Kuwait Cable Vision Company (S.A.K)
And its subsidiaries
State of Kuwait

Consolidated Financial Statements
And Independent Auditors' Report
For the year ended 31 December 2011

Kuwait Cable Vision Company (S.A.K)
And its subsidiaries
State of Kuwait

Consolidated Financial Statements
And Independent Auditors' Report
For the year ended 31 December 2011

Kuwait Cable Vision Company (S.A.K)
And its subsidiaries
State of Kuwait

Contents

Deloitte.

Deloitte & Touche
Al-Fahad Al-Wazzan & Co.
Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174 Safat 13062 or
P.O. Box 23049 Safat 13091
Kuwait
Tel : + 965 22408844, 22438060
Fax: + 965 22408855, 22452080
www.deloitte.com

BAKER TILLY
KUWAIT
Dr. Saud Al-humaidi & Partners
Public Accountants
P.O.Box 1486 Safat,13015 Kuwait
Sharq Area, Omar Bin Khattab Street
Shawafat Bldg, Block No. 5, 1st Floor
Tel : 22442333 / 22443222
Fax : 22461225
www.bakertillykuwait.com

Kuwait Cable Vision Company (S.A.K.)
State of Kuwait

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Kuwait Cable Vision Company (S.A.K.), "the Parent Company" and its subsidiaries (together referred to as the Group) which comprise the consolidated statement of financial position as of 31 December 2011, and the related 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 information.

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, 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.

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 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.

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

Basis for Qualified Opinion

As discussed in (note 8) to the consolidated financial statements, there are outstanding recievable from previous years amounted to KD 817,822 as at 31 December 2011. Based on the management's estimate about the collectability of these amounts, provision of KD 188,748 has been provided during the year ended 31 December 2011. We were unable to obtain sufficient appropriate audit evidence about the reasonableness of estimates and assumptions based on which the provision was determined.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte.

BAKER TILLY
KUWAIT
Dr. Saud Al-humaidi & Partners
Public Accountants

Kuwait Cable Vision Company (S.A.K.)
Kuwait

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS (Continued)

Report on other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of accounts have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and the consolidated financial statements incorporated 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 to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, or 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.

Emphasis of Matter

We draw attention to (note 11) to the consolidated financial statements, as the Parent Company's accumulated losses have exceeded 75% of its share capital as of 13 December 2011. The Extraordinary General Assembly meeting of the Parent Company decided to decrease the share capital by amortizing the accumulated losses with KD 6,559,500. The Amiri Decree for this decrease has not been issued to date. Our opinion is not qualified in respect of this matter.

Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche
Al Fahad, Al Wazzan & Co.
Kuwait
11 March 2012

Dr. Saud Al-humaidi
Licence No. 51 A
Dr. Saud Al-humaidi & Partners
Member of Baker Tilly International

Kuwait Cable Vision Company (S.A.K.)
And its subsidiaries
State of Kuwait

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

	Note	2011	2010
Assets			
Non-current assets			
Property and equipment	5	167,875	130,690
Intangible assets	6	122,220	198,659
Available for sale investments	7	739,968	1,234,319
		1,030,063	1,563,668
Current assets			
Trade and other receivables	8	1,067,334	1,003,141
Investments at fair value through profit or loss	9	5,037	2,876,506
Cash and cash equivalents	10	420,105	658,657
		1,492,476	4,538,304
Total assets		2,522,539	6,101,972
Equity and Liabilities			
Equity			
Equity attributable to the shareholders of the Parent Company			
Share capital	11	9,559,500	9,559,500
Change in fair value reserve		(77,789)	119,166
Accumulated losses		(7,862,949)	(6,565,699)
		1,618,762	3,112,967
Non-controlling interests		(1,691)	-
Total equity		1,617,071	3,112,967
Non-current liabilities			
Post employment benefits		105,077	85,361
Current liabilities			
Trade and other payables	14	454,500	403,644
Loans and banks facilities	15	345,891	2,500,000
		800,391	2,903,644
Total liabilities		905,468	2,989,005
Total equity and liabilities		2,522,539	6,101,972

The accompanying notes form an integral part of these consolidated financial statements.

