

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

31 March 2012 (Unaudited)

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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 31 March 2012 and the related interim condensed consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the three-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 three-month period ended 31 March 2012 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 three-month period ended 31 March 2012 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
17 May 2012

Interim condensed consolidated statement of income

	Note	Three months ended 31 March 2012 (Unaudited) KD	Three months ended 31 March 2011 (Unaudited) KD
Income			
Realised loss from sale of investments at fair value through profit or loss		-	(189,146)
Unrealised loss from investments at fair value through profit or loss		(7,906)	(190,108)
Realised gain/(loss) on disposal of available for sale investments		18,700	(18,177)
Dividend income		201,905	157,655
Share of results of associates	8	3,528,604	(82,385)
Sukuk & interest income		172,230	193,452
Net income from communication services		29,125	80,410
Management fees and other income	3	194,800	146,199
Foreign exchange gain		171,823	474,820
		4,309,281	572,720
Expenses and other charges			
Finance costs		1,045,214	1,542,519
Staff costs		347,078	428,245
General, administrative and other expenses		218,250	397,803
Impairment of available for sale investments	7.3	10,841	60,703
Impairment of investment in associates	8.2	641,850	-
Provision for impairment of accounts receivables and other assets	6.1	2,148,852	2,138,186
		4,412,085	4,567,456
Loss for the period		(102,804)	(3,994,736)
Attributable to :			
Owners of the parent company		(150,306)	(4,063,980)
Non-controlling interests		47,502	69,244
		(102,804)	(3,994,736)
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY			
	4	(0.28) Fils	(7.69) Fils

The notes set out on pages 9 to 18 form an integral part of the interim condensed consolidated financial information.

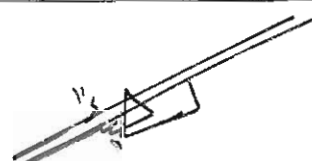
Interim condensed consolidated statement of comprehensive income

	Three months ended 31 March 2012 (Unaudited) KD	Three months ended 31 March 2011 (Unaudited) KD
Loss for the period	(102,804)	(3,994,736)
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	(88,162)	(625,556)
Available for sale investments:		
- Net changes in fair value arising during the period	(84,793)	(160,743)
- Transferred to consolidated statement of income on disposal	(18,700)	18,177
- Transferred to consolidated statement of income on impairment	10,841	60,703
Share of other comprehensive income of associates	(202,583)	150,254
Total other comprehensive income for the period	(383,397)	(557,165)
Total comprehensive income for the period	(486,201)	(4,551,901)
Total comprehensive income attributable to:		
Owners of the parent company	(535,019)	(4,515,634)
Non-controlling interests	48,818	(36,267)
	(486,201)	(4,551,901)

The notes set out on pages 9 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Assets				
Cash and cash equivalents	5	6,836,831	8,233,732	24,459,609
Investments at fair value through profit or loss		1,776,892	1,785,273	5,830,036
Accounts receivable and other assets	6	20,366,884	25,938,551	33,931,973
Available for sale investments	7	20,549,390	21,183,160	26,187,467
Investment in sukuk		6,342,156	6,172,525	6,718,506
Investment in associates	8	12,913,296	6,451,493	6,846,902
Investment properties	9	72,328,445	72,345,033	88,958,771
Property and equipment		936,866	959,021	1,045,020
Goodwill		90,332	90,332	90,332
Total assets		142,141,092	143,159,120	194,068,616
Liabilities and equity				
Liabilities				
Accounts payable and other liabilities	10	20,883,468	21,515,619	23,450,706
Borrowings	11	47,895,292	47,780,676	46,496,758
Bonds issued	12	13,320,000	13,320,000	33,320,000
Employees' end of service indemnity		449,163	463,455	510,503
Total liabilities		82,547,923	83,079,750	103,777,967
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		(269,157)	22,904	20,468
Cumulative changes in fair value		388,225	480,877	500,471
Accumulated losses		(35,232,062)	(35,081,756)	(8,130,296)
Equity attributable to owners of the parent company		45,694,733	46,229,752	73,198,370
Non-controlling interests		13,898,436	13,849,618	17,092,279
Total equity		59,593,169	60,079,370	90,290,649
Total liabilities and equity		142,141,092	143,159,120	194,068,616


