Interim condensed consolidated financial information and review repo

Al Mal Investment Company – KSC (Closed) and Subsidiaries

Kuwait

30 September 2011 (Unaudited)

Contents

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Report on review of interim condensed consolidated financial information

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

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Mal Investment Company (A Kuwaiti Closed Shareholding Company) and its subsidiaries as of 30 September 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended. 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 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 Company, as amended, have occurred during the nine-month period ended 30 September 2011 that might have had a material effect on the business or financial position of the Company.

We further report that, during the course of our review, we have not become aware of any material violations during the nine-month period ended 30 September 2011 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.

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Kuwait
28 November 2011

Interim condensed consolidated statement of income

	Note	Three months ended 30 Sept. 2011 (Unaudited) KD	Three months ended 30 Sept. 2010 (Unaudited) KD	Nine months ended 30 Sept. 2011 (Unaudited) KD	Nine months ended 30 Sept. 2010 (Unaudited) KD
Revenue					
Realised loss from sale of investments at fair value through profit or loss		(9,875)	-	(89,329)	(321)
Unrealised gain/(loss) from investments at fair value through profit or loss		59,587	(5,165)	(170,869)	593
Realised (loss)/gain on sale of available for sale investments		(680)	8,073	(5,494)	(17,286)
Dividend income		159,816	129,495	448,819	750,463
Share of results of associates		(508,515)	1,743,180	(426,483)	3,804,564
Profit on disposal of subsidiary	3	-	-	2,030,661	-
Profit on disposal of associate		-	16,026	-	16,026
(Loss)/profit on sale of investment properties	10	(25,725)	-	(25,725)	106,913
Change in fair value of investment properties	10	(11,799,287)	-	(13,397,951)	(2,800,105)
Sukuk & interest income		161,586	159,504	527,690	531,863
Net income from communication services		26,709	22,013	169,086	51,032
Management fees and other income	4	224,746	450,930	645,825	825,591
Foreign exchange (loss)/gain		(317,798)	607,855	1,521	(554,362)
		(12,029,436)	3,131,911	(10,292,249)	2,714,971
Expenses and other charges					
Finance costs		1,104,080	1,651,946	3,820,631	4,932,450
Staff costs		342,977	528,877	1,114,390	1,428,289
General, administrative and other expenses		238,418	329,276	922,981	1,142,508
Impairment of available for sale investments	9.3	321,401	445,045	390,952	848,288
Provision for impairment of accounts receivable and other assets	8 (a & c)	4,502,015	-	11,125,084	-
		6,508,891	2,955,144	17,374,038	8,351,535
(Loss)/profit for the period		(18,538,327)	176,767	(27,666,287)	(5,636,564)
Attributable to :					
Owners of the parent company		(16,089,578)	(8,999)	(25,008,939)	(3,941,790)
Non-controlling interests		(2,448,749)	185,766	(2,657,348)	(1,694,774)
		(18,538,327)	176,767	(27,666,287)	(5,636,564)
BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	5	(30.46) Fils	(0.02) Fils	(47.34) Fils	(7.46) Fils

The notes set out on pages 9 to 17 form an integral part of the interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2011 (Unaudited)	30 Sept. 2010 (Unaudited)	**30 Sept. 2011 (Unaudited)**	30 Sept. 2010 (Unaudited)
	KD	KD	**KD**	KD
(Loss)/profit for the period	**(18,538,327)**	176,767	**(27,666,287)**	(5,636,564)
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	**(29,636)**	(485,549)	**(814,558)**	(309,513)
Available for sale investments:				
- Net changes in fair value arising during the period	**(616,980)**	(291,479)	**(531,105)**	(1,197,652)
- Transferred to consolidated statement of income on disposal	**680**	(8,076)	**5,494**	3,345
- Transferred to consolidated statement of income on impairment	**321,401**	445,045	**390,952**	848,288
Share of other comprehensive income of associates	**365,832**	-	**496,624**	75,866
Total other comprehensive income for the period	**41,297**	(340,059)	**(452,593)**	(579,666)
Total comprehensive income for the period	**(18,497,030)**	(163,292)	**(28,118,880)**	(6,216,230)
Total comprehensive income attributable to:				
Owners of the parent company	**(16,025,678)**	(293,608)	**(25,274,481)**	(4,451,899)
Non-controlling interests	**(2,471,352)**	130,316	**(2,844,399)**	(1,764,331)
	(18,497,030)	(163,292)	**(28,118,880)**	(6,216,230)