Khaled Ali AL Khorbaizi Managing Director	**Dr. Osama Jawad Bukhamseen** Vice Chairman	**Emad Jassim Al-Saqr** Chairman

الشركة الكويتية للكيبل التلفزيوني (ش.م.ك)

Kuwait Cable Vision Company (S.A.K.)
And its subsidiaries
State of Kuwait

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

	Note	2011	2010
Operating income	16	866,622	576,454
Staff cost		(313,929)	(249,058)
Depreciation and amortization	5,6	(152,961)	(652,802)
Rents		(145,817)	(109,587)
Provisions and impairment	17	(188,748)	(2,037,260)
Other expenses		(761,975)	(241,761)
Finance costs		(67,843)	(215,619)
(Losses) / gains from investments	18	(539,290)	69,779
Gain from an associate		-	27,726
Gain on disposal of an associate		-	6,956
Net loss for the year		(1,303,941)	(2,825,172)
Attributable to:			
Shareholders of the Parent Company		(1,297,250)	(2,825,172)
Non-controlling interest		(6,691)	-
		(1,303,941)	(2,825,172)
Loss per share (fils)	19	(13.57)	(37.99)

The accompanying notes form an integral part of these consolidated financial statements.

Kuwait Cable Vision Company (S.A.K.)
And its subsidiaries
State of Kuwait

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

	Note	2011	2010
Net loss for the year		(1,303,941)	(2,825,172)
Other comprehensive loss items			
Change in fair value of available for sale investments		(414,465)	66,448
Transferred to statement of income on sale of available for sale investments		(25,139)	(244,036)
Transferred to statement of income due to impairment of available for sale investments	18	242,649	-
Group's share from an associate's change in fair value reserve		-	1,403
Transferred to statement of income on increase of the Group's share in an associate		-	(53,826)
Total other comprehensive income items		(196,955)	(230,011)
Total comprehensive loss for the year		(1,500,896)	3,055,183
Attributable to:			
Shareholders of the Parent Company		(1,494,205)	(3,055,183)
Non-controlling interests		(6,691)	-
		(1,500,896)	(3,055,183)

The accompanying notes form an integral part of these consolidated financial statements.

Kuwait Cable Vision Company (S.A.K.)
And its subsidiaries
State of Kuwait

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

	Equity attributable to shareholders of the Parent Company				Non- controlling interests	Total equity
	Share capital	Change in fair value reserve	Accumulated loss	Total		
Balance as of 1 January 2010	**5,724,500**	**349,177**	**(3,740,527)**	**2,333,150**	-	**2,333,150**
Net loss for the year	-	-	(2,825,172)	(2,825,172)	-	(2,825,172)
Other comprehensive income items	-	66,448	-	66,448	-	66,448
Change in fair value of available for sale investments	-	(244,036)	-	(244,036)	-	(244,036)
Transferred to statement of income on sale of available for sale investments	-	1,403	-	1,403	-	1,403
Group's share from an associate's reserves						
Transferred to statement of income on increase of the Group's share in a subsidiary	-	(53,826)	-	(53,826)	-	(53,826)
Total other comprehensive income items	-	(230,011)	-	(230,011)	-	(230,011)
Share capital increase (note 11)	3,835,000	-	-	3,835,000	-	3,835,000
Balance as of 31 December 2010	**9,559,500**	**119,166**	**(6,565,699)**	**3,112,967**	-	**3,112,967**
Balance as of 1 January 2011	**9,559,500**	**119,166**	**(6,565,699)**	**3,112,967**	-	**3,112,967**
Net loss for the year	-	-	(1,297,250)	(1,297,250)	(6,691)	(1,303,941)
Other comprehensive income items						
Change in fair value of available for sale investments	-	(414,465)	-	(414,465)	-	(414,465)
Transferred to statement of income on sale of available for sale investments	-	(25,139)	-	(25,139)	-	(25,139)
Group's share from an associate's reserves	-	242,649	-	242,649	-	242,649
Total other comprehensive income items	-	(196,955)	-	(196,955)	-	(196,955)
Non-controlling interests in a subsidiary's share capital	-	-	-	-	5,000	5,000
Balance as of 31 December 2011	**9,559,500**	**(77,789)**	**(7,862,949)**	**1,618,762**	**(1,691)**	**1,617,071**

The accompanying notes form an integral part of these consolidated financial statements.

