	15,000,000
Statutory reserve	15	36,058	36,058
Voluntary reserve	16	36,058	36,058
Cumulative change in fair value		45,632	385,818
Foreign currency translation adjustment (Accumulated losses) retained earnings		- (430,896)	(2,799) 265,941
Equity attributable to parent Company's shareholders		14,686,852	15,721,076
Non-controlling interests		6,090	80,407
Total equity		14,692,942	15,801,483
Total liabilities and equity		15,036,966	16,069,440

Abdulrahman Zaman
Chairman

The accompanying notes (1) to (25) form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

(All amounts are in Kuwaiti Dinars)

	Note	2011	2010
Sales		-	1,463,610
Cost of sales		-	(1,444,000)
Gross profit		-	19,610
Finance (loss) income	17	(25,686)	305,318
Wakala income	4	40,717	58,757
Net investment income (loss)	18	4,742	(9,273)
General and administrative expenses	19	(834,296)	(477,318)
Depreciation		(20,088)	(44,328)
Provision for Murabaha receivable	6	(665)	(217,456)
Provision no longer required for Murabaha receivable	6	184,582	52,540
Gain from sale investment in associate	8	22,834	-
Gain from sale investment in subsidiary	2	15,157	-
(Loss) gain from sale investment properties		(25,000)	155,225
Group's share of loss from associate	8	-	(2,634)
Receivable on sale of investment available for sale Written off		(61,962)	-
Other income		3,426	238,375
(Loss) Profit for the year before contribution to Zakat and Kuwait Foundation for the Advancement of Sciences (KFAS)		(696,239)	78,816
Contribution to Zakat	20	-	(262)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	21	-	(141)
Net (loss) profit for the year		<u>(696,239)</u>	<u>78,413</u>
Attributable to:			
Parent Company's shareholders		(696,837)	15,241
Non-controlling interests		598	63,172
Net (loss) profit for the year		<u>(696,239)</u>	<u>78,413</u>

The accompanying notes (1) to (25) form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

(All amounts are in Kuwaiti Dinars)

	Note	2011	2010
Net (loss) profit for the year		(696,239)	78,413
Other comprehensive (loss) income:			
Change in fair value of investments available for sale	7	(340,186)	390,706
Reversal due to impairment loss for investment available for sale		-	108,517
Foreign currency translation adjustments		2,799	(3,633)
Other comprehensive (loss) income for the year		(337,387)	495,590
Total comprehensive (loss) income for the year		(1,033,626)	574,003
Attributable to:			
Shareholders of the parent company		(1,034,224)	509,717
Non-controlling interests		598	64,286
Total comprehensive (loss) income for the year		(1,033,626)	574,003

The accompanying notes (1) to (25) form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2011

(All amounts are in Kuwaiti Dinars)

	Equity attributable to Parent Company's shareholders									
	Share capital	Statutory reserve	Voluntary reserve	Cumulative change in fair value	Foreign currency translation adjustments	Retained earnings (accumulated losses)	Total equity attributable to Parent Company's shareholders	Non-controlling interests	Total equity	
Balance at December 31, 2009	15,000,000	34,494	34,494	(113,405)	1,948	253,828	15,211,359	16,121	15,227,480	
Total comprehensive income (loss) for the year	-	-	-	499,223	(4,747)	15,241	509,717	64,286	574,003	
Transfer to reserves	-	1,564	1,564	-	-	(3,128)	-	-	-	
Balance at December 31, 2010	15,000,000	36,058	36,058	385,818	(2,799)	265,941	15,721,076	80,407	15,801,483	
Total comprehensive income (loss) for the year	-	-	-	(340,186)	2,799	(696,837)	(1,034,224)	598	(1,033,626)	
Effect of sale of subsidiary	-	-	-	-	-	-	-	(74,915)	(74,915)	
Balance at December 31, 2011	15,000,000	36,058	36,058	45,632	-	(430,896)	14,686,852	6,090	14,692,942	

The accompanying notes (1) to (25) form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2011

(All amounts are in Kuwaiti Dinars)