The notes set out on pages 9 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Assets				
Cash and cash equivalents	6	**11,293,488**	19,078,995	7,492,924
Investments at fair value through profit or loss	7	**1,838,112**	15,145,525	2,731,411
Accounts receivable and other assets	8	**27,448,263**	35,476,892	37,723,163
Available for sale investments	9	**22,381,659**	26,555,636	29,728,252
Investment in sukuk		**6,428,033**	6,177,737	6,438,070
Investment in associates		**6,740,867**	6,942,401	17,500,585
Investment properties	10	**72,189,579**	89,096,476	81,383,325
Property and equipment		**979,208**	1,075,406	1,126,353
Intangible asset		**-**	-	3,929,733
Goodwill		**90,332**	90,332	90,332
Total assets		**149,389,541**	199,639,400	188,144,148
Liabilities and equity				
Liabilities				
Accounts payable and other liabilities		**21,088,526**	22,592,653	21,740,800
Borrowings	11	**47,893,275**	48,429,381	54,528,385
Bonds payable	12	**13,320,000**	33,320,000	33,320,000
Employees' end of service indemnity		**424,237**	454,816	413,367
Total liabilities		**82,726,038**	104,796,850	110,002,552
Equity				
Share capital	13	**52,828,125**	52,828,125	52,828,125
Share premium		**18,375,000**	18,375,000	18,375,000
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		**259,376**	390,259	589,828
Cumulative changes in fair value		**447,675**	582,334	(85,255)
Accumulated losses		**(29,075,255)**	(4,066,316)	(20,024,722)
Equity attributable to owners of the parent company		**52,439,523**	77,714,004	61,287,578
Non-controlling interests		**14,223,980**	17,128,546	16,854,018
Total equity		**66,663,503**	94,842,550	78,141,596
Total liabilities and equity		**149,389,541**	199,639,400	188,144,148

Loay Jassim Al-Kharafi
Chairman and Managing Director

The notes set out on pages 9 to 17 form an integral part of the interim condensed consolidated financial information.

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	Statutory reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Accumulated losses KD	Sub-total KD	KD	KD
Balance as at 1 January 2011	52,828,125	18,375,000	4,802,301	4,802,301	390,259	582,334	(4,066,316)	77,714,004	17,128,546	94,842,550
Disposal of subsidiary (Note 3)	-	-	-	-	-	-	-	-	(60,167)	(60,167)
Transaction with owners	-	-	-	-	-	-	-	-	(60,167)	(60,167)
Loss for the period	-	-	-	-	-	-	(25,008,939)	(25,008,939)	(2,657,348)	(27,666,287)
Other comprehensive income for the period	-	-	-	-	(130,883)	(134,659)	-	(265,542)	(187,051)	(452,593)
Total comprehensive income for the period	-	-	-	-	(130,883)	(134,659)	(25,008,939)	(25,274,481)	(2,844,399)	(28,118,880)
Balance as at 30 September 2011	**52,828,125**	**18,375,000**	**4,802,301**	**4,802,301**	**259,376**	**447,675**	**(29,075,255)**	**52,439,523**	**14,223,980**	**66,663,503**

The notes set out on pages 9 to 17 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	Statutory reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Accumulated losses KD	Sub-total KD	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
Loss for the period	-	-	-	-	-	-	(3,941,790)	(3,941,790)	(1,694,774)	(5,636,564)
Other comprehensive income for the period	-	-	-	-	(164,090)	(346,019)	-	(510,109)	(69,557)	(579,666)
Total comprehensive income for the period	-	-	-	-	(164,090)	(346,019)	(3,941,790)	(4,451,899)	(1,764,331)	(6,216,230)
Balance as at 30 September 2010	52,828,125	18,375,000	4,802,301	4,802,301	589,828	(85,255)	(20,024,722)	61,287,578	16,854,018	78,141,596

