

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

30 June 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 30 June 2010 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-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.

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 six-month period ended 30 June 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 six-month period ended 30 June 2010.



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Kuwait
18 August 2010

Interim condensed consolidated statement of income

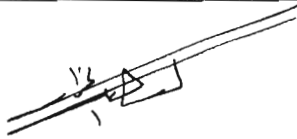
	Note	Three months ended		Six months ended	
		30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD
Income					
Realised (loss)/gain from sale of investments at fair value through profit or loss		(358)	40,212	(321)	(1,748,577)
Unrealised (loss)/gain from investments at fair value through profit or loss		(1,072)	200,008	5,758	(35,062)
Realised loss on sale of available for sale investments		(24,719)	(98,606)	(25,359)	(127,947)
Dividend income		194,243	628,685	620,968	1,657,179
Share of results of associates		1,539,890	73,542	2,061,384	289,831
(Loss)/profit on sale of investment properties	9	(17,812)	(1,280,450)	106,913	(1,187,384)
Change in fair value of investment properties	9	(2,800,105)	(4,038,913)	(2,800,105)	(1,300,661)
Murabaha, sukuk & interest income		142,561	190,579	372,359	513,809
Net income from Tarasul Telecom		(6,066)	30,533	29,019	78,042
Management fees and other income	3	180,669	177,494	374,661	303,277
		(792,769)	(4,076,916)	745,277	(1,557,493)
Expenses and other charges					
Finance costs		1,585,526	1,996,711	3,280,504	4,149,713
Staff costs		449,427	387,961	899,412	812,712
General and administrative expenses		475,616	311,258	813,232	740,273
Foreign exchange loss		628,547	1,061,881	1,162,217	1,336,529
Impairment of available for sale investments	7.3	248,351	-	403,243	38,176
		3,387,467	3,757,810	6,558,608	7,077,403
Loss for the period		(4,180,236)	(7,834,726)	(5,813,331)	(8,634,896)
Attributable to :					
Owners of the parent company		(2,527,258)	(7,325,761)	(3,932,791)	(8,287,119)
Non-controlling interests		(1,652,978)	(508,965)	(1,880,540)	(347,777)
		(4,180,236)	(7,834,726)	(5,813,331)	(8,634,896)
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY					
	4	(4.78) Fils	(14.56) Fils	(7.44) Fils	(16.51) Fils

Interim condensed consolidated statement of comprehensive income

	Three months ended		Six months ended	
	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD
Loss for the period	(4,180,236)	(7,834,726)	(5,813,331)	(8,634,896)
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	21,434	(288,090)	176,037	578,093
Available for sale investments:				
- Net changes in fair value arising during the period	(641,868)	(93,126)	(906,174)	39,632
- Transferred to consolidated statement of income on sale	5,868	30,778	11,421	30,778
- Transferred to consolidated statement of income on impairment	248,351	-	403,243	38,176
Share of other comprehensive income of associates	37,353	17,165	75,866	17,165
Total other comprehensive income for the period	(328,862)	(333,273)	(239,607)	703,844
Total comprehensive income for the period	(4,509,098)	(8,167,999)	(6,052,938)	(7,931,052)
Total comprehensive income attributable to:				
Owners of the parent company	(2,801,889)	(7,649,325)	(4,158,291)	(7,578,639)
Non-controlling interests	(1,707,209)	(518,674)	(1,894,647)	(352,413)
	(4,509,098)	(8,167,999)	(6,052,938)	(7,931,052)

Interim condensed consolidated statement of financial position

	Note	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Assets				
Cash and cash equivalents	5	3,475,458	11,800,687	21,501,216
Investments at fair value through profit or loss		2,690,738	2,682,849	4,223,613
Accounts receivable and other assets	6	28,222,307	25,899,620	24,670,789
Available for sale investments	7	30,346,957	31,940,550	34,196,238
Investment in murabaha and sukuk		5,973,729	6,806,434	6,592,932
Investment in associates	8	33,185,120	31,116,487	31,453,303
Investment properties	9	81,675,388	81,973,269	84,376,792
Property and equipment		1,177,876	1,206,600	392,994
Intangible asset		3,909,697	3,562,674	-
Goodwill		90,332	90,332	90,332
Total assets		190,747,602	197,079,502	207,498,209
Liabilities and equity				
Liabilities				
Accounts payable and other liabilities	13	21,661,390	18,895,129	35,556,474
Borrowings	10	57,039,658	60,157,756	61,976,677
Bonds payable	11	33,320,000	33,320,000	33,320,000
Employees' end of service indemnity		421,666	348,791	273,352
Total liabilities		112,442,714	112,721,676	131,126,503
Equity				
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		-	-	(6,240,810)
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		1,019,928	753,918	657,063
Cumulative changes in fair value		(230,746)	260,764	(1,091,417)
Accumulated losses		(20,015,723)	(16,082,932)	(7,647,643)
Equity attributable to owners of the parent company		61,581,186	65,739,477	66,484,920
Non-controlling interests		16,723,702	18,618,349	9,886,786
Total equity		78,304,888	84,357,826	76,371,706
Total liabilities and equity		190,747,602	197,079,502	207,498,209


