

Interim condensed consolidated financial information and review report  
**Al Mal Investment Company – KSC (Closed) and Subsidiaries**  
**Kuwait**

31 March 2010 (Unaudited)

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## Review report

To the board of directors of  
Al Mal Investment Company – KSC (Closed)  
Kuwait

### Report on review of interim condensed consolidated financial information

#### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Mal Investment Company (A Kuwaiti Closed Shareholding Company) (“the parent company”) and its subsidiaries (collectively “the group”), as of 31 March 2010 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. The parent company’s management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

#### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in note 2.

#### *Other matter*

The interim condensed consolidated financial information as at 31 March 2009 and for the three month period then ended were reviewed by other auditors whose review report dated 24 May 2009 expressed an unqualified conclusion on those statements.

### Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960 or of the articles of association of the parent company, as amended, have occurred during the three-month period ended 31 March 2010 that might have had a material effect on the business of the group or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No.32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the three-month period ended 31 March 2010.



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Kuwait  
11 May 2010

## Interim condensed consolidated statement of income

	Note	Three months ended 31 March 2010 (Unaudited) KD	Three months ended 31 March 2009 (Unaudited) KD
<b>Income</b>			
Realised gain/(loss) from sale of investments at fair value through profit or loss		37	(1,788,789)
Unrealised gain/(loss) from investments at fair value through profit or loss		6,830	(235,070)
Realised loss on sale of available for sale investments		(640)	(29,341)
Dividend income		426,725	1,028,494
Share of results of associates		521,494	216,289
Profit on sale of investment properties	9	124,725	93,066
Change in fair value of investment properties	9	-	2,738,252
Murabaha, sukuk & interest income		229,798	323,230
Net income from Tarasul Telecom		35,085	47,509
Management fees and other income	3	193,992	125,783
		<b>1,538,046</b>	<b>2,519,423</b>
<b>Expenses and other charges</b>			
Finance costs		1,694,978	2,153,002
Staff costs		449,985	424,751
General and administrative expenses		337,616	429,016
Foreign exchange loss		533,670	274,648
Impairment of available for sale investments	7.3	154,892	38,176
		<b>3,171,141</b>	<b>3,319,593</b>
<b>Loss for the period</b>		<b>(1,633,095)</b>	<b>(800,170)</b>
Attributable to :			
Owners of the parent company		(1,405,533)	(961,358)
Non-controlling interests		(227,562)	161,188
		<b>(1,633,095)</b>	<b>(800,170)</b>
<b>BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY</b>			
	4	<b>(2.66) Fils</b>	<b>(1.92) Fils</b>

*The notes set out on pages 8 to 15 form an integral part of the interim condensed consolidated financial information.*

## Interim condensed consolidated statement of comprehensive income

	Three months ended 31 March 2010 (Unaudited) KD	Three months ended 31 March 2009 (Unaudited) KD
Loss for the period	(1,633,095)	(800,170)
<b>Other comprehensive income:</b>		
Exchange differences arising on translation of foreign operations	154,603	866,183
Available for sale investments:		
- Net changes in fair value arising during the period	(264,306)	170,934
- Transferred to consolidated statement of income on sale	5,553	-
- Transferred to consolidated statement of income on impairment	154,892	-
Share of other comprehensive income of associates	38,513	-
Total other comprehensive income for the period	89,255	1,037,117
Total comprehensive income for the period	(1,543,840)	236,947
Total comprehensive income attributable to:		
Owners of the parent company	(1,356,402)	70,686
Non-controlling interests	(187,438)	166,261
	(1,543,840)	236,947