The notes set out on pages 9 to 17 form an integral part of the interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2011 (Unaudited) KD	Nine months ended 30 Sept. 2010 (Unaudited) KD
OPERATING ACTIVITIES			
Loss for the period		(27,666,287)	(5,636,564)
Adjustments for:			
Impairment of available for sale investments		390,952	848,288
Provision for impairment of account receivable and other assets		11,125,084	-
Loss/(profit) on sale of investment property		25,725	(106,913)
Change in fair value of investment properties		13,397,951	2,800,105
Profit on disposal of subsidiary		(2,030,661)	-
Realised loss on sale of available for sale investments		5,494	17,286
Realised gain on sale of associate		-	(16,026)
Dividend income		(448,819)	(750,463)
Share of results of associates		426,483	(3,804,564)
Depreciation		125,513	136,091
Provision for employees end of service benefits		75,813	146,375
Sukuk & interest income		(527,690)	(531,863)
Finance costs		3,820,631	4,932,450
Foreign exchange gain on non-operating assets and liabilities		-	(334,278)
		(1,279,811)	(2,300,076)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		13,307,413	(48,562)
Accounts receivable and other assets		(3,504,075)	(2,272,416)
Accounts payable and other liabilities		(1,059,380)	3,142,244
Cash from/(used in) operations		7,464,147	(1,478,810)
Employee end of service benefits paid		(106,392)	(81,800)
Net cash from/(used in) operating activities		7,357,755	(1,560,610)
INVESTING ACTIVITIES			
Net change investment in sukuk		(250,296)	368,364
Additions to property and equipment		(29,315)	(55,844)
Proceeds from sale of associate		-	7,559,500
Proceeds from sale/redemption of available for sale investments		771,893	961,756
Proceeds from sale of subsidiary (Note 3)		4,741,358	-
Proceeds from sale of investment properties		3,314,226	106,913
Additions to investment in associates		-	(397,557)
Additions to investment properties		(9,409)	(2,279,105)
Dividend received from associates		154,086	564,888
Dividend income received		448,819	750,463
Sukuk and Interest income received		527,690	531,863
Increase in blocked deposits		-	(1,900,000)
Net cash from investing activities		9,669,052	6,211,241
FINANCING ACTIVITIES			
Proceeds from borrowings		5,273,195	5,503,855
Repayment of borrowings and bonds		(25,809,301)	(11,133,225)
Finance costs paid		(4,276,208)	(5,229,024)
Net cash used in financing activities		(24,812,314)	(10,858,394)
Net decrease in cash and cash equivalents		(7,785,507)	(6,207,763)
Cash and cash equivalents at beginning of the period		17,178,995	11,800,687
Cash and cash equivalents at end of the period	6	9,393,488	5,592,924

The notes set out on pages 9 to 17 form an integral part of the interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information
30 September 2011 (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 and the Capital Markets Authority as an investment company and its shares are listed on the Kuwait Stock Exchange. The parent company and its subsidiaries are together referred to 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 Arabian Gulf Street, Ahmed Tower, Floor 23, PO Box 26308, Safat 13124, State of Kuwait.

The interim condensed consolidated financial information for the nine month period ended 30 September 2011 was authorised for issue by the parent company's board of directors on 28 November 2011.

The annual consolidated financial statements for the year ended 31 December 2010 were approved by the shareholders at the Annual General Meeting held on 27 June 2011.

2 Basis of preparation

This interim condensed consolidated financial information of the group for the nine-month period ended 30 September 2011 has been prepared in accordance with IAS 34, Interim Financial Reporting, except as noted below.

The annual consolidated financial statements for the year ended 31 December 2010 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK"). 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 CBK's requirement for a minimum general provision made on all applicable credit facilities (net of certain categories of collateral) that are not provided for specifically.

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2010 except for the adoption of amendments to certain standards and interpretations as disclosed below.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the parent company.

2 Basis of preparation (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.

Operating results for the interim period are not indicative of the results that may be expected for the year ending 31 December 2011. For further details, refer to the annual consolidated financial statements and its related disclosures for the year ended 31 December 2010.

Adoption of amendments to standards and interpretations

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 2011. Certain other amendments to standards have been made and certain new standards and interpretations have been issued but they are not applicable and are not expected to have a material impact on the group's financial statements.

Standard or Interpretation	*Effective for annual periods beginning*
Annual Improvements 2010	1 July 2010 and 1 January 2011
IAS 24 Related Party Disclosures- amendment	1 January 2011

Annual Improvements 2010

The IASB issued in May 2010 Improvements to IFRS. Most of these amendments became effective in annual periods beginning on or after 1 July 2010 and 1 January 2011. The 2010 Improvements amended certain provisions of IFRS 3, clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The adoption did not have any impact on the financial position or performance of the group.