	2011	2010
Cash flows from operating activities:		
(Loss) Profit for the year before contribution to Zakat and contribution to Kuwait Foundation for Advancement of Sciences (KFAS)	(696,239)	78,816
Adjustments:		
Depreciation	20,088	44,328
Provision for Murabaha receivable	(183,917)	164,916
Realized loss from sale of investments at fair value through income statement	7,662	5,139
Receivable on sale of investment available for sale Written off	61,962	-
Unrealized loss from investments at fair value through income statement	720	4,607
Realized gain from sale of investments available for sale	(176,630)	(12,168)
Impairment loss from investment available for sale	239,069	156,517
Gain from sale of investment in associate	(22,834)	-
Gain from sale of investment in subsidiary	(15,157)	-
Loss (gain) from sale of investment properties	25,000	(155,225)
Group's share of loss from associate	-	2,634
Dividend income	(75,563)	(144,822)
Finance and Wakala income	(15,031)	(364,075)
Loss from sale of fixed assets	4,839	-
Provision for end of service indemnity	32,081	24,616
	(793,950)	(194,717)
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(1,177,446)	(466,877)
Proceeds from sale of investments at fair value through income statement	306,518	2,820,353
Paid for Murabaha receivable	(127,500)	(3,925,439)
Proceeds from Murabaha receivable	1,864,598	3,472,457
Accounts payable and other credit balances	215,651	(225,448)
Due to related parties	(85,054)	(282,916)
End of service indemnity paid	(50,386)	(14,049)
Net cash generated from operating activities	152,431	1,183,364

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2011

(All amounts are in Kuwaiti Dinars)

Cash flows from investing activities:

Paid for purchase of investments available for sale	(3,157,134)	(396,003)
Proceeds from sale of investments available for sale	2,653,774	682,076
Investment in Wakala	869,458	(2,244,495)
Paid for purchase of investment properties	(875,000)	(8,496)
Proceeds from sale of investment properties	850,000	804,081
Finance and Wakala income received	15,031	364,075
Paid for purchase of fixed assets	(39,652)	-
Proceeds from sale of fixed assets	4,750	-
Proceeds from sale of investment in subsidiary	55,000	-
Paid for purchase of investment in associate	-	(59,800)
Proceeds from sale of investment in associate	80,000	-
Dividend income received	75,563	144,822
Net cash generated from (used in) investing activities	531,790	(713,740)
Net increase in cash on hand and at banks	684,221	469,624
Cash on hand and at banks at the beginning of the year	1,465,342	995,718
Cash on hand and at banks of subsidiary previously consolidated	(7,866)	-
Cash on hand and at banks at the end of the year	2,141,697	1,465,342

The accompanying notes (1) to (25) form an integral part of the consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2011

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

Beyoo Leasing and Finance Company - K.S.C. (Closed) was incorporated pursuant to Article of Association of a Kuwaiti Closed Shareholding Company authenticated at the Ministry of Justice – Department of Registration and Documentation under Ref. No. 5653/ Vol. 1 on July 15, 2007 and the incorporation general assembly held on August 7, 2007 approved the parent Company's incorporation.

Pursuant to the decision of the extraordinary General Assembly meeting held on April 23, 2008 pursuant to memo- issued from Company's Administration Department under Ref. No. 226 on April 24, 2008, the following have been approved:

1. Change the Company's name from Beyoo Leasing and Finance Company - K.S.C. (Closed) to Beyoo Finance and Investment Company K.S.C. (Closed).
2. Amendment of Parent Company's objectives for which the Company is incorporated to be as follows:
 1. Investment in real estate sectors, industrial, agricultural and other economic sectors and that through contributing to the incorporation of specialized companies or buy shares or bonds of these companies in various sectors.
 2. Manage funds public and private institutions and invest this funds in various economic sectors, including Financial Portfolio Management and Real Estate.
 3. Evaluation and preparation of studies and technical consultations, economic and evaluation and study projects related to investments and prepare the necessary studies for institutions and companies.
 4. Mediation in lending and borrowing operations.
 5. Doing business for the posts of directors of issuance of the bonds issued by companies and bodies and functions of board of investment.
 6. Finance and brokerage in international trade operations.
 7. Provide loans to others, taking into account the financial integrity of assets in the granting of loans while maintaining the continuity of the safety of the financial position of the Company, according to the conditions and rules and limits established by the Central Bank of Kuwait.
 8. Dealing and trading in the foreign currency market and precious metals market in Kuwait and abroad.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2011

(All amounts are in Kuwaiti Dinars)

9. Special Operations related to trading securities of buying and selling stocks and corporate bonds, government bodies, local and international.
10. Making all services that help develop and strengthen the capacity of financial and monetary market in Kuwait and meet its needs within the law and rules and regulations issued by Central Bank of Kuwait.
11. Mobilization of resources for financing and leasing, arrange financing collective leasing, especially for small and medium-sized enterprises, may not accept deposits.
12. Invest money in various aspects of investment approved by the Central Bank of Kuwait, mainly financing by leasing method, requiring the acquisition of movable assets and immovable property and lease, and this does not include financing for the purchase of consumer goods.
13. Ownership of industrial property rights and patents and trademarks industrial mark and trade design, property rights-related intellectual, literary programs, literature and exploitation and lease to other.
14. The establishment of investment funds for itself and for others and put forward its units and the function of chief investment or investment manager of the investment funds in the rental home and abroad, according to the laws and applicable decisions of the state.
15. Portfolio Management and International investment and development funds in the operations of the rental for itself and for others, according to the laws and applicable decisions of the state.