## Interim condensed consolidated statement of financial position

	Note	31 March 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	31 March 2009 (Unaudited) KD
<b>Assets</b>				
Cash and cash equivalents	5	7,444,080	11,800,687	30,286,843
Investments at fair value through profit or loss		2,688,297	2,682,849	5,813,434
Accounts receivable and other assets	6	26,017,773	25,899,620	23,881,934
Available for sale investments	7	31,381,696	31,940,550	34,765,068
Investment in murabaha and sukuk		6,887,928	6,806,434	6,230,236
Investment in associates	8	31,746,558	31,116,487	30,335,878
Investment properties	9	82,144,220	81,973,269	90,725,750
Property and equipment		1,169,185	1,206,600	390,307
Intangible asset		3,835,925	3,562,674	-
Goodwill		90,332	90,332	90,332
<b>Total assets</b>		<b>193,405,994</b>	<b>197,079,502</b>	<b>222,519,782</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Accounts payable and other liabilities		17,757,565	18,895,129	34,103,341
Borrowings	10	59,123,353	60,157,756	71,873,841
Bonds payable	11	33,320,000	33,320,000	33,320,000
Employees' end of service indemnity		391,090	348,791	239,296
<b>Total liabilities</b>		<b>110,592,008</b>	<b>112,721,676</b>	<b>139,536,478</b>
<b>Equity</b>				
Share capital	12	52,828,125	52,828,125	52,828,125
Share premium		18,375,000	18,375,000	18,375,000
Treasury shares		-	-	(11,035,307)
Statutory reserve		4,802,301	4,802,301	4,802,301
Voluntary reserve		4,802,301	4,802,301	4,802,301
Foreign currency translation reserve		906,910	753,918	918,279
Cumulative changes in fair value		156,903	260,764	(1,029,069)
(Accumulated losses)/retained earnings		(17,488,465)	(16,082,932)	2,915,050
<b>Equity attributable to owners of the parent company</b>		<b>64,383,075</b>	<b>65,739,477</b>	<b>72,576,680</b>
<b>Non-controlling interests</b>		<b>18,430,911</b>	<b>18,618,349</b>	<b>10,406,624</b>
<b>Total equity</b>		<b>82,813,986</b>	<b>84,357,826</b>	<b>82,983,304</b>
<b>Total liabilities and equity</b>		<b>193,405,994</b>	<b>197,079,502</b>	<b>222,519,782</b>



Loay Jassim Al-Kharafi  
Chairman and Managing Director

## Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to owners of the parent company										Non- controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	(Accumulated losses)/ retained earnings KD	Sub- total KD	KD		
Balance as at 1 January 2010	52,828,125	18,375,000	-	4,802,301	4,802,301	753,918	260,764	(16,082,932)	65,739,477	18,618,349	84,357,826	
Change for the period	-	-	-	-	-	-	-	(1,405,533)	(1,405,533)	(227,562)	(1,633,095)	
Net comprehensive income for the period	-	-	-	-	-	152,992	(103,861)	-	49,131	40,124	89,255	
Net comprehensive income for the period	-	-	-	-	-	152,992	(103,861)	(1,405,533)	(1,356,402)	(187,438)	(1,543,840)	
Balance as at 31 March 2010	52,828,125	18,375,000	-	4,802,301	4,802,301	906,910	156,903	(17,488,465)	64,383,075	18,430,911	82,813,986	
Balance as at 1 January 2009	52,828,125	18,375,000	(11,035,307)	4,802,301	4,802,301	57,169	(1,200,003)	3,876,408	72,505,994	10,235,433	82,741,427	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	4,930	4,930	
Transactions with owners	-	-	-	-	-	-	-	-	-	4,930	4,930	
Net profit for the period	-	-	-	-	-	-	-	(961,358)	(961,358)	161,188	(800,170)	
Net comprehensive income for the period	-	-	-	-	-	861,110	170,934	-	1,032,044	5,073	1,037,117	
Net comprehensive income for the period	-	-	-	-	-	861,110	170,934	(961,358)	70,686	166,261	236,947	
Balance as at 31 March 2009	52,828,125	18,375,000	(11,035,307)	4,802,301	4,802,301	918,279	(1,029,069)	2,915,050	72,576,680	10,406,624	82,983,304	

notes set out on pages 8 to 15 form an integral part of the interim condensed consolidated financial information.



## Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2010 (Unaudited) KD	Three months ended 31 March 2009 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(1,633,095)	(800,170)
Adjustments for:			
Impairment of available for sale investments		154,892	-
Profit on sale of investment properties		(124,725)	(93,066)
Change in fair value of investment properties		-	(2,738,252)
Realised loss on sale of available for sale investments		640	29,341
Dividend income		(426,725)	(1,028,494)
Share of results of associates		(521,494)	(216,289)
Depreciation		60,178	33,925
Provision for employees end of service indemnity		42,299	41,444
Murabaha, sukuk & interest income		(229,798)	(323,230)
Finance costs		1,694,978	2,153,002
		<b>(982,850)</b>	<b>(2,941,789)</b>
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		(5,448)	9,769,593
Accounts receivable and other assets		(117,385)	(6,046,811)
Accounts payable and other liabilities		(2,601,202)	(1,655,728)
<b>Net cash used in operating activities</b>		<b>(3,706,885)</b>	<b>(874,735)</b>
<b>INVESTING ACTIVITIES</b>			
Additions to available for sale investments		-	(15,977)
Investment in murabaha and sukuk		(81,494)	2,383,674
Additions to property and equipment		(22,764)	(30,989)
Proceeds from redemption of available for sale investments		319,561	907,973
Proceeds from sale of investment properties		124,725	93,066
Additions to investment properties		(145,055)	(278,812)
Additions to intangible assets		(273,251)	-
Dividend income received		426,725	922,710
Murabah, sukuk and Interest income received		229,032	70,608
<b>Net cash from investing activities</b>		<b>577,479</b>	<b>4,052,253</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of loans		(1,034,403)	(810,094)
Changes in non-controlling interests		-	10,003
Finance costs paid		(192,798)	(479,725)
<b>Net cash used in financing activities</b>		<b>(1,227,201)</b>	<b>(1,279,816)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,356,607)</b>	<b>1,897,702</b>
Cash and cash equivalents at beginning of the period		11,800,687	28,389,141
<b>Cash and cash equivalents at end of the period</b>	5	<b>7,444,080</b>	<b>30,286,843</b>

*The notes set out on pages 8 to 15 form an integral part of the interim condensed consolidated financial information.*

## **Notes to the interim condensed consolidated financial information 31 March 2010 (Unaudited)**

### **1 Incorporation and Activities**

Al Mal Investment Company – KSC (Closed), (“the parent company”), is a Kuwaiti closed shareholding company established on 2 January 1980 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The parent company is regulated by the Central Bank of Kuwait as an investment company and its shares are listed on the Kuwait Stock Exchange. The parent company and its subsidiaries are together referred as “the group”.

The principal objectives of the parent company are as follows:

- Investment in various economic sectors through participating in establishing specialised companies or purchasing securities or shares in those companies;
- Act as investment trustees and manage different investment portfolios for others; and
- Act as intermediary in borrowing operations in return for commission;

Further, the Parent Company has the right to participate and subscribe, in any way with other firms which operate in the same field or those which would assist in achieving its objectives in Kuwait and abroad and to purchase those firms or participate in their equity.

The address of the parent company’s registered office is PO Box 26308, Safat 13124, State of Kuwait.

The interim condensed consolidated financial information for the three month period ended 31 March 2010 was authorised for issue by the parent company’s board of directors on 11 May 2010.

The annual consolidated financial statements for the year ended 31 December 2009 were approved by the Board of Directors on 24 March 2010 and it is to be approved by the shareholders at the Annual General Meeting which is scheduled to be held on 12 May 2010.

### **2 Significant accounting policies**

#### **Basis of presentation**

This interim condensed consolidated financial information of the group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The accounting policies used in preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual financial statements, for the year ended 31 December 2009, except for adoption of new and revised standards and interpretations as discussed below. The annual consolidated financial statements for the year ended 31 December 2009 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait’s requirement for a minimum general provision made on all applicable credit facilities (net of certain categories of collateral) that are not provided specifically.

## **2 Significant accounting policies (continued)**

### **Basis of presentation (continued)**

This interim condensed consolidated financial information does not contain all the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2010. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2009.

### **Adoption of new and revised International Financial Reporting Standards**

During the period, the Group adopted the following new standards, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the group's financial statements for the annual period beginning on 1 January 2010. Certain other amendments to standards have been made and certain new standards and interpretations have been issued but they are not expected to have a material impact on the group's financial statements.

- IFRS 3 Business Combinations (Revised 2008)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008)
- IAS 28 Investments in Associates (Revised 2008)
- IFRIC 17 Distribution of Non Cash Assets to Owners
  
- IFRS 3 Business Combinations (Revised 2008) and IAS 27 Consolidated and Separate Financial Statements (Revised 2008)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after 1 January 2010. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well.

The changes by IFRS 3 (Revised) and IAS 27 (Revised) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The change in accounting policy was applied prospectively.

- IAS 28 Investments in Associates (Revised 2008)

The revised standard introduces changes to the accounting requirements for the loss of significant influence of an associate and for changes in the group's interest in associates. Consequently, when significant influence is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognized in profit or loss. These changes will be applicable for future acquisitions and disposals.