IAS 24 Related Party Disclosures (Revised)

The amended standard clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The adoption did not have any impact on the financial position or performance of the group.

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

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 7 Financial Instruments: Disclosures - amendment	1 July 2011
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2013
IAS 12 Income Taxes - amendment	1 January 2012

IFRS 7 Financial Instruments: Disclosures

The amendments to IFRS 7 Financial Instruments: Disclosures resulted as a part of comprehensive review of off balance sheet activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this amendment is not expected to have any significant impact on the financial position or performance of the group.

2 Basis of preparation (continued)

IFRS 9 Financial Instruments (effective from 1 January 2013)
The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

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.

Management has yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of IFRS 9 have been published and they can comprehensively assess the impact of all changes.

IAS 12 Income Taxes
The amendment to IAS 12 provides a practical solution to the issues arising in measurement of deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that recovery of the carrying amount will, normally be, through sale. As a result of the amendments, SIC-21 Income Taxes Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendment is not relevant to the operations of the group.

3 Profit on disposal of subsidiary

During the period, the group disposed its 97% owned subsidiary, United Investment Company SAL (Lebanon) for a net consideration of USD17,200,644 (equivalent to KD4,741,358) resulting in a profit equivalent to KD2,030,661.

The carrying value of the disposed assets and transferred liabilities of the subsidiary on the date of disposal were as follows:

	KD
Total assets	**2,793,569**
Total liabilities	**(22,705)**
Non-controlling interest	**(60,167)**
	2,710,697
Sale proceeds	**4,741,358**
Profit recognised in the interim condensed consolidated statement of income	**2,030,661**

4 Management fees and other income

	Three months ended		Nine months ended	
	30 Sept. 2011 (Unaudited) KD	30 Sept. 2010 (Unaudited) KD	**30 Sept. 2011 (Unaudited) KD**	30 Sept. 2010 (Unaudited) KD
Management and consultancy fees	**53,581**	354,050	**142,002**	538,000
Rental income	**137,385**	93,020	**321,713**	276,983
Other Income	**33,780**	3,860	**182,110**	10,608
	224,746	450,930	**645,825**	825,591

5 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		Nine months ended	
	30 Sept. 2011 (Unaudited)	30 Sept. 2010 (Unaudited)	**30 Sept. 2011 (Unaudited)**	30 Sept. 2010 (Unaudited)
Loss for the period attributable to the owners of the parent (KD)	**(16,089,578)**	(8,999)	**(25,008,939)**	(3,941,790)
Weighted average number of ordinary shares outstanding during the period	**528,281,250**	528,281,250	**528,281,250**	528,281,250
Basic and diluted loss per share	**(30.46) Fils**	(0.02) Fils	**(47.34) Fils**	(7.46) Fils

6 Cash and cash equivalents

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Cash and bank balances	**1,110,221**	9,836,903	2,554,606
Short term deposits	**8,599,019**	4,954,709	4,908,814
Cash balances with portfolio managers	**1,584,248**	4,287,383	29,504
Cash and cash equivalent as per interim condensed consolidated statement of financial position	**11,293,488**	19,078,995	7,492,924
Less: Blocked deposits *	**(1,900,000)**	(1,900,000)	(1,900,000)
Cash and cash equivalents as per interim condensed consolidated statement of cash flow	**9,393,488**	17,178,995	5,592,924

* Short term deposits of KD1,900,000 (31 December 2010 and 30 September 2010: KD1,900,000) related to a subsidiary company are pledged against Islamic debt instruments of the same subsidiary.

Short term deposits carry average effective interest rate of 1.21% (31 December 2010: 1.32% and 30 September 2010: 1.32%) per annum.