 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
						Foreign						
	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 KD	Sub- total KD	Sub- total 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	
Income for the period	-	-	-	-	-	-	-	(3,932,791)	(3,932,791)	(1,880,540)	(5,813,331)	
Other comprehensive income for the period	-	-	-	-	-	266,010	(491,510)	-	(225,500)	(14,107)	(239,607)	
Total comprehensive income for the period	-	-	-	-	-	266,010	(491,510)	(3,932,791)	(4,158,291)	(1,894,647)	(6,052,938)	
Balance as at 30 June 2010	52,828,125	18,375,000	-	4,802,301	4,802,301	1,019,928	(230,746)	(20,015,723)	61,581,186	16,723,702	78,304,888	

Notes set out on pages 9 to 16 form an integral part of the interim condensed consolidated financial information.

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

	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	Retained earnings KD	Sub-total KD	KD	KD	KD	
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	
Increase in non-controlling interests of treasury shares	-	-	4,794,497	-	-	-	-	-	4,794,497	-	3,766	3,766	
Decrease on sale of treasury shares	-	-	-	-	-	-	-	(3,236,932)	(3,236,932)	-	-	4,794,497	
Transactions with owners	-	-	4,794,497	-	-	-	-	(3,236,932)	1,557,565	3,766	-	(3,236,932)	
Net comprehensive income for the period	-	-	-	-	-	599,894	108,586	(8,287,119)	(8,287,119)	(347,777)	(4,636)	(8,634,896)	
Net comprehensive income for the period	-	-	-	-	-	599,894	108,586	(8,287,119)	(7,578,639)	(352,413)	(7,931,052)	(7,931,052)	
Balance as at 30 June 2009	52,828,125	18,375,000	(6,240,810)	4,802,301	4,802,301	657,063	(1,091,417)	(7,647,643)	66,484,920	9,886,786		76,371,706	

Notes set out on pages 9 to 16 form an integral part of the interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

Note	Six months ended 30 June 2010 (Unaudited) KD	Six months ended 30 June 2009 (Unaudited) KD
OPERATING ACTIVITIES		
	(5,813,331)	(8,634,896)
Loss for the period		
Adjustments for:		
Impairment of available for sale investments	403,243	38,176
(Profit)/loss on sale of investment property	(106,913)	1,187,384
Change in fair value of investment properties	2,800,105	1,300,661
Realised loss on sale of available for sale investments	25,359	127,947
Dividend income	(620,968)	(1,657,179)
Share of results of associates	(2,061,384)	(289,831)
Depreciation	80,138	71,165
Gain on sale of property and equipment	-	(500)
Provision for employees end of service benefits	75,607	44,415
Murabaha, sukuk & interest income	(372,359)	(513,809)
Finance costs	3,280,504	4,149,713
Foreign exchange (gain)/loss on non-operating assets and liabilities	(242,887)	2,095,432
	(2,552,886)	(2,081,322)
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	(7,889)	11,359,414
Accounts receivable and other assets	(2,322,687)	(6,857,444)
Accounts payable and other liabilities	2,785,606	(627,886)
Cash (used in)/from operations	(2,097,856)	1,792,762
Employee end of service benefits paid	(2,732)	(9,307)
Net cash (used in)/from operating activities	(2,100,588)	1,783,455
INVESTING ACTIVITIES		
Additions to available for sale investments	-	(241,661)
Net change murabaha and sukuk	832,705	1,768,355
Additions to property and equipment	(51,414)	(161,315)
Proceeds from sale/redemption of available for sale investments	714,690	1,397,572
Proceeds from sale of property, plant and equipment	-	90,899
Proceeds from sale of investment properties	106,913	1,413,554
Additions to investment in associates	(397,557)	(1,785,933)
Additions to investment properties	(2,571,168)	(569,705)
Dividend received from associates	565,810	545,272
Dividend income received	620,968	1,657,179
Murabah, sukuk and Interest income received	372,359	513,809
Increase in blocked deposits	(1,900,000)	-
Net cash (used in)/from investing activities	(1,706,694)	4,628,026
FINANCING ACTIVITIES		
Proceeds from loans	2,979,254	2,353,791
Repayment of loans	(6,097,351)	(13,061,049)
Proceeds from sale of treasury shares	-	1,557,565
Finance costs paid	(3,299,850)	(4,149,713)
Net cash used in financing activities	(6,417,947)	(13,299,406)
Net decrease in cash and cash equivalents	(10,225,229)	(6,887,925)
Cash and cash equivalents at beginning of the period	11,800,687	28,389,141
Cash and cash equivalents at end of the period	5 1,575,458	21,501,216

The notes set out on pages 9 to 16 form an integral part of the interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information 30 June 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 six month period ended 30 June 2010 was authorised for issue by the parent company’s board of directors on 18 August 2010.

