

**Aqar Real Estate Investment Company
K.S.C. (Closed) and Subsidiaries**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011



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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AQAR REAL ESTATE INVESTMENTS COMPANY K.S.C. (CLOSED)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Aqar Real Estate Investments Company K.S.C. (Closed) (“the Parent Company”) and subsidiaries (collectively “the Group”), which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management of the Parent Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal controls 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.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

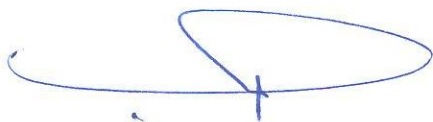
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
AQAR REAL ESTATE INVESTMENTS COMPANY K.S.C. (CLOSED) (continued)**

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, as amended, and by the Parent Company's articles of association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, nor of the Parent 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 Group or on its consolidated financial position.



WALEED A. AL OSAIMI
LICENCE NO. 68 A
OF ERNST & YOUNG



ALI A. AL-HASÁWI
LICENCE NO. 30 A
RÖDL MIDDLE EAST
BURGAN - INTERNATIONAL ACCOUNTANTS


21 February 2012
Kuwait

Aqar Real Estate Investments Company K.S.C. (Closed) and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	<i>Notes</i>	<i>2011</i> KD	<i>2010</i> KD
ASSETS			
Cash and bank balances	3	162,082	514,404
Fixed deposits	3	3,600,757	1,550,000
Accounts receivable and other assets	4	45,468	3,199,465
Available for sale investments	5	3,568,816	5,242,894
Investment in associates	6	4,650,918	5,678,550
Investment properties	7	12,791,975	11,641,494
Furniture and equipment		20,154	14,171
TOTAL ASSETS		24,840,170	27,840,978
LIABILITIES AND EQUITY			
Liabilities			
Term loan	8	2,730,000	3,230,000
Employees' end of service benefits		90,343	57,004
Accounts payable and other liabilities	9	317,040	319,957
TOTAL LIABILITIES		3,137,383	3,606,961
Equity			
Share capital	10	23,425,000	23,425,000
Share premium		227,567	227,567
Statutory reserve	11	608,572	608,572
General reserve	11	608,572	608,572
Cumulative changes in fair values		12,023	642,085
Treasury shares	12	(296,644)	(296,644)
Treasury shares reserve	12	8,523	8,523
Accumulated losses		(2,932,242)	(989,658)
Equity attributable to equity holders of the Parent Company		21,661,371	24,234,017
Non controlling interests		41,416	-
TOTAL EQUITY		21,702,787	24,234,017
TOTAL LIABILITIES AND EQUITY		24,840,170	27,840,978


Mousa Ali Abou Taleb
Chairman


Dr. Sulaiman Tareq Al Abduljader
Vice Chairman

The attached notes 1 to 20 form part of these consolidated financial statements.