- IFRIC 17 Distribution of Non-Cash Assets to Owners

The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. This interpretation will be applicable for future non-cash distributions made to the shareholders.

## **2 Significant accounting policies (continued)**

Following revised standards have been issued but not yet effective and have not been adopted by the group in the current period:

- IFRS 9 Financial Instruments (effective from 1 January 2013)  
The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety by the end of 2010, with the replacement standard to be effective for annual periods beginning 1 January 2013. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

- Phase 1: Classification and Measurement
- Phase 2: Impairment methodology
- Phase 3: Hedge accounting

In addition, a separate project is dealing with derecognition.

Although early application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided during December 2009, to postpone this allowed early application until further notice.

- IAS 24 (Revised) “Related party disclosures” (effective for annual periods beginning from 1 January 2011)
- IAS 32 Financial Instruments: Presentation (effective for annual period beginning from 1 February 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual period beginning 1 July 2010).

## **3 Management fees and other income**

	Three months ended 31 March 2010 (Unaudited) KD	Three months ended 31 March 2009 (Unaudited) KD
Management and consultancy fees	86,161	64,600
Rent income	104,088	32,804
Other Income	3,743	28,379
	<b>193,992</b>	<b>125,783</b>

## **4 Basic and diluted loss per share**

Loss per share is calculated by dividing the loss for the period attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding during the period as follows;

	Three months ended 31 March 2010 (Unaudited)	Three months ended 31 March 2009 (Unaudited)
Loss for the period attributable to the owners of the parent (KD)	<b>(1,405,533)</b>	<b>(961,358)</b>
Weighted average number of shares outstanding during the period (excluding treasury shares)	<b>528,281,250</b>	<b>500,569,249</b>
Basic and diluted loss per share (Fils)	<b>(2.66)</b>	<b>(1.92)</b>

**5 Cash and cash equivalents**

	31 March 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	31 March 2009 (Unaudited) KD
Cash and bank balances	3,935,664	5,506,123	14,552,526
Short term deposits	3,500,719	6,260,657	15,511,507
Cash balances with portfolio managers	7,697	33,907	222,810
	<b>7,444,080</b>	<b>11,800,687</b>	<b>30,286,843</b>

Short term deposits carry average effective interest rate of 2% (31 December 2009: 2.17% and 31 March 2009: 8.66%).

**6 Accounts receivable and other assets**

	31 March 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	31 March 2009 (Unaudited) KD
<b>Financial assets</b>			
Advance payment to purchase investments (refer a)	15,930,730	15,921,931	15,862,998
Refundable development expenses (refer b)	8,856,701	8,045,497	4,607,099
Due from related parties	239,061	261,465	1,964,100
Trade receivables	250,101	1,096,979	718,885
Accrued income	352,314	423,582	252,622
Other assets	388,866	150,166	476,230
	<b>26,017,773</b>	<b>25,899,620</b>	<b>23,881,934</b>

a. Advance payment to purchase investments includes an amount of KD13,364,720 (31 December 2009: KD13,272,295 and 31 March 2009: KD13,480,252) paid to establish a new company to invest in the telecommunication project in Iraq. At 31 March 2010, the necessary procedures to establish this company and to determine the eventual share of the group in the capital have not been finalised.

b. Refundable development expenses represent development cost incurred to develop an economic city in the Kingdom of Saudi Arabia jointly with the Saudi authorities. The parent company is the main developer for this project. A new shareholding company is being incorporated in Saudi Arabia to own and manage this project. The legal formalities are currently in process to establish the Saudi shareholding company. As per the agreement on incorporation of the Saudi shareholding company the total expenses incurred for the project will be re-reimbursed to the group.

**7 Available for sale investments**

	31 March 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	31 March 2009 (Unaudited) KD
Investments in unquoted shares	16,409,560	16,564,462	17,901,686
Investments in private equity funds	9,882,398	9,973,789	10,507,989
Investments in direct equity funds	3,867,272	4,191,661	5,280,461
Investments in portfolios managed by others	1,222,466	1,210,638	1,074,932
	<b>31,381,696</b>	<b>31,940,550</b>	<b>34,765,068</b>

**7 Available for sale investments (continued)**

7.1 Available for sale investments include investments of KD8,055,952 (31 December 2009: KD8,035,850 and 31 March 2009: KD3,786,294), carried at cost due to the unpredictable nature of future cash flows and the unavailability of financial information to arrive at a reliable measure of fair value. The group's management believes that the available information for those investments has not indicated any impairment in value.