The annual consolidated financial statements for the year ended 31 December 2009 were approved by the shareholders at the annual general meeting 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.

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.

2 Significant accounting policies (continued)

Basis of presentation (continued)

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.

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:

2 Significant accounting policies (continued)

- 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		Six months ended	
	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD
Management fees and consultancy	97,789	66,742	183,950	131,342
Rent income	79,875	104,907	183,963	137,711
Other Income	3,005	5,845	6,748	34,224
	180,669	177,494	374,661	303,277

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		Six months ended	
	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)
(Loss)/profit for the period attributable to the shareholders of the parent (KD)	(2,527,258)	(7,325,761)	(3,932,791)	(8,287,119)
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	528,281,250	503,130,787	528,281,250	501,857,094
Basic and diluted loss per share	(4.78) Fils	(14.56) Fils	(7.44) Fils	(16.51) Fils

5 Cash and cash equivalents

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Cash and bank balances	1,038,895	5,506,123	8,505,235
Short term deposits	2,409,101	6,260,657	12,728,751
Cash balances with portfolio managers	27,462	33,907	267,230
	3,475,458	11,800,687	21,501,216
Less: Blocked deposits *	(1,900,000)	-	-
Cash and cash equivalents as per cash flow	1,575,458	11,800,687	21,501,216

* Short term deposits of KD1,900,000 related to a subsidiary company are blocked against murabaha payable of the same subsidiary.

Short term deposits carry average effective interest rate of 1.49% (31 December 2009: 2.17% and 30 June 2009: 1.75%).

6 Accounts receivable and other assets

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Advance payment to purchase investments (refer a)	15,256,466	15,921,931	15,755,253
Refundable development expenses (refer b)	10,695,421	8,045,497	5,607,499
Due from related parties	251,378	261,465	1,949,187
Trade receivables	1,188,405	1,096,979	625,104
Accrued income	450,359	423,582	307,821
Other assets	380,278	150,166	425,925
	28,222,307	25,899,620	24,670,789

a. Advance payment to purchase investments includes an amount of KD13,461,767 (31 December 2009: KD13,272,295 and 30 June 2009: KD13,283,848) paid to establish a new company to invest in the telecommunication project in Iraq. At 30 June 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

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Investments in unquoted shares	15,474,731	16,564,462	17,834,168
Investments in private equity funds	9,527,599	9,973,789	10,180,482
Investments in direct equity funds	4,125,812	4,191,661	5,104,504
Investments in portfolios managed by others	1,218,815	1,210,638	1,077,084
	30,346,957	31,940,550	34,196,238

7 Available for sale investments (continued)

7.1 Available for sale investments include investments of KD9,043,471 (31 December 2009: KD8,035,850 and 30 June 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 KD403,243 (30 June 2009: KD38,176) for certain local and foreign unquoted shares, as the fair value of these shares declined significantly below their costs.

8 Investment in associates

Company name	Ownership %	30 June 2010 KD	Ownership %	31 Dec. 2009 KD	Ownership %	30 June 2009 KD
Safwan Trading and Contracting Co. – KSC (Closed)	47.37	7,592,120	47.37	7,559,890	47.37	7,261,247
Ikarus Real Estate Co. – KSC (Closed)	25.00	587,109	25.00	582,216	25.00	1,206,177
Petroleum Coke Industries Co. – KSC (Closed)	40.82	9,088,348	40.82	7,551,828	40.82	6,832,522
Mac S.A. Incorporation Co. (Closed)	47.93	428,107	47.93	292,688	47.93	193,643
Falcon Aviation Group Limited	20.00	4,045,638	20.00	4,127,442	20.00	3,818,480
United Insurance Co. Incorporation Co. (Closed)	18.39	1,068,300	18.39	1,149,169	18.39	1,057,995
Mazaya Gateway Co. F.Z.C.	25.00	9,989,744	25.00	9,853,254	25.00	9,861,576
Al Mustathmer Al Watani	35.00	385,754	-	-	-	-
Safe Hands Holding Co. – BSC (Closed)	-	-	-	-	50.00	1,221,663
		33,185,120		31,116,487		31,453,303

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 30 June 2009: KD6,414,335).

8.3 The group has recorded its share in Safwan Trading and Contracting Company and United Insurance based on 31 March 2010 unaudited reviewed financial information and Petroleum Coke Industries Co. – KSC (Closed) based on 30 June 2010 unaudited reviewed financial information. Except for Mazaya Gateway Co. F.Z.C and Al Mustathmer Al Watani which have still not commenced operations and are at their initial stages of establishment, all other associates companies results have been recorded based on management accounts as at 30 June 2010 or 31 March 2010.