Kuwait Cable Vision Company (S.A.K.)
And its subsidiaries
State of Kuwait

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

	Note	2011	2010
Cash flows from operating activities			
Net loss for the year		(1,303,941)	(2,825,172)
Adjustments:			
Depreciation and amortization	5, 6	152,961	652,802
Provisions and impairment	17	188,748	2,037,260
Gain on sale of property and equipment		(10)	(321)
Losses /(gains) from investments	18	539,290	(69,779)
Group's share in an associate result		-	(27,726)
Gain on disposal of an associate		-	(6,956)
Operating losses before changes in working capital		(422,952)	(239,892)
Trade and other receivables		(252,941)	51,970
Investments at fair value through profit or loss		2,398,573	(775,493)
Post employment benefits		19,716	16,922
Trade and other payables		50,856	(358,713)
Net cash generated from/ (used in) operating activities		1,793,252	(1,305,206)
Cash flows from investing activities			
Proceed from sale of property and equipment		1,003	326
Acquisition of property and equipment and intangible assets	5, 6	(114,700)	(470,022)
Acquisition of a subsidiary		-	(3,024,025)
Proceeds from sale of an associate		-	82,600
Proceeds from available for sale investments		75,467	270,192
Dividends received		155,535	49,351
Net cash generated from / (used in) investing activities		117,305	(3,091,578)
Cash flows from financing activities			
Share capital increase		-	3,835,000
Paid for loans and bank facilities	11	(2,154,109)	-
Minority interests		5,000	-
Net cash (used in) / generated from financing activities		(2,149,109)	3,835,000
Net decrease in cash and cash equivalents		(238,552)	(561,784)
Cash and cash equivalents at the beginning of the year		658,657	1,220,441
Cash and cash equivalents at the end of the year	10	420,105	658,657

The accompanying notes form an integral part of these consolidated financial statements.

1. Incorporation and activities

Kuwait Cable Vision Company is a Kuwaiti shareholding company ("the Parent Company") established in accordance with Amiri Decree No. (212) for 1997 and in accordance with the provisions of Commercial Companies Law of 1960.

The Parent Company is located in Al- Murqap (Al Tijaria Complex) – P.O. Box 20664, Safat 13067, Kuwait

On 1 May and according to Amiri Decree No. 87 of 2005, the objectives of the Parent Company were amended to be as follows; construct and manage satellite TV stations and Radio stations, receive and broadcasting of satellite TV stations to its subscribers against periodical fees and broadcasting programs and films, import, export and trade in the equipments and machines which support the Parent Company's objectives and utilizing financial surplus through investing in financial funds and portfolios managed by specialists

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries together referred to as "the Group":

	Share percentage (%)	Activity	Incorporation
LuxSat Kuwait Co. - WLL	80	Electrical and electronic equipment, publicity and advertisement	State of Kuwait
Desert Door for Media Production Co. - KSCC	99.2	Media production	State of Kuwait
Loud for publicity and advertisement Co. - WLL	50	Publicity and advertisement	State of Kuwait

The accumulated losses for LuxSat Kuwait Company (a Subsidiary) is KD 2,323,139 as of 31 December 2011 (KD 2,323,117 – 2010) which exceeded the Subsidiary's share capital that amounted to KD 1,500,000. The Parent Company has filed a lawsuit in order to proof the expiration of the subsidiary's contract. On 7 February 2010, a primary verdict has been issued to proof the expiration of the Subsidiary's Articles of Association, the necessary procedures to implement this verdict are in process and no liquidator has been appointed yet. The Subsidiary's license is expired on 22 May 2007 and has not been renewed yet. This matter has no significant impact on the Group's financial statements as of 31 December 2011.

The consolidated financial statements for the year ended 31 December 2011 have been approved for issue by the Board of Directors on 11 March 2012.

2. Basis of preparation and Significant accounting policies

2.1 Basis of preparation

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

2.2 Significant Accounting Policies

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

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

IAS 1: Presentation of Financial Statements

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

IAS 24: Related party disclosures (Revised)

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

IFRS 3: Business Combinations

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

IAS 32: Financial Instruments (Amended)

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

Other improvements to IFRSs

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

Standards and Interpretations issued but not yet effective

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

For annual periods beginning on or after 1 July 2011

IFRS 7 Financial Instruments: Disclosures

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

For annual periods beginning on or after 1 July 2012

IAS 1 Financial Statement Presentation

The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

For annual periods beginning on or after 1 January 2013.

IFRS 10: Consolidated Financial Statements

IFRS 10 replaces the consolidation guidance in IAS 27: Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee.

IFRS 11: Joint Arrangements

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31: Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures.