 Loay Jassim Al-Kharafi
 Chairman and Managing Director

The notes set out on pages 9 to 18 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	
Balance as at 1 January 2012 (audited)	52,828,125	18,375,000	4,802,301	4,802,301	22,904	480,877	(35,081,756)	46,229,752	13,849,618	60,079,370
Loss for the period	-	-	-	-	-	-	(150,306)	(150,306)	47,502	(102,804)
Other comprehensive income for the period	-	-	-	-	(292,061)	(92,652)	-	(384,713)	1,316	(383,397)
Total comprehensive income for the period	-	-	-	-	(292,061)	(92,652)	(150,306)	(535,019)	48,818	(486,201)
Balance as at 31 March 2012 (unaudited)	52,828,125	18,375,000	4,802,301	4,802,301	(269,157)	388,225	(35,232,062)	45,694,733	13,898,436	59,593,169

The notes set out on pages 9 to 18 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	Non-controlling interests 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
Loss for the period	-	-	-	-	-	-	(4,063,980)	(4,063,980)	69,244	(3,994,736)
Other comprehensive income for the period	-	-	-	-	(369,791)	(81,863)	-	(451,654)	(105,511)	(557,165)
Total comprehensive income for the period	-	-	-	-	(369,791)	(81,863)	(4,063,980)	(4,515,634)	(36,267)	(4,551,901)
Balance as at 31 March 2011	52,828,125	18,375,000	4,802,301	4,802,301	20,468	500,471	(8,130,296)	73,198,370	17,092,279	90,290,649

The notes set out on pages 9 to 12 form an integral part of the interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2012 (Unaudited) KD	Three months ended 31 March 2011 (Unaudited) KD
OPERATING ACTIVITIES			
Loss for the period		(102,804)	(3,994,736)
Adjustments for:			
Impairment of available for sale investments		10,841	60,703
Impairment of accounts receivable and other assets		2,148,852	2,138,186
Impairment of investment in associates		641,850	-
Realised (gain)/loss on disposal of available for sale investments		(18,700)	18,177
Dividend income		(201,905)	(157,655)
Share of results of associates		(3,528,604)	82,385
Depreciation		23,775	30,386
Provision for employees end of service benefits		26,426	55,688
Sukuk & interest income		(172,230)	(193,452)
Finance costs		1,045,214	1,542,519
		(127,285)	(417,799)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		8,381	9,315,489
Accounts receivable and other assets		3,604,937	(593,267)
Accounts payable and other liabilities		(554,054)	114,238
Net cash from operating activities		2,931,979	8,418,661
INVESTING ACTIVITIES			
Net changes in investment in sukuk		(169,631)	(540,769)
Additions to property and equipment		(1,620)	-
Additions to investment in associates		(3,894,240)	-
Proceeds from sale/redemption of available for sale investments		559,455	160,270
Additions to investment properties		-	(9,409)
Dividend income received		201,905	157,655
Sukuk and Interest income received		24,664	193,452
Net cash used in investing activities		(3,279,467)	(38,801)
FINANCING ACTIVITIES			
Repayment of loans		(22,250)	(1,932,623)
Finance costs paid		(1,027,163)	(1,066,623)
Net cash used in financing activities		(1,049,413)	(2,999,246)
Net (decrease)/increase in cash and cash equivalents		(1,396,901)	5,380,614
Cash and cash equivalents at beginning of the period		6,333,732	17,178,995
Cash and cash equivalents at end of the period	5	4,936,831	22,559,609

The notes set out on pages 9 to 18 form an integral part of the interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

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 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 PO Box 26308, Safat 13124, State of Kuwait.

The interim condensed consolidated financial information for the three month period ended 31 March 2012 was authorised for issue by the parent company’s board of directors on 17 May 2012.

The annual consolidated financial statements for the year ended 31 December 2011 were authorised for issuance by the board on 6 April 2012 and are subject to approval of the shareholders at the forth coming Annual General Meeting.