7.2 Information for investments in private equity funds and direct equity funds is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

7.3 During the period, the group recognised an impairment loss of KD154,892 (31 March 2009: KD38,176) for certain local unquoted shares, as the fair value of these shares declined significantly below their costs.

**8 Investment in associates**

Company name	Ownership %	31 March 2010 (Unaudited) KD	Ownership %	31 Dec. 2009 (Audited) KD	Ownership %	31 March 2009 (Unaudited) KD
Safwan Trading and Contracting Co. – KSC (Closed)	47.37	7,886,741	47.37	7,559,890	47.35	7,570,406
Ikarus Real Estate Co. – KSC (Closed)	25.00	584,402	25.00	582,216	25.00	1,206,177
Petroleum Coke Industries Co. – KSC (Closed)	40.82	7,756,265	40.82	7,551,828	38.28	5,139,702
Mac S.A. Incorporation Co. (Closed)	47.93	301,170	47.93	292,688	47.93	186,105
Falcon Aviation Group Limited	20.00	4,143,163	20.00	4,127,442	20.00	3,867,369
United Insurance Co. Incorporation Co. (Closed)	18.39	1,154,983	18.39	1,149,169	18.39	1,123,334
Mazaya Gateway Co. F.Z.C.	25.00	9,919,834	25.00	9,853,254	25.00	10,003,059
Safe Hands Holding Co. – BSC (Closed)	-	-	-	-	50.00	1,239,726
		<b>31,746,558</b>		<b>31,116,487</b>		<b>30,335,878</b>

8.1 The United Insurance Co. – Syria has been classified as investment in associate, as the group exercises significant influence over the operating and financial policies of this associate through representation in the board of directors of this company.

8.2 Investment in associates include goodwill of KD6,414,335 (31 December 2009: KD6,414,335 and 31 March 2009: KD4,970,021).

8.3 The group has recorded its share in Safwan Trading and Contracting Company, United Insurance Co. Incorporation Co. (Closed) and Petroleum Coke Industries Co. – KSC (Closed) based on the audited financial statements for the year ended 31 December 2009. Except for Mazaya Gateway Co. F.Z.C, which has still not commenced operations and is at its initial stages of establishment, all other associates companies results have been recorded based on management accounts as at 31 December 2009.

8.4 The investment in Mazaya Gateway Company includes an amount of KD9,698,687 due from this associate (31 December 2009: KD9,631,614 and 31 March 2009: KD9,784,558) and this amount has been classified as cost of investments as it will be used to settle the parent company's share in the capital increase of Mazaya Gateway Company which is expected during 2010.

**9 Investment properties**

	31 March 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	31 March 2009 (Unaudited) KD
Investment properties	7,316,144	7,303,638	7,840,713
Land and properties under development	74,828,076	74,669,631	82,885,037
	<b>82,144,220</b>	<b>81,973,269</b>	<b>90,725,750</b>

The movement for investment properties is as follows:

	31 March 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	31 March 2009 (Unaudited) KD
Balance as of 1 January	81,973,269	87,708,686	87,708,686
Disposals during the period/year	-	(4,223,176)	-
Additions during the period/year	145,055	1,550,191	278,812
Change in fair value	-	(3,101,983)	2,738,252
Foreign currency translation adjustment arising on consolidation	25,896	39,551	-
	<b>82,144,220</b>	<b>81,973,269</b>	<b>90,725,750</b>

During the period, the group decided to evaluate its investment properties by independent valuers semi-annually instead of evaluating them every quarter as done previously.

During the period, the group sold certain investment properties located in Iraq, which were fully impaired for in previous years, for a consideration of KD124,725 resulting in a profit of the same amount being recognised in the statement of income.

The above properties are located in GCC and other Middle Eastern countries.

**10 Borrowings**

	31 March 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	31 March 2009 (Unaudited) KD
Loans	42,665,841	44,801,388	52,899,215
Islamic debt instruments	16,457,512	15,356,368	18,974,626
	<b>59,123,353</b>	<b>60,157,756</b>	<b>71,873,841</b>

10.1 The following is the maturity analysis of loans and Islamic debt instruments:

	31 March 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	31 March 2009 (Unaudited) KD
Less than 1 year	41,888,030	42,094,395	54,563,900
From 1 year to 3 years	17,235,323	18,063,361	17,309,941
	<b>59,123,353</b>	<b>60,157,756</b>	<b>71,873,841</b>

10.2 Loans and facilities have been granted to the parent company based on negative pledges on the parent company's assets.