Pursuant to the decision of the extraordinary General Assembly meeting held on July 10 , 2011, the following were approved:

1. Amendment of article No. (5) of Article of Association and Article No. (4) of Article of Incorporation as follows:

Objectives for which the parent company was incorporated have to be exercised in accordance with the instructions of Islamic Shari'a, and the objectives listed in Article No. (6) of Article of Association and Article No. (5) of Article of Incorporation may not in any way be interpreted in a way that allow the company to directly or indirectly exercise any acts of usury or transactions in violation of the provisions of Islamic law.

2. Amendment of article No. (6) of Article of Association and Article No. (5) of Article of Incorporation as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2011

(All amounts are in Kuwaiti Dinars)

- a) Clause No. 14 Establishing and managing investment funds for its own and on behalf of others, issuing its units for subscription and acting as custodian or investment manager for leasing and investment funds inside the State of Kuwait and abroad in accordance with laws and resolutions in force in the country.
- b) Clause No. 3 Providing and preparation of technical, economic and valuation studies and consultancies and feasibility studies related to these companies and institutions and prepare the necessary studies for these institutions and companies, provided that conditions to be fulfilled to practice this activity.
- c) Clause No. 15 Managing international portfolios and to develop funds in leasing operations for its own and on behalf of others in accordance with the laws and resolutions in force in the country. (After obtaining the approval of the Central Bank of Kuwait)
3. Add new activities to Article No. (6) of Article of Association and Article No. (5) of Article of Incorporation which are:
- Participating in the establishment and ownership and management of business of all types and their purposes and their nationalities and dealing in the sale and purchase of shares of these companies and others for the benefit of the company and others and release management, commitments and coverage in violation of the provisions of Islamic law.
 - Doing Guarantees for moral and natural people within the specific amounts and periods without bank guarantees and other acts of the banking profession.
 - Finance the purchase and sale of residential plots for residential purposes and the financing of residential construction on these plots.
 - Doing all types of investment in real estate for development and improvement with the exception of residential plots and houses allocated for the purposes of private housing plots, whether directly or indirectly, and the company's account or the account of others.
 - Investment in all fields of economic development plan adopted by the State
4. Approval to reduce the number of members of the Board of Directors of (7) members to become (5) and Amendment of Article No. (16) of Article of Incorporation which are as follow:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2011

(All amounts are in Kuwaiti Dinars)

The company's management board consisting of (5) members appointed them or the contributors of the company in the company, which may be the assignment of representatives to the Board of Directors in proportion to the possession of the shares in the company and the remaining members vote Assembly by secret ballot

5. Approval to Amendment of Article No. (24) of Article of Incorporation which are:

The Board shall meet at least four times during the fiscal year one at the invitation of its President and Board of Directors meets also at the invitation of the two, if so requested by two of its members at least be convened true right in these cases the presence of a majority of its members may not attend by proxy at meetings of the Board.

6. Approval to Amendment of Article No. (28) of Article of Incorporation which are:

The Board of Directors shall have broad authorities to manage the company and to do all the work required by the company's management in accordance with its objectives, these authorities are only limited as provided by law or by resolutions of the General Assembly, the Board of Directors may sell or mortgage company's movables or real estates and give guarantees and contract loans. These amendments was authenticated at the Commercial Register on August1, 2011.

According to the Extraordinary General Assembly meeting held on November 29, 2011, the name of the Company was changed from Beyoo Finance and Investment Co. K.S.C.C. (Closed) to be Dimah Capital for Investment Co. K.S.C. (Closed). The amendment was authenticated at the Commercial Register on December 4, 2011.

As per Law No. 7 of 2010 concerning the Capital Market Authority and organization of security activities, the Company is subject to the supervision of Capital Markets Authority.

The Company is registered in the commercial register under ref. no. 323021 on August 21, 2007.

The Parent Company's registered address is P.O.Box 2152, Safat, State of Kuwait.

The total number of employees of the Company as of December 31, 2011 is 27 employees (2010 - 13).

The consolidated financial statements were authorized for issue by the Board of Directors on 26 March 2012. The ordinary shareholders' General Assembly has the power to amend these consolidated financial statements after issuance.