2 Basis of presentation and significant accounting policies

Basis of presentation

This interim condensed consolidated financial information of the group for the three-month period ended 31 March 2012 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 2011 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 2011 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.

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.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation and significant accounting policies (continued)

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's/company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2011.

Operating results for the three month period ended 31 March 2012 are not indicative of the results that may be expected for the year ending 31 December 2012. For further details, refer to the annual consolidated financial statements and its related disclosures for the year ended 31 December 2011.

Signification accounting policies

Adoption of new IASB Standards and amendments during the period

The group has adopted the following amended IFRS during the period:

IFRS 7 Financial Instruments: Disclosures- amendment

The amendments to IFRS 7 Financial Instruments: Disclosures resulted as a part of comprehensive review of off financial position activities. The amendments allows 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 required additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this amendment did not have any significant impact on the financial position or performance of the group.

IASB Standards issued but not yet effective

At the date of authorisation of these interim condensed consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

<i>Standard</i>	<i>Effective for annual periods beginning</i>
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IAS 27 Consolidated and Separate Financial Statements	1 January 2013
- Revised as IAS 27 Separate Financial Statements	
IAS 28 Investments in Associates	1 January 2013
- Revised as IAS 28 Investments in Associates and Joint Ventures	
IFRS 9 Financial Instruments	1 January 2015
IFRS 13 Fair Value Measurement	1 January 2013
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation and significant accounting policies (continued)

IASB Standards issued but not yet effective (continued)

IAS 1 Presentation of Financial Statements

The amendment to IAS 1 requires entities to group other comprehensive income items presented in the consolidated statement of comprehensive income based on those:

- a) Potentially reclassifiable to consolidated statement of income in a subsequent period, and
- b) That will not be reclassified to consolidated statement of income subsequently.

The Group will change the current presentation of the consolidated statement of comprehensive income when the amendment becomes effective however, it will not affect the measurement or recognition of such items.

IAS 27 Consolidated and Separate Financial statements – Revised as IAS 27 Separate Financial Statements

As a consequence of the new IFRS 10 and IFRS 12, IAS 27 now deals only with separate financial statements.

IAS 28 Investments in Associates – Revised as IAS 28 Investments in Associates and Joint Ventures

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 brings investments in joint ventures into its scope. However, the equity accounting methodology under IAS 28 remains unchanged.

IFRS 9 Financial Instruments

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 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till 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.

IFRS 13 Fair Value Measurement

IFRS 13 does not affect which items to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. The Group's management have yet to assess the impact of this new standard.

Consolidation Standards

A package of consolidation standards are effective for annual periods beginning on or after 1 January 2013. Information on these new standards is presented below. The Group's management has yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation and significant accounting policies (continued)

IASB Standards issued but not yet effective (continued)

IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and procedures of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

IFRS 11 Joint Arrangements

IFRS 11 supersedes IAS 31 Interests in Joint Ventures (IAS 31). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments including subsidiaries, joint arrangements, associates and unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

3 Management fees and other income

	Three months ended 31 March 2012 (Unaudited) KD	Three months ended 31 March 2011 (Unaudited) KD
Management and consultancy fees	62,187	40,810
Rent income	132,596	93,267
Other Income	17	12,122
	194,800	146,199

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 2012 (Unaudited)	Three months ended 31 March 2011 (Unaudited)
Loss for the period attributable to the owners of the parent (KD)	(150,306)	(4,063,080)
Weighted average number of shares outstanding during the period (excluding treasury shares)	528,281,250	528,281,250
Basic and diluted loss per share (Fils)	(0.28)	(7.69)

Notes to the interim condensed consolidated financial information (continued)

5 Cash and cash equivalents

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Cash and bank balances	1,038,470	1,346,395	18,600,081
Short term deposits	4,216,227	5,202,683	4,967,730
Cash balances with portfolio managers	1,582,134	1,684,654	891,798
Cash and cash equivalent as per interim condensed consolidated statement of financial position	6,836,831	8,233,732	24,459,609
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	4,936,831	6,333,732	22,559,609

* Short term deposits of KD1,900,000 (31 December 2011: KD1,900,000 and 31 March 2011: 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 1.08% (31 December 2011: 1.08% and 31 March 2011: 1.63%).