10.3 The effective interest rate of loans is 5.97% (31 December 2009: 6.5% and 31 March 2009: 6%).

10.4 The effective cost rate of the Islamic debt instruments is 7% (31 December 2009: 7% and 31 March 2009: 8%).

**11 Bonds payable**

During October 2007, the parent company entered into an agreement to issue unsecured fixed rate bonds of KD 10,000,000 and floating rate bonds of KD3,320,000 at an issue price of 100% of their principal amount. The bonds mature within three years from their date of issue. The bonds bear fixed interest rate at 7.87% per annum and the floating bonds bear floating interest rate at 1.75% over the Central Bank of Kuwait discount rate. Interest is payable semi-annually in arrears.

On 5 April 2005, the parent company issued unsecured bonds of KD20,000,000 at an issue price of 100% of their principal amount. The bonds mature on 5 April 2010, however on 29 March 2010 the maturity of the bonds were extended upto 5 April 2011. The bonds bear fixed interest rate at 8.375% per annum. Interest is payable semi-annually in arrears.

**12 Share capital**

The authorised, issued and paid up capital amounted to KD52,828,125 distributed over 528,281,250 shares with 100 fils par value each as of 31 March 2010, 31 December 2009 and 31 March 2009.

**13 Related party transactions**

Related parties represent associates, directors and key management personnel of the group, and other related parties such as major shareholders and companies in which directors and key management personnel of the group are principal owners or over which they are able to exercise significant influence or joint control.

Significant transactions and balances with related parties included in the interim condensed consolidated financial information are as follows:

	<b>31 March 2010 (Unaudited) KD</b>	<b>31 Dec. 2009 (Audited) KD</b>	<b>31 March 2009 (Unaudited) KD</b>
<b>Condensed consolidated statement of financial position:</b>			
Due from related parties(included in accounts receivable and other assets – see note 6)	<b>239,061</b>	261,465	1,964,100
Due to related parties (included in accounts payable and other liabilities)	<b>330,859</b>	324,320	10,998,240
		<b>Three months ended 31 March 2010 (Unaudited) KD</b>	<b>Three months ended 31 March 2009 (Unaudited) KD</b>
<b>Key management compensation:</b>			
Short term benefits		<b>71,031</b>	105,947
Employees end of service indemnity		<b>4,802</b>	7,833



**14 Segmental information**

The group activities are concentrated in three main segments: real estate, investment and finance. The segments' results are based on internal management reporting information that is reported to the higher management of the group.

The following is the segments information, which conforms with the internal reporting presented to management.

	Real estate KD	Investments KD	Financing KD	Unallocated KD	Total KD
<b>Three months ended 31 March 2010</b>					
Net income	228,813	1,184,244	-	124,989	1,538,046
Expenses and other charges	-	(154,892)	(1,694,978)	(1,321,271)	(3,171,141)
Profit/(loss) for the period	228,813	1,029,352	(1,694,978)	(1,196,282)	(1,633,095)
Assets	82,144,220	76,212,895	26,017,773	9,031,106	193,405,994
<b>Three months ended 31 March 2009</b>					
Net income	2,831,318	(808,417)	323,230	173,292	2,519,423
Expenses and other charges	-	-	(2,191,178)	(1,128,415)	(3,319,593)
Profit/(loss) for the period	2,831,318	(808,417)	(1,867,948)	(955,123)	(800,170)
Assets	90,725,750	70,914,380	30,112,170	30,767,482	222,519,782

**15 Contingent liabilities and commitments**

	31 March 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	31 March 2009 (Unaudited) KD
Bank guarantees	56,050	56,050	114,512
Uncalled instalment for financial investments	2,803,074	2,783,689	1,125,576
Uncalled instalment for investment in associates	-	-	5,000,000
Capital commitment related to intangible asset	1,629,665	1,852,177	-

**16 Assets under management**

The Group manages mutual funds, portfolios on behalf of its major shareholders, other related parties and outsiders, and maintains securities in fiduciary accounts which are not reflected in the Group's statement of financial position. Assets under management at 31 March 2010 amounted to KD29,173,000 (31 December 2009: KD29,292,000 and 31 March 2009: KD10,276,000).