IFRS 12: Disclosure of Interests in Other Entities

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interests holders' involvement in the activities of consolidated entities.

IFRS 13: Fair Value Measurement

IFRS 13 Fair Value Measurement replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

For annual periods beginning on or after 1 January 2015

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets.

The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture. The application of IFRS 9 is under local regulatory review for early adoption in the State of Kuwait.

2.2.1 Basis of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest and

(ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Any related accumulated items in equity will be accounted for as if the Company had directly disposed of the relevant assets (reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting.

Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed off.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of 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 an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised immediately in the profit or loss. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group reclassifies all amounts previously recognised in other comprehensive income in relation to that associate to profit or loss when it loses significant influence over that associate.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2.2.2 Property and equipment

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

Depreciation is calculated based on estimated useful life of the applicable assets except for the land on a straight line basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The Group reviews the estimated useful lives of property and equipment at each financial position date. Any change in the estimated lives of an asset affects the period of the change and future periods.

Gains or losses resulted from the disposal of property and equipment is included in the consolidated statement of income being the difference between the selling price and carrying value of the property and equipment.

2.2.3 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognized in the consolidated statement of income.

2.2.4 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amount 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).

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognised in the income statement for the period in which they arise. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in statement of income.

2.2.5 Financial instruments

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

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

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), held to maturity, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. The Group has determined the classification of its financial assets as follows:

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in (note 3.3).

Loans and receivables

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

Available for sale (AFS)

AFS financial assets are non-derivatives and are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The financial assets available for sale are re-measured at fair value. The fair value is determined in the manner described in (note 3.3).

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of changes in fair value reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Foreign exchange gains and losses are recognised in other comprehensive income.

Impairment in value

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition

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

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

Financial liabilities

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

Derecognition

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

2.2.6 Post employment benefits

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the balance sheet date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2.2.7 Provisions

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

2.2.8 Dividends

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

2.2.9 Foreign currencies

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses are resulted from the settlement of such transactions and from the translation at year-end in the income statement.

2.2.10 Revenue recognition

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

- Services revenues are recognized when the services are rendered.
- Dividend income is recognized when the right to receive payment has been established.
- Interest income from deposits is recognized on time basis, and other revenues and expenses are recognized on an accrual basis.

2.2.11 Leases

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

The Group as lessor

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

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

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis

2.2.12 Borrowing costs

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

3. Financial risk management

3.1 Financial instruments

The Group's activities expose it to a variety of financial risks: market risk including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk, credit risk and liquidity risk. The Group's financial risks exposures are managed and monitored by the Group's senior management.

Market risks

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

The Group's senior management monitors and manages its market risks by regular oversight of the market's circumstances and the change in foreign exchange and interest rates, and market prices.

Foreign currency risk

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

The Group is exposed to foreign currency risks resulted mainly from the Group's dealings in financial instruments denominated in foreign currencies. Foreign currency risks result from the future transactions on financial instruments in foreign currency as reflected in the consolidated financial statements.

The Group tracks and manages its foreign currency exposure by monitoring the changes in foreign currency exchange rates on regular basis.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Group has no significant interest bearing assets at 31 December 2011 and 2010, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Borrowings issued at fixed interest rate expose the Group to fair value interest rate risk arises from changes in interest rates. Borrowings bearing variable interest rates expose the Group to cash flow interest rate risks.

The Group management monitors interest rate risk by:

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

Price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Group is exposed to fluctuation risks of its equity financial assets as the Group owns investments classified in the financial position as investments at fair value through profit or loss. The Group's management monitors and manages these risks through:

- Manages the Group's investments through portfolios managed by specialized portfolio managers.
- Invests in quoted securities. Investments in unquoted securities should be studied and approved by the senior management.
- Invests with companies that have good financial positions that generate high operating income and dividends.
- Tracking the market conditions and trends.

Credit risk

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

- Dealing with high net worth and reputable customers.
- Dealing with highly credit rated financial institutions.

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

	2011	2010
Trade and other receivables (Note 8)	1,189,827	855,808
Cash and cash equivalents (Note 10)	420,105	658,377
	1,609,932	1,514,185

Liquidity risks

The risk that Group will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk management mainly includes maintaining sufficient cash and high liquid financial instruments and the availability of funding resources to meet the Group's liquidity requirements. The Group's management monitors and manages this risk by:

- Monitoring the maturities of financial obligations.
- Preparing an annual budget to determine the volume of the required cash flows.