6 Accounts receivable and other assets

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Advance payment to purchase investments (6.1)	3,978,385	9,823,831	11,854,489
Refundable development expenses (6.2)	14,129,549	14,103,846	13,193,865
Due from related parties - net of provision	95,962	14,361	7,186,345
Trade receivables	446,629	415,698	1,281,439
Accrued income	881,983	723,685	312,438
Other assets	834,376	857,130	103,397
	20,366,884	25,938,551	33,931,973

6.1 Advance payment to purchase investments includes an amount of KD2,189,600 (net) (31 December 2011: KD4,375,422 and 31 March 2011: KD10,690,929) paid for the infrastructure of a telecommunication project in Iraq and for which a new Iraqi company is being established to own this company and to determine the eventual share of the group in its capital. During the current quarter the management has made a provision of KD2,148,852 against the said project cost.

Advance payment to purchase investments at 31 December 2011 also included an amount of KD3,958,975 paid during the year 2011 to participate in owning a company which will operate in the telecommunication sector in Iraq. During the period this has been transferred to investment in associates (see note 8.1).

6.2 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 Saudi Authority on incorporation of the Saudi shareholding company the total expenses incurred for the project will be re-reimbursed to the group.

Notes to the interim condensed consolidated financial information (continued)

7 Available for sale investments

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Investments in unquoted shares	10,055,346	10,065,066	13,020,727
Investments in private equity funds	6,527,806	7,188,419	8,546,272
Investments in direct equity funds	3,656,947	3,630,858	3,557,309
Investments in portfolios managed by others	309,291	298,817	1,063,159
	20,549,390	21,183,160	26,187,467

7.1 Available for sale investments include investments of KD3,419,721 (31 December 2011: KD2,274,862 and 31 March 2011: KD6,139,539), carried at cost less impairment, if any, 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.

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 KD10,841 (31 March 2011: KD60,703) for certain local and foreign unquoted shares.

8 Investment in associates

Company name	Ownership %	31 March 2012 (Unaudited) KD	31 Dec. 2011 Audited KD	31 March 2011 (Unaudited) KD
Ikarus Real Estate Co. – KSC (Closed) - Kuwait	25.00	49,072	49,918	585,657
Mac S.A. Incorporation Co. (Closed) - Tunisia	47.93	433,605	384,497	455,109
Falcon Aviation Group Limited- British Virgin Island	20.00	4,419,013	4,362,083	4,089,314
United Insurance Co. (Closed) - Syria	18.39	981,393	973,407	1,037,988
Mazaya Gateway Co. F.Z.C. – United Arab Emirates (8.2)	25.00	-	292,262	292,262
Al Mustathmer Al Watani – Libya (8.2)	35.00	-	389,326	386,572
Advance Zone General Trading WLL – Kuwait (8.1)	30.00	7,030,213	-	-
		12,913,296	6,451,493	6,846,902

- 8.1 During the period the company acquired 30% of Advance Zone General Trading WLL (which owns a stake in Investment and Technology Group of Companies, Limited – B.V.I, a company which operates in the telecommunication sector in Iraq) for a consideration of KD3,894,240. A negative goodwill of KD3,135,973 (excess of the investors share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment) has arisen as a result of the above acquisition and this has been recognised as income in the interim condensed consolidated statement of income under "share of result of associates".
- 8.2 During the three months ended 31 March 2012 the management of the group has decided to take an impairment provision on the total carrying value of Mazaya Gateway and Al Mustathmer Al-Watani which amounted to KD641,850 at the reporting date.

Notes to the interim condensed consolidated financial information (continued)

9 Investment properties

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Investment properties	8,303,959	8,320,547	8,800,332
Land and properties under development (note 10)	64,024,486	64,024,486	80,158,439
	72,328,445	72,345,033	88,958,771

The movement for investment properties is as follows:

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Balance as of 1 January	72,345,033	89,096,476	89,096,476
Disposals during the period/year	-	(3,351,490)	-
Additions during the period/year	-	9,409	9,409
Change in fair value	-	(13,255,108)	-
Foreign currency translation adjustment arising on consolidation	(16,588)	(154,254)	(147,114)
	72,328,445	72,345,033	88,958,771

Investment properties with a carrying value of KD5,633,403 (31 December 2011: KD5,639,158 and 31 March 2011 : KD5,611,394) 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.