7 Investments at fair value through profit or loss

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Held for trading :			
Quoted shares	**-**	66,375	33,300
Designated on initial recognition :			
Managed portfolios and funds	**216,136**	13,457,173	132,374
Unquoted shares	**1,621,976**	1,621,977	2,565,737
	1,838,112	15,079,150	2,698,111
	1,838,112	15,145,525	2,731,411

8 Accounts receivable and other assets

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Advance payments to purchase investments (a)	**7,531,842**	14,158,655	14,963,253
Refundable development expenses (b)	**13,678,599**	12,469,189	11,288,304
Due from related parties - net of provision (c)	**4,229,735**	7,273,868	9,800,932
Trade receivables	**1,217,045**	1,137,366	1,360,620
Accrued income	**602,989**	331,665	198,654
Other assets	**188,053**	106,149	111,400
	27,448,263	35,476,892	37,723,163

a. Advance payments to purchase investments include an amount of KD6,378,758 (31 December 2010: KD12,985,776 and 30 September 2010: KD13,161,384) paid for the infrastructure of a telecommunication project in Iraq and for which a new Iraqi company is being established to own this project and to determine the eventual share of the group in its capital. During the nine month ended 30 September 2011 the management has made a provision of KD6,371,795 against the said project cost.

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 that Saudi shareholding company. As per the agreement with the Saudi Authority on incorporation of the Saudi shareholding company the total expenses incurred for the project will be re-reimbursed to the group.

c. During the nine months ended 30 September 2011, the management recorded an additional provision of KD4,753,289 which represented 50% of the balance due from a related party.(31 December 2010: provision of KD2,338,647 which represented 25% of the balance due from a related party) (see note 14).

9 Available for sale investments

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Investments in unquoted shares	**10,269,358**	13,326,400	15,820,422
Investments in private equity funds	**7,892,916**	8,546,697	9,253,923
Investments in direct equity funds	**3,526,835**	3,479,889	3,463,454
Investments in portfolios managed by others	**692,550**	1,202,650	1,190,453
	22,381,659	26,555,636	29,728,252

9.1 Available for sale investments include investments of KD3,315,710 (31 December 2010: KD6,207,259 and 30 September 2010: KD6,797,014), 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/further impairment in value.

9.2 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.

9.3 During the period, the group recognised an impairment loss of KD390,952 (30 September 2010: KD848,288) for certain local and foreign unquoted shares.

10 Investment properties

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Investment properties	**8,864,234**	8,947,445	8,092,199
Land and properties under development	**63,325,345**	80,149,031	73,291,126
	72,189,579	89,096,476	81,383,325

The movement for investment properties is as follows:

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Balance as of 1 January	**89,096,476**	81,973,269	81,973,269
Additions	**9,409**	1,968,597	2,279,101
Change in fair value	**(13,397,951)**	5,468,909	(2,800,105)
Disposals	**(3,339,951)**	-	-
Foreign currency translation adjustment arising on consolidation	**(178,404)**	(314,299)	(68,940)
	72,189,579	89,096,476	81,383,325

Investment properties with a carrying value of KD5,666,903 (31 December 2010: KD5,637,945 and 30 September 2010 : KD5,734,965) of a local subsidiary are pledged against Islamic debt instruments of the same subsidiary.

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

During the three month ended 30 September 2011, the group sold certain investment properties located in Iraq, which were fully impaired for in previous years, for a consideration of KD122,850 resulting in a profit of the same amount being recognised in the consolidated statement of income.

During the period the group disposed one of its investments properties for a net consideration of KD3,191,376 resulting in a loss of KD148,575.

Fair value of land and properties under development at the end of the period and the respective decline in value, was estimated by management based on information that became available to them on the said properties.

11 Borrowings

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Loans	**28,872,250**	29,818,953	36,055,360
Islamic debt instruments (refer note 6)	**19,021,025**	18,610,428	18,473,025
	47,893,275	48,429,381	54,528,385

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

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Less than 1 year	**25,401,091**	18,818,953	23,055,360
From 1 year to 5 years	**22,492,184**	29,610,428	31,473,025
	47,893,275	48,429,381	54,528,385

11 Borrowings (continued)

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

11.3 Investment properties and term deposits of a local subsidiary are pledged against Islamic debt instruments of KD8,021,024 (31 December 2010: KD7,610,428 and 30 September 2010: KD7,473,025) related to that subsidiary.

11.4 The effective interest rate of loans is 6.125% (31 December 2010: 6.5% and 30 September 2010: 6.1%) per annum.

11.5 The effective cost rate of the Islamic debt instruments is 7.30% (31 December 2010: 7.46% and 30 September 2010: 7.6%) per annum.