Most of the Group liabilities are matured within 1 year.

3.2 Capital risk management

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

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

The Group's strategy is to maintain the minimum gearing ratio which is determined by net debts to total share capital.

During the year, the Group has settled most of loans and bank facilities.

3.3 Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- **Level one**: Quoted prices in active markets for identical assets or liabilities.
- **Level two**: Quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly.
- **Level three**: Inputs for the asset or liabilities that are not based on observable market data.

The table below represents the financial instrument's analysis that recorded at fair value on the levels above mentioned:

	2011		
	Level one	**Level two**	**Total**
Assets			
Available for sale investments	-	739,968	739,968
Investments at fair value through profit or loss	5,037	-	5,037

	2010		
	Level one	**Level two**	**Total**
Assets			
Available for sale investments	81,904	1,152,415	1,234,319
Investments at fair value through profit or loss	2,876,506	-	2,876,506

4. Significant estimates and judgments

In the application of the Group's accounting policies, which are described in note 3, the Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key assumptions concerning the future, and other key sources concerning current period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years.

Valuation of financial instruments

As described in (note 3.3), the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 3 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments.

The management believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note (2.2). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Impairment of property and equipment

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

Evidence of impairment of investments

Management determines the impairment in equity instruments classified as available for sale when there is a significant or prolonged decline in the fair value of these investments. Determination of what is significant or prolonged requires judgment from management. The Group evaluates, among other factors, the usual fluctuation of listed stock prices, expected cash flows and discount rates of unquoted investments, impairment is considered appropriate when there is objective evidence on the deterioration of the financial position for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Impairment of Receivables

The Group's management determines impairment of receivables in the light of the Group's previous experience about collectability, overdue period, change in global and local economies which led the customers to default in payment. Impairment of receivables is recorded for receivables which are matured and not settled for more than 90 days. The impact of such impairment on these financial statements is disclosed in note (8).

5. Property and equipment

	2010				
	Television studio	Tools & equipments	Furniture & fixture	Vehicles	Total
Cost					
As at 1 January	1,381,455	101,814	73,514	10,785	1,567,568
Acquisition of a subsidiary	-	8,760	9,715	-	18,475
Additions for the year	2,346	110,167	31,203	-	143,716
Disposals	-	(4,500)	(1,070)	-	(5,570)
As at 31 December	1,383,801	216,241	113,362	10,785	1,724,189
Accumulated depreciation and impairment					
As at 1 January	1,059,488	99,437	73,509	9,328	1,241,762
Acquisition of a subsidiary	-	7,873	1,675	-	9,548
Depreciation for the year	234,120	17,142	4,871	1,455	257,588
Impairment	90,166	-	-	-	90,166
Disposals	-	(4,497)	(1,068)	-	(5,565)
As at 31 December	1,383,774	119,955	78,987	10,783	1,593,499
Net book value					
As at 31 December	27	96,286	34,375	2	130,690

	2011				
	Television studio	Tools & equipments	Furniture & fixture	Vehicles	Total
Cost					
As at 1 January	1,383,801	216,241	113,362	10,785	1,724,189
Additions for the year	-	12,457	102,243	-	114,700
Disposals	-	(695)	(1,698)	-	(2,393)
As at 31 December	1,383,801	228,003	213,907	10,785	1,836,496
Accumulated depreciation and impairment					
As at 1 January	1,383,774	119,955	78,987	10,783	1,593,499
Depreciation for the year	-	43,197	33,325	-	76,522
Disposals	-	(60)	(1,340)	-	(1,400)
As at 31 December	1,383,774	163,092	110,972	10,783	1,668,621
Net book value					
As at 31 December	27	64,911	102,935	2	167,875
Estimated useful lives - year	3 - 5	3	3	5	

6. Intangible assets

The intangible assets balance is represented in cost of the media production. The movement of intangible assets during the year is as follows:

	2011	2010
Balance at 1 January	198,659	86,030
Acquisition of a subsidiary	-	181,537
Additions during the year	-	326,306
Amortization during the year	(76,439)	(395,214)
Balance as of 31 December	122,220	198,659

7. Available for sale investments

	2011	2010
Quoted shares	-	81,904
Unquoted shares	739,968	1,152,415
	739,968	1,234,319

- Available for sale investments are denominated in the following currencies:

	2011	2010
Emirates Dirham	-	81,904
US Dollars	739,968	1,152,415
	739,968	1,234,319