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2. Significant accounting policies

The accompanying consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirement of Ministerial Order No. 180 of 1990 except for IAS 39 requirements for collective provision, which has been replaced by the Central Bank of Kuwait requirements for a minimum general provision of 1% for cash facilities and 0.5% for non cash facilities, net of certain restricted categories of collaterals, not subject to specific provision. Significant accounting policies are summarized as follows:

a) Basis of preparation:

The consolidated financial statements are presented in Kuwaiti Dinars and are prepared under the historical cost convention, except for investments at fair value through income statement and certain investments available for sale that are stated at their fair value:

The accounting policies applied by the Group are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards as of January 1, 2011:

Revised IAS 24 Related Party Disclosures (issued in November 2009)

The revised standard supersedes IAS 24 issued in 2003 and is mandatory for annual periods beginning on or after 1 January 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The disclosure exemptions do not affect the Group because the Group is not a government-related entity. Also, disclosures regarding related party transactions and balances in these consolidated financial statements are not significantly affected because all counterparties within the scope of the revised Standard previously met the definition of a related party.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(p).

Standards and Interpretations issued but not effective

The following IASB Standard and Interpretation have been issued but are not yet effective,

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and have not yet been adopted by the Group:

IFRS 9 Financial Instruments:

The standard, which will be effective for annual periods beginning on or after January 1, 2015, specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified entirely based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortized cost or fair value.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories

IFRS 10 Consolidated Financial Statements (issued in May 2011)

The new Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. It introduces a single consolidation model that identifies control as the basis for consolidation for all types of entities, where control is based on whether an investor has power over the investee, exposure/rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. This standard is effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement (issued in May 2011)

The new Standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value. The new requirements are effective for annual periods beginning on or after 1 January 2013.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of Dimah Capital

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for Investment Co. K.S.C. (Closed) formerly known as Beyoo Finance and Investment Company - K.S.C. (Closed) and the following subsidiaries:

Name of Subsidiaries	Country of incorporation	Percentage of ownership %	
		2011	2010
Aamal for Investment & real estate Development E.S.C. (Closed)	Egypt	-	55%
Al-Wather for General Trading & Construction W.L.L.	Kuwait	98%	98%

During the year ended December 31, 2011 the Parent Company sold 55% of its investment in Aamal for Investment and Real Estate Development E.S.C. (Closed) for an amount of KD 110,000 resulting in a gain of KD 15,157.

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the Non-controlling shareholder's share of changes in equity since the date of the combination.

Non-controlling interests are measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interest even if that results in a deficit balance. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;

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- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate.

c) Financial instruments

Financial assets and financial liabilities carried on the statement of financial position include cash on hand and at banks, receivables, investments, investments in wakala, accounts payable and due to related parties. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

1. Investments:

The Group classifies its investments in the following categories: Investments at fair value through income statement and available for sale investments. The classification depends on the purpose for which the investments were acquired and is determined at initial recognition by the management.

(i) Investments at fair value through income statement

This category has two sub-categories: investments held for trading, and those designated at fair value through statement of income at inception.

An investment is classified as held for trading if acquired principally for the purpose of selling in the short term or if it forms part of an identified portfolio of investments that are managed together and has a recent actual pattern of short-term profit making

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or it is a derivative that is not designated and effective as a hedging instrument.

An investment is designated by the management on initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or; if they are managed and their performance is evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy.

Investments in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

(ii) Investments available for sale

Investments available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of the reporting period.

Purchases and sales of investments are recognized on trade date – the date on which a Group commits to purchase or sell the assets. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through income statement.

After initial recognition, investments at fair value through income statement and investments available for sale are subsequently carried at fair value. The fair values of quoted investments are based on current bid prices. If the market for an investment is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Realized and unrealized gains and losses from investments at fair value through income statement are included in the consolidated statement of income. Unrealized gains and losses arising from changes in the fair value of investments available for sale are recognized in cumulative changes in fair value in consolidated statement of other comprehensive income.

When an investment available for sale is disposed off or impaired, any prior fair value

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earlier reported in other comprehensive income is transferred to the consolidated statement of income.

Where investments available for sale could not be measured reliably, these are stated at cost less impairment losses, if any.

An investment (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the investment have expired; or the Group has transferred its rights to receive cash flows from the investment and either (a) has transferred substantially all the risks and rewards of ownership of the investment, or (b) has neither transferred nor retained substantially all the risks and rewards of the investment, but has transferred control of the investment. Where the Group has retained control, it shall continue to recognize the investment to the extent of its continuing involvement in the investment.