The group evaluates its investment properties by independent valuers semi annually.

10 Accounts payable and other liabilities

Accounts payables includes a payable on purchase of investment properties of KD11,236,282 (31 December 2011: KD11,267,670 and 31 March 2011: KD11,212,984) related to purchases of land for development in Qatar with a carrying value of KD64,024,086 at the reporting date (note 9).

11 Borrowings

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Loans	28,600,000	28,622,250	27,750,000
Islamic debt instruments (refer note 5)	19,295,292	19,158,426	18,746,758
	47,895,292	47,780,676	46,496,758

Notes to the interim condensed consolidated financial information (continued)

11 Borrowings (continued)

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

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Less than 1 year	26,592,277	21,450,368	18,250,000
From 1 year to 5 years	21,303,015	26,330,308	28,246,758
	47,895,292	47,780,676	46,496,758

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 KD8,295,929 (31 December 2011: KD8,158,426 31 March 2011: KD7,746,758) related to that subsidiary.

11.4 The effective interest rate of loans is 6.3% (31 December 2011: 6.3% and 31 March 2011: 6.5%).

11.5 The effective cost rate of the Islamic debt instruments is 6.96% (31 December 2011: 6.96% and 31 March 2011: 7.46%).

12 Bonds issued

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 were extended until 2 October 2012. The bonds bear fixed interest rate at 8.875% per annum and the floating bonds bear floating interest rate at 5.5% over the Central Bank of Kuwait discount rate. Interest is payable semi-annually in arrears.

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 31 March 2012, 31 December 2011 and 31 March 2011.

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.

Notes to the interim condensed consolidated financial information (continued)

14 Related party transactions (continued)

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

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Balances in the interim condensed consolidated statement of financial position:			
Due from related parties (see note 6)	95,962	14,361	7,186,345
Due to related parties ** (included under accounts payable and other liabilities)	3,874,199	3,859,820	3,113,709
Due to related parties (included within trade payables)	1,568,213	1,572,624	1,643,425

** Due to related parties includes an interest free advance of KD2,750,000 from a related party with no specific repayment terms.

	Three months ended 31 March 2012 (Unaudited) KD	Three months ended 31 March 2011 (Unaudited) KD
Transactions included in the interim condensed consolidated statement of income:		
Key management compensation:		
Short term benefits	92,762	79,968
Employees end of service indemnity	9,192	4,427

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
Three months ended 31 March 2012	-	3,741,303	172,230	395,748	4,309,281
Income	-	-	-	-	-
Expenses and other charges	-	(2,801,543)	(1,045,214)	(565,328)	(4,412,085)
Profit/(loss) for the period	-	939,760	(872,984)	(169,580)	(102,804)
Assets	72,328,445	53,409,819	10,558,385	5,844,445	142,141,092
Three months ended 31 March 2011	-	-	-	-	-
Income	-	(322,161)	193,452	701,429	572,720
Expenses and other charges	-	(2,207,825)	(1,542,519)	(817,112)	(4,567,456)
(Loss) for the period	-	(2,529,986)	(1,349,067)	(115,683)	(3,994,736)
Assets	88,958,771	63,640,997	11,686,236	29,782,612	194,068,616

Notes to the interim condensed consolidated financial information (continued)

16 Contingent liabilities and commitments

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Bank guarantees	40,000	40,000	56,050
Uncalled instalment for financial investments	371,676	997,777	1,048,582
Capital commitment related to intangible asset	1,361,390	1,365,306	1,325,151

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 31 March 2012 amounted to KD76,293,000 (31 December 2011: KD73,209,140 and 31 March 2011: KD36,493,000) of which assets managed on behalf of its related parties amounted to KD10,000,000 (31 December 2011 KD10,000,000 and 31 March 2011 KD10,000,000).

18 Proposed dividend

The Board of Directors proposed not to distribute any dividend for the year ended 31 December 2011. This proposal is subject to the approval of the general assembly of the shareholders.