12 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 with original maturity on 2 October 2010. On 23 September 2010, with the consent of the bond holders the maturity of the bonds was extended until 2 October 2012. The bonds bear fixed interest rate at 8.875% per annum and the floating rate bonds bear interest rate at 5.5% 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 with original maturity on 5 April 2010. On 29 March 2010 the maturity of the bonds was extended until 5 April 2011. These bonds were fully settled in April 2011.

13 Share capital

The authorised, issued and paid up capital of the parent company amounts to KD52,828,125 distributed over 528,281,250 shares with 100 fils par value each as of 30 September 2011, 31 December 2010 and 30 September 2010.

14 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 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Balances in the interim condensed consolidated statement of financial position:			
Due from related parties (see note 8)*	**4,229,735**	7,273,868	9,800,932
Due to related parties **	**3,006,614**	3,181,456	3,748,966
Due to related parties included in trade payables	**1,372,052**	1,643,634	184,987

* Due from related parties include an advance of KD2,369,866 (net of provision of KD7,091,936) for increase in share capital of Mazaya Gateway, an associate company (31 December 2010: KD7,015,943 and 30 September 2010: KD9,551,127) (see note 8c).

14 Related party transactions (continued)

** During 2010, the group received an interest free advance of KD2,750,000 from a related party with no specific repayment terms.

	Three months ended		Nine months ended	
	30 Sept. 2011 (Unaudited) KD	30 Sept. 2010 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD	30 Sept. 2010 (Unaudited) KD
Transactions included in the interim condensed consolidated statement of income:				
Provision for impairment of receivables (see note 8c)	**2,381,175**	-	**4,753,289**	-
Management fees and other income	**-**	300,000	**-**	300,000
Key management compensation				
Short term benefits	**108,561**	76,604	**325,682**	268,738
Employee end of service indemnity	**8,076**	4,451	**24,228**	16,201

15 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
Nine months ended 30 September 2011					
Net income	**(13,423,676)**	**1,787,305**	**527,690**	**816,432**	**(10,292,249)**
Expenses and other charges	**-**	**(11,524,918)**	**(3,820,631)**	**(2,028,489)**	**(17,374,038)**
Loss for the period	**(13,423,676)**	**(9,737,613)**	**(3,292,941)**	**(1,212,057)**	**(27,666,287)**
Total assets	**72,189,579**	**53,702,595**	**15,027,052**	**8,470,315**	**149,389,541**
Nine months ended 30 September 2010					
Net income	(2,693,192)	4,554,040	531,863	322,260	2,714,971
Expenses and other charges	-	(848,288)	(4,932,450)	(2,570,797)	(8,351,535)
(Loss)/profit for the period	(2,693,192)	3,705,752	(4,400,587)	(2,248,537)	(5,636,564)
Total assets	81,383,325	59,540,879	11,346,884	35,873,060	188,144,148

	Real estate KD	Investments KD	Financing KD	Unallocated KD	Total KD
Three months ended 30 September 2011					
Net income	**(11,825,012)**	**(299,667)**	**161,586**	**(66,343)**	**(12,029,436)**
Expenses and other charges	**-**	**(4,832,298)**	**(1,104,080)**	**(572,513)**	**(6,508,891)**
Loss for the period	**(11,825,012)**	**(5,131,965)**	**(942,494)**	**(638,856)**	**(18,538,327)**
Three months ended 30 September 2010					
Net income	-	1,891,609	159,504	1,080,798	3,131,911
Expenses and other charges	-	(445,045)	(1,651,946)	(858,153)	(2,955,144)
(Loss)/profit for the period	-	1,446,564	(1,492,442)	222,645	176,767

16 Contingent liabilities and commitments

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Bank guarantees	**40,000**	56,050	56,050
Uncalled instalment for financial investments	**1,011,810**	1,061,386	2,750,602
Capital commitment related to intangible asset	**1,317,036**	1,350,378	1,342,125

17 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 September 2011 amounted to KD72,400,000 (31 December 2010: KD28,373,000 and 30 September 2010: KD28,720,000) of which assets managed on behalf of its related parties amounted to KD10,000,000 (31 December 2010: KD10,000,000 and 30 September 2010: KD10,000,000).

18 Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation in the current period. Such reclassifications do not affect previously reported net assets, net equity and net results for the period or net decrease in cash and cash equivalents.