The Group assesses at each date of consolidated statement of financial position whether there is an objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for investments available for sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in the consolidated statement of income. Impairment losses recognized in the consolidated statement of income on available for sale equity instruments are not reversed through the consolidated statement of income.

2. Investment in Wakala:

Wakala investment represents an agreement whereby the Group gives certain amount of cash to another party, and invests it according to specific minimum rate of return. Wakala investment are stated at amortized cost less provision for impairment using the effective yield.

3. Receivable:

Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision

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for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of income.

4. Murabaha receivable:

Murabaha receivable represents a sale of commodity with deferred installments. Murabaha receivables are stated net of impairment losses and / or provision for doubtful debts. In addition, in accordance with Central Bank of Kuwait instructions, a minimum general provision of 1% had been accounted on all finance facilities, net of certain restricted categories of collateral, which are in accordance with the Central Bank of Kuwait guidelines.

5. Accounts payable

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

d) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policy decisions. The consolidated financial statements include the Group's share of the results and assets and liabilities of associates under the equity method of accounting from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate.

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The Group recognizes in its other comprehensive income for its share of changes in other comprehensive income of associate.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

After the application of the equity method, the Group determines whether it is necessary to recognize impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, The Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of income.

e) Investment properties

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are remeasured at cost including purchase price and transactions costs less accumulated depreciation and impairment losses. Land on which the investment property is erected is not depreciated. Depreciation is computed on a straight-line basis over the useful life of the buildings.

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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of income.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

f) Fixed assets

The initial cost of fixed assets comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of fixed assets beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of fixed assets.

Fixed assets are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income.

Depreciation is computed on a straight-line basis over the estimated useful lives of other fixed assets as follows:

	Years
Computers	3 - 5
Machinery and equipment	3
Furniture and fixtures	5
Vehicles	5

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets.

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g) Other assets

Other assets are shown at historical cost. Other assets have a definite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of other assets over their estimated useful lives (3) years.

h) Impairment of tangible and intangible assets

At each date of statement of financial position, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

i) Provision for end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector and employees' contracts. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination on the date of statement of financial position, and approximates the present value of the final obligation.

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j) Share capital

Ordinary shares are classified as equity.

k) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods

Sales represent the total invoiced value of goods sold during the year. Revenue from sale of goods is recognized when significant risks and rewards of ownership of goods are transferred to the buyer.

Finance income

Finance income is recognized on a time apportionment basis.

Dividend income

Dividend income is recognized when the right to receive payment is established.

Gain on sale of investments

Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the time of the sale.

Other income

Other revenue and expenses are recognized on an accrual basis.

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l) Finance charges

Finance charges are recognized in net profit or loss in the year in which they are incurred on weighted time apportionment basis.

m) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each the date of consolidated statement of financial position and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provision are not recognized for future operating losses.

n) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency at the date of statement of financial position are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Translation differences on non-monetary items such as equity investments which are classified as investments at fair value through income statement are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity investments classified as investments available for sale are included in "cumulative changes in fair value" in the consolidated statement of other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the financial position date. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in

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the consolidated statement of other comprehensive income. Such translation differences are recognized in profit or loss in the year in which the foreign operation is disposed off.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

o) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements except when the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

p) Critical accounting judgments, estimates and assumptions

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

a) Judgments

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IAS 18 are met requires significant judgment.

(ii) Classification of investments

On acquisition of an investment, the Group decides whether it should be classified as "at fair value through statement of income", "available for sale" The Group follows the guidance of IAS 39 on classifying its investments.

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The Group classifies investments as "at fair value through statement of income" if they are acquired primarily for the purpose of short term profit making or if they are designated at fair value through statement of income at inception, provided their fair values can be reliably estimated. All other investments are classified as "available for sale".

(iii) Impairment of investments

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, a significant or prolonged decline in the fair value below its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The determination of what is "significant" or "prolonged" requires significant judgment.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair value of unquoted equity investments

If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(ii) Provision for doubtful debts

The extent of provision for doubtful debts estimation process. Provision for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of receivables are subject to management approval.

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3. Investments at fair value through income statement

	2011	2010
Investments in portfolios	16,575	189,353
Investments in funds	-	142,122
	16,575	331,475

The movement during the year is as follows:

	2011	2010
Balance at the beginning of the year	331,475	3,161,574
Disposals	(314,180)	(2,825,492)
Unrealized loss from investments at fair value through income statement (Note 18)	(720)	(4,607)
Balance at the end of the year	16,575	331,475

Investments at fair value through income statement are denominated in following currencies:

	2011	2010
Kuwaiti Dinars	16,575	206,648
U S Dollar	-	124,827
	16,575	331,475

4. Investments in Wakala

Investments in Wakala represents a Wakala investment contract with Islamic financial institutions. Investments earn an average variable rate of return with a minimum percentage of 2% (December 31, 2010 – 2%) per annum.