8. Trade and other receivables

	2011	2010
Trade receivables	1,189,827	855,808
Prepaid expenses	37,955	105,201
Others	38,319	52,151
	1,266,101	1,013,160
Provision for doubtful debts	(198,767)	(10,019)
	1,067,334	1,003,141

- Trade receivables include outstanding balances from previous years amounted to KD 817,822 as of 31 December 2011, of which KD 635,749 represent an amount paid to one of the Media Companies for films production and the related interests due on that amount. A lawsuit has been filed by the Group to recover this balance. During 2011, a primary court verdict was issued in favour of the Group. The counter party appealed and the case is still pending in front of the court. As a result of the unavailability of reliable information to the Group management regarding the collectability of such amount, the Group Management booked a provision of KD 188,748 for impairment of this balance as of 31 December 2011 (Nil as of 31 December 2010).

- The average credit period granted to trade receivables is 90 days. No interest is charged on trade receivables
- 99% of trade receivables are concentrated in 4 clients as of 31 December 2010 and 2011.
- Trade receivables which are past due and not impaired is (Nil) as of 31 December2010 and 2011.
- Trade receivables that are impaired and for which the group has recognised an allowance for doubtful debts amounted to KD 826,862, of which KD 9,040 fully provided as of 31 December 2011. The Group does not hold any collateral as security.
- Following is the movement on provision for doubtful debts:

	2011	2010
Balance as of 1 January	10,019	9,042
Provided during the year	188,748	977
As of 31 December	198,767	10,019

9. Investments at fair value through profit or loss

	2011	2010
Local listed shares	5,037	1,632,333
Foreign listed shares	-	1,244,173
	5,037	2,876,506

Investments at fair value are denominated in the following the currencies:-

	2011	2010
Kuwaiti Dinar	5,037	1,632,332
Qatari Riyal	-	295,738
Saudi Riyal	-	677,142
Emirates Dirham	-	126,958
US Dollars	-	144,336
	5,037	2,876,506

10. Cash and Cash equivalents

	2011	2010
Cash on hand and at banks	367,414	301,218
Cash on investment portfolios	52,691	357,439
	420,105	658,657

11. Share capital / accumulated losses

Share capital

On 16 March 2010, an Amiri decree No. 92 of 2010 has been issued approving the resolution of the Extraordinary Shareholders General Assembly held on 17 June 2009 to increase the Parent Company's capital with KD 3,835,000 through issuing 38,350,000 shares of nominal value of 100 fils each and without share premium., This increase was recorded in the Commercial Register on 25 July 2010. Accordingly, the Parent Company's capital is KD 9,559,500 comprising 95,595,000 shares of 100 fils each as of 31 December 2011 and 2010. All shares are in cash.

Accumulated losses

The Parent Company's accumulated losses amounted to KD 7,862,949 exceeded 75% of the Company's share capital as of 31 December 2011.

On 25 April 2011, the Extraordinary General Assembly Meeting approved the Board of Directors' proposal to decrease the share capital to KD 3,000,000 comprising of 30,000,000 shares of 100 fils each through amortizing the accumulated losses. The related Amiri Decree has not been issued yet.

12. Statutory reserve

In accordance with the Commercial Companies' Law and the Parent Company's Articles of Association, 10% of the net profit for the year is transferred to statutory reserve. The General Assembly may resolve to discontinue such annual transfer when the reserve reaches 50% of the share capital of the Parent Company. This reserve is not available for appropriation except for the cases stipulated by law.

13. Voluntary reserve

In accordance with the Parent Company's Articles of Association a percentage from the net profit, as proposed by the Board of Director and as approved by the General Assembly, will be transferred to the voluntary reserve. The General Assembly may, as proposed by the Board of Directors discontinue such transfer. In accordance with the Board of Directors resolution in its meeting dated 3 March 2008, the Board of Directors decided to discontinue such transfer to the voluntary reserve.

14. Trade and other payables

	2011	2010
Trade payables	17,090	25,489
Payable- purchase of property and equipment	214,208	214,208
Accrued and leave expenses	150,480	84,478
Dividends payable	61,464	71,466
Others	11,258	8,003
	454,500	403,644

15. Loans and banks facilities

	2011	2010
Short term loans	300,000	2,500,000
Bank overdraft	45,891	-
	345,891	2,500,000

Bank facilities are represented in overdraft and granted to the Group from local banks against promissory notes by 2.5% over the CBK's discounted rate.