8.4 The investment in Mazaya Gateway Company includes an amount of KD9,769,112 due from this associate (31 December 2009: KD9,631,614 and 30 June 2009: KD9,646,258) 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.

8.5 During the three month ended 30 June 2010, the group invested an amount of KD385,754 to acquire 35% of Al Mustathmer Al-Watani, a company incorporated in Libya. The associate's principal activity is financial brokerage.

9 Investment properties

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Investment properties	9,092,197	7,303,638	9,031,022
Land and properties under development	72,583,191	74,669,631	75,345,770
	81,675,388	81,973,269	84,376,792

The movement for investment properties is as follows:

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 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)	(2,600,938)
Additions during the period/year	2,571,168	1,550,191	569,705
Change in fair value	(2,800,105)	(3,101,983)	(1,300,661)
Foreign currency translation adjustment arising on consolidation	(68,944)	39,551	-
	81,675,388	81,973,269	84,376,792

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. Accordingly, the fair market value of the properties as of 30 June 2010 has been determined based on values obtained by independent valuers.

During the period, the group sold certain investment properties located in Iraq, which were fully impaired for in previous years, for a consideration of KD106,913 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

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Loans	38,704,035	44,801,388	46,791,988
Islamic debt instruments (refer note 5)	18,335,623	15,356,368	15,184,689
	57,039,658	60,157,756	61,976,677

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

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Less than 1 year	23,954,035	42,094,395	57,721,153
From 1 year to 5 years	33,085,623	18,063,361	4,255,524
	57,039,658	60,157,756	61,976,677

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 term loans is 5.83% (31 December 2009: 6.5% and 30 June 2009: 6.25%).

10.4 The effective cost rate of the Islamic debt instruments is 7.62% (31 December 2009: 7% and 30 June 2009: 8%).

11 Bonds

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 30 June 2010, 31 December 2009 and 30 June 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:

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Transactions in the condensed consolidated statement of financial position:			
Due from related parties (included in accounts receivable and other assets – see note 6)	251,378	261,465	1,949,187
Due to related parties * (included in accounts payable and other liabilities)	3,159,360	324,320	10,993,019

* During the period, the group received an interest free advance of KD2,750,000 from a related party with no specific repayment terms.

	Three months ended		Six months ended	
	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD
Transactions included in the condensed consolidated statement of income:				
Key management compensation				
Short term benefits	121,403	105,947	192,434	211,894
Employee end of service indemnity	6,948	7,833	11,750	15,666

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.

14 Segmental information (continued)

	Real estate KD	Investments KD	Financing KD	Unallocated KD	Total KD
Six months ended 30 June 2010					
Net income	(2,509,241)	2,662,430	372,360	219,728	745,277
Expenses and other charges	-	(403,243)	(3,280,504)	(2,874,861)	(6,558,608)
(Loss)/profit for the period	(2,509,241)	2,259,187	(2,908,144)	(2,655,133)	(5,813,331)
Assets	81,675,388	74,633,108	28,222,307	6,216,799	190,747,602
Six months ended 30 June 2009					
Net income	(2,488,045)	35,424	513,809	381,319	(1,557,493)
Expenses and other charges	-	-	(4,187,889)	(2,889,514)	(7,077,403)
(Loss)/profit for the period	(2,488,045)	35,424	(3,674,080)	(2,508,195)	(8,634,896)
Assets	84,376,791	69,873,154	43,992,472	9,255,792	207,498,209
Three months ended 30 June 2010					
Net income	(2,738,054)	1,478,186	372,360	94,739	(792,769)
Expenses and other charges	-	(248,351)	(1,585,526)	(1,553,590)	(3,387,467)
(Loss)/profit for the period	(2,738,054)	1,229,835	(1,213,166)	(1,458,851)	(4,180,236)
Three months ended 30 June 2009					
Net income	(5,319,363)	843,841	190,579	208,027	(4,076,916)
Expenses and other charges	-	-	(1,996,711)	(1,761,099)	(3,757,810)
(Loss)/profit for the period	(5,319,363)	843,841	(1,806,132)	(1,553,072)	(7,834,726)

15 Contingent liabilities and commitments

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Bank guarantees	56,050	56,050	762,762
Uncalled instalment for financial investments	2,813,379	2,783,689	1,109,176
Capital commitment related to intangible asset	1,582,455	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 30 June 2010 amounted to KD29,048,000 (31 December 2009: KD29,292,000 and 30 June 2009: KD14,418,000).

17 Subsequent event

Subsequent to the reporting date, the group disposed 99.35% of its 47.37% holding in Safwan Trading and Contracting Company – KSC (Closed), an associate company for a consideration of KD7,559,500.