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5. Accounts receivable and other debit balances

	2011	2010
Trade receivables	266,848	514,869
Receivable from sale of investment available for sale	1,469,290	-
Notes receivable	-	14,716
Prepaid expenses	24,734	10,408
Staff receivable	-	810
Refundable deposits	-	29,117
Other debit balances	225	-
	1,761,097	569,920

The fair values of accounts receivable and other debit balances approximated their carrying values as at December 31, 2011.

6. Murabaha receivable

	2011	2010
Murabaha receivable	253,178	3,680,276
Less: provision for impairment	(18,020)	(201,937)
	235,158	3,478,339

Movement in provision for impairment is as follows:

	2011		2010	
	General provision	Total	General provision	Total
Balance at the beginning of the year	201,937	201,937	37,021	37,021
Provision for the year	665	665	217,456	217,456
Provision no longer required	(184,582)	(184,582)	(52,540)	(52,540)
Balance at end of the year	18,020	18,020	201,937	201,937

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Murabaha receivable represented as follows:

	2011	2010
Current	214,760	2,250,610
Non-current	20,398	1,227,729
	235,158	3,478,339

The provision for impairment for Murabaha receivable complies in all material respects with the specific provision requirements of the Central Bank of Kuwait. In addition, in accordance with Central Bank of Kuwait instructions, a minimum general provision is made on all credit facilities net of certain categories of collateral, to which CBK instructions are applicable and not subject to specific provision.

7. Investments available for sale

	2011	2010
Quoted:		
Equity securities	456,240	366,480
Fund and portfolios	866,989	1,057,643
	1,323,229	1,424,123
Unquoted:		
Equity securities	6,261,920	1,691,481
Funds and portfolios	962,677	3,703,450
	7,224,597	5,394,931
	8,547,826	6,819,054

It was not possible to reliably measure the fair value of unquoted equity securities amounting to KD 6,261,920 (December 31, 2010 - KD 1,633,481) and investment in funds and portfolios amounting to KD 1,323,532 (December 31, 2010 - KD 821,756) due to non-availability of a reliable method that could be used to determine the fair value of such investments. Accordingly, they were stated at their cost less impairment losses, if any.

The movement during the year was as follows:

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	2011	2010
Balance at the beginning of the year	6,819,054	6,764,054
Additions	4,847,133	396,003
Disposals	(2,539,106)	(683,709)
Changes in fair value	(340,186)	390,706
Impairment loss (Note 18)	(239,069)	(48,000)
Balance at the end of the year	8,547,826	6,819,054

Investments available for sale are demonstrated in the following currencies:

	2011	2010
Currency:		
Kuwait Dinar	6,718,159	2,057,962
US Dollar	1,323,532	1,373,262
Qatari Riyal	-	2,881,695
Bahrain Dinar	506,135	506,135
	8,547,826	6,819,054

8. Investment in an associate

Name of the associate	Country of incorporation	Percentage of ownership	
		2011	2010
Al-Sumow International for General Trading and Contracting Co. W.L.L.	Kuwait	-	26%
		-	57,166
		-	57,166

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Movement during the year was as follows:

	2011	2010
Balance at the beginning of the year	57,166	59,800
Disposal	(57,166)	-
Group's share of loss from associate	-	(2,634)
Balance at the end of the year	-	57,166

During the year the Group sold investment in associate for KD 80,000 with a carrying value of KD 57,166 resulting in a gain of KD 22,834.

9. Investment properties

	Investment properties under progress	2011	2010
Balance at the beginning of the year	152,873	152,873	792,624
Additions	875,000	875,000	8,496
Disposals	(875,000)	(875,000)	(647,638)
Effect of sale of subsidiary	(152,873)	(152,873)	-
Foreign currency translation adjustment	-	-	(609)
Balance at the end of the year	-	-	152,873