During the year, a loan of KD 300,000 from current loans is matured and not yet settled. Currently the Group is taking the procedures necessary to reschedule or settle this loan.

16. Operating income

	2011	2010
Media production income	419,881	231,932
Studio income	80,533	49,500
Income from advertising and publicity contracts	182,735	23,933
Income from mobile cinema	175,848	91,739
Other operating income	7,625	179,350
	866,622	576,454

17. Provisions and impairment

	2011	2010
Impairment of goodwill	-	1,946,117
Impairment of property and equipment	-	90,166
Provision for doubtful debts	188,748	977
	188,748	2,037,260

During 2010, the Parent Company has acquired an additional share of Desert Door for Media Production Company- KSCC. As a result, the Parent Company's holding percentage became 100%, which resulted in goodwill of KD 1,946,117. Considering the subsidiary's financial position and its business results, the Group's management decided to record an impairment with the entire goodwill and charge it to the consolidated statement of income for the year ended 31 December 2010.

18. (Loss) / gain from investments

	2011	2010
(Losses) / gains on investments at fair value through profit or loss	(317,361)	437,429
Gains / (losses) on sale of available for sale investments	20,720	(367,650)
Impairment of available for sale investments	(242,649)	-
	(539,290)	69,779

19. Loss per share

Loss per share is calculated by dividing the net loss attributable to the shareholders of the Parent Company by the weighted average number of outstanding shares during the year.

	2011	2010
Net loss for the year	(1,297,250)	(2,825,172)
Weighted average number of outstanding shares (shares)	95,595,000	74,371,164
Loss per share (fils)	(13.57)	(37.99)

20. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The following is the volume and nature of that transaction during the year:

	2011	2010
Key management compensation	60,000	68,000

21. Contingent assets

During 2006, the subsidiary has resorted to arbitration (Kuwait Commercial Arbitration Center) against LuxSat – Middle East Company, claiming an indemnity of KD 6,109,040 being the broadcasting value previously acquired from LuxSat – Middle East, in addition to the value of losses arising out of the infectiveness related to LuxSat – Middle East. On 8 June 2009, the arbitration decided in Kuwait Commercial Arbitrate Center to transfer the lawsuit to the accounting expert to determine the compensation value. On 11 March 2010, a verdict of compensation has been issued of KD 1,703,860 in favour of the subsidiary.

During 2005, Kuwait Cable vision Company has arbitrated in (Kuwait Commercial Arbitrate Center) against one of the key shareholders in LuxSat – Middle East and LuxSat – France Company claiming for compensation amounting to KD 1,942,562 and on 30 June 2009, the arbitration ruled in the Kuwait Commercial Centre the following:

a) An amount of KD 1,200,000.

b) An amount of US $ 2,000,000.

As a compensation for the Parent Company and the necessary procedures are in progress.

22. Contingent liabilities

On 31 December 2011, the balance of letters of guarantees issued for the benefit of third parties amounted to KD 58,489 (KD 44,989 as of 31 December 2010).

23. Segment reporting

The Group activities are concentrated in two main sectors

Operation segment: represented in media production sector.

Investment segment: represented in investment in investment in associate and investment securities.

The following is the segment information which is consists with the internal reporting presented to management:

	Year ended 31 December					
	2011			2010		
	Operation activities	Investments activities	Total	Operation activities	Investments activities	Total
Net revenue	858,997	(539,290)	319,707	397,104	(1,841,656)	(1,444,552)
Costs & expenses	(1,318,631)	-	(1,318,631)	(869,423)	-	(869,423)
Segment losses	(459,634)	(539,290)	(998,924)	(472,319)	(1,841,656)	(2,313,975)
Assets	1,310,121	797,696	2,107,817	1,022,858	4,468,262	5,491,120

Net loss for the year is represented in the following:

	2011	2010
Segment losses	(998,924)	(2,313,975)
Other revenues	7,625	179,350
Other expenses	(244,799)	(474,928)
Finance costs	(67,843)	(215,619)
	(1,303,941)	(2,825,172)

Assets as of 31 December are represented as follows:

	2011	2010
Segment assets	2,107,817	5,491,120
Property and equipments	41,878	34,377
Trade and other receivables	5,430	275,256
Cash and cash equivalents	367,414	301,219
	2,522,539	6,101,972