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10. Fixed assets

	Computers	Machinery and equipment	Furniture and fixtures	Vehicles	Total
Cost:					
At December 31, 2010	52,406	59,520	36,108	-	148,034
Additions	17,600	9,369	6,483	6,200	39,652
Disposals	-	(4,385)	(35,582)	-	(39,967)
Effect of sale of subsidiary	-	(1,291)	(526)	-	(1,817)
At December 31, 2011	70,006	63,213	6,483	6,200	145,902
Accumulated depreciation:					
At December 31, 2010	29,046	54,116	22,016	-	105,178
Charge for the year	10,717	4,592	4,262	517	20,088
Related to disposals	-	(4,376)	(26,002)	-	(30,378)
Effect of sale of subsidiary	(67)	(412)	(162)	-	(641)
At December 31, 2011	39,696	53,920	114	517	94,247
Net book value:					
At December 31, 2011	30,310	9,293	6,369	5,683	51,655
At December 31, 2010	23,360	5,404	14,092	-	42,856

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11. Accounts payable and other credit balances

	2011	2010
Trade payable	20,167	-
Notes payable	-	3,342
Retention payable	-	29,044
Accrued expenses	12,312	-
Portfolios payable	20,102	20,580
Payable to Kuwait Foundation for the Advancement of Sciences (KFAS)	-	141
Zakat payable	250,034	262
Accrued staff leave	19,539	58,152
Other credit balances	2,134	33,341
	<u>324,288</u>	<u>144,862</u>

There is no material difference between the fair value and the carrying value of accounts payable and other credit balances.

12. Related party transactions

The Group has entered into various transactions with related parties, i.e. shareholders, board of directors, key management and parties related to them in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

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	Major shareholders	Other related parties	2011	2010
Consolidated statement of financial position:				
Investments at fair value through income statement	-	-	-	189,352
Accounts Receivable and other debit balances	-	2,056,746	2,056,746	-
Investments available for sale	545,735	4,032,167	4,577,902	4,711,812
Murabaha receivable	-	79,830	79,830	1,980,300
Accounts payable and other credit balances	5,101	-	5,101	-
Due to related parties	-	-	-	85,054
Consolidated statement of income:				
Finance income	68,306	-	68,306	107,942
Net investment (loss) income	(8,085)	119,825	111,740	150,732

Compensation to key management personnel

	2011	2010
Short-term benefits	250,369	233,749
Termination benefits	21,989	16,474

13. Provision for end of service indemnity

	2011	2010
Balance at the beginning of the year	38,041	27,474
Charge for the year	32,081	24,616
Paid during the year	(50,386)	(14,049)
Balance at the end of the year	19,736	38,041

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14. Share capital

Authorized issued and paid up capital amounting of KD 15,000,000 (KD fifteen million) divided into 150,000,000 shares with par value of (100 Fils) hundred Fils per share and all shares are in cash.

15. Statutory reserve

As required by the Commercial Companies Law and the Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Zakat, Kuwait Foundation for the Advancement of Sciences (KFAS) and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association. Since there is a loss for the year, there is no transfer to statutory reserve.

16. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Zakat, KFAS and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors. Since there is a loss for the year, there is no transfer to voluntary reserve.

17. Finance (loss) income

	2011	2010
(Loss) Income from Murabaha receivable	(25,686)	304,615
Other finance income	-	703
	(25,686)	305,318

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18. Net investment income (loss)

	2011	2010
Dividend income	75,563	144,822
Realized gain from sale of investments available for sale	176,630	12,168
Impairment loss for investments available for sale (Note 7)	(239,069)	(156,517)
Realized loss from sale of investments at fair value through income statement	(7,662)	(5,139)
Unrealized loss from investments at fair value through income statement (Note 3)	(720)	(4,607)
	<u>4,742</u>	<u>(9,273)</u>

19. General and administrative expenses

	2011	2010
Salaries and wages	410,999	324,833
Fees	14,467	22,190
Rent expenses	61,955	33,080
Islamic Zakat	250,034	-
Other expenses	96,841	97,215
	<u>834,296</u>	<u>477,318</u>

20. Contribution to Zakat

Contribution to Zakat is calculated at 1% of the profit for the year attributable to equity holders of the Parent Company after deducting its share of income from shareholding subsidiaries in accordance with Ministry of Finance resolution No. 58/2007 effective December 10, 2007. No Zakat has been provided since there was no profit on which zakat could be calculated .

21. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the profit of the Parent Company after deducting its share of income from shareholding subsidiaries

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and transfer to statutory reserve. No KFAS has been provided since there was no profit on which KFAS could be calculated.

22. Fiduciary assets

The aggregate value of assets held in a trust or fiduciary capacity by Parent Company (off consolidated statement of financial position - items) as of December 31, 2011 amounted to KD 1,716,794 (December 31, 2010 - Nil).

23. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash at bank, investments, Murabaha receivable, Wakala investment, account payable and due to related parties and as a result, is exposed to the risks indicated below.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, receivables and Murabaha receivables. Cash at banks are placed with high credit rating financial institutions. Credit risk with respect to receivables is limited due to the large number of customers and their dispersion across different industries.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash at banks, term deposits, accounts receivable, murabaha receivable and investment in Wakala.

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group includes:

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- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring financial position liquidity ratios against internal and regulatory requirements.
- Managing the concentration and profile of debt maturities.

The maturity profile of assets and liabilities as of December 31, 2011 was as follows:

Assets	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Cash on hand and at banks	2,141,697	-	-	2,141,697
Investments at fair value through income statement	16,575	-	-	16,575
Investment in Wakala	2,282,958	-	-	2,282,958
Accounts receivable and other debit balances	1,675,502	85,595	-	1,761,097
Murabaha receivable	214,760	20,398	-	235,158
Investments available for sale	736,415	7,811,411	-	8,547,826
Fixed assets	-	51,655	-	51,655
Total assets	7,067,907	7,969,059	-	15,036,966
Liabilities				
Accounts payable and other credit balances	324,288	-	-	324,288
Provision for end of service indemnity	-	-	19,736	19,736
Total liabilities	324,288	-	19,736	344,024

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The maturity profile of assets and liabilities as of December 31, 2010 was as follows:

	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Assets				
Cash on hand and at banks	1,465,342	-	-	1,465,342
Investments at fair value through income statement	331,475	-	-	331,475
Investment in Wakala	3,152,415	-	-	3,152,415
Accounts receivable and other debit balances	569,920	-	-	569,920
Murabaha receivable	2,250,610	568,314	659,415	3,478,339
Investments available for sale	-	6,819,054	-	6,819,054
Investment in associate	-	57,166	-	57,166
Investment properties	-	152,873	-	152,873
Fixed assets	-	42,856	-	42,856
Total assets	7,769,761	7,640,264	659,415	16,069,440
Liabilities				
Accounts payable and other credit balances	144,862	-	-	144,862
Due to related parties	85,054	-	-	85,054
Provision for end of service indemnity	-	-	38,041	38,041
Total liabilities	233,607	-	38,041	267,957

c) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as rate of returns, foreign exchange rates and equity prices as indicated below:

i) Rate of return risk

According to Islamic Sharia'a interest is not accounted as debit or credit for any transaction carried out by the Group.

ii) Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign

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exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between USD and Kuwaiti Dinar.

	Increase / (Decrease) against KD for the year ended December 31, 2011	Effect on consolidated statement of income for the year ended December 31, 2011	Effect on consolidated statement of comprehensive income for the year ended December 31, 2011	Increase / (Decrease) against KD for the year ended December 31, 2010	Effect on consolidated statement of income for the year ended December 31, 2010	Effect on consolidated statement of comprehensive income for the year ended December 31, 2010
U S Dollar	±5%	-	±66,177	±5%	±6,241	±68,663
Qatari Riyal	±5%	-	-	±5%	-	±194,085
Bahraini Dinar	±5%	-	±25,307	±5%	-	±25,307

iii) Equity price risk

Equity price risk is the risk that fair values of equities decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as 'at fair value through profit or loss' and 'available for sale' arises from investment portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these investments, to which the Group had significant exposure at December 31, 2011:

	2011		
	Change in equity price %	Effect on consolidated statement of income	Effect on consolidated statement of comprehensive income
Market Indices			
KSE	±5%	-	±66,161
Fund's custodian report	±5%	±828	±361,229

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	2010		
	Change in equity price %	Effect on consolidated statement of income	Effect on consolidated statement of comprehensive income
Market Indices			
KSE	±5%	-	±71,206
Fund's custodian report	±5%	±16,574	±269,747

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from current bid prices, discounted cash flow models and other models as appropriate. At December 31, the fair values of financial instruments approximate their carrying amounts except for unquoted securities available for sale as mentioned in Note 7.

Fair value estimation

The Group had measured fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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The following table presents the group's assets and liabilities that are measured at fair value at December 31, 2011.

2011	Level 1	Level 2	Total Balance
Assets			
Investments at fair value through income statement	-	16,575	16,575
Investments available for sale	456,240	506,134	962,374
2010	Level 1	Level 2	Total Balance
Assets			
Investments at fair value through income statement	-	331,475	331,475
Investments available for sale	1,424,123	2,929,694	4,353,817

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily traded equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of reporting period, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

24. Capital risk management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital resources structure to reduce the cost of capital. In order to maintain or adjust the capital resources structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

25. Contingent liabilities

	2011	2010
Letters of guarantee	10,201	6,380
	10,201	6,380