

Interim condensed consolidated financial information and review report

Al Mal Investment Company – KSC (Closed) and Subsidiaries

Kuwait

30 September 2012 (Unaudited)

Contents

	Page
Review report	1 and 2
Interim condensed consolidated statement of income	3
Interim condensed consolidated statement of comprehensive income	4
Interim condensed consolidated statement of financial position	5
Interim condensed consolidated statement of changes in equity	6 and 7
Interim condensed consolidated statement of cash flows	8
Notes to the interim condensed consolidated financial information	9 to 19



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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 2012 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.

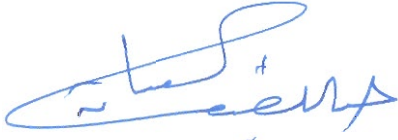
Conclusion

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 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 nine-month period ended 30 September 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
11 November 2012

Interim condensed consolidated statement of income

	Note	Three months ended		Nine months ended	
		30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD
Revenue					
Realised loss from sale of investments at fair value through profit or loss		-	(9,875)	-	(89,329)
Unrealised gain/(loss) from investments at fair value through profit or loss		-	59,587	(13,040)	(170,869)
Realised loss on sale of available for sale investments	8.4	(1,346,676)	(680)	(1,326,197)	(5,494)
Dividend income		144,391	159,816	649,674	448,819
Share of results of associates	9.1	(135,307)	(508,515)	3,257,493	(426,483)
Profit on disposal of subsidiary	3	-	-	-	2,030,661
Loss on sale of investment properties		-	(25,725)	-	(25,725)
Change in fair value of investment properties	10	-	(11,799,287)	2,191,743	(13,397,951)
Sukuk & interest income		144,406	161,586	456,502	527,690
Net (loss)/income from communication services		(26,907)	26,709	(24,359)	169,086
Management fees and other income	4	224,068	224,746	666,762	645,825
		(996,025)	(11,711,638)	5,858,578	(10,293,770)
Expenses and other charges					
Finance costs		1,051,101	1,104,080	3,132,149	3,820,631
Staff costs		261,682	342,977	943,418	1,114,390
General, administrative and other expenses		204,589	238,418	660,927	922,981
Impairment of available for sale investments	8.3	-	321,401	152,519	390,952
Impairment of investment in associates	9.2	-	-	641,850	-
Provision for impairment of accounts receivable and other assets	7.1	-	4,502,015	4,316,245	11,125,084
Foreign exchange (gain)/loss		(172,475)	317,798	123,805	(1,521)
		1,344,897	6,826,689	9,970,913	17,372,517
Loss for the period		(2,340,922)	(18,538,327)	(4,112,335)	(27,666,287)
Attributable to :					
Owners of the parent company		(2,385,172)	(16,089,578)	(4,443,525)	(25,008,939)
Non-controlling interests		44,250	(2,448,749)	331,190	(2,657,348)
		(2,340,922)	(18,538,327)	(4,112,335)	(27,666,287)
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY					
	5	(4.51)	(30.46) Fils	(8.41)	(47.34) Fils

The notes set out on pages 9 to 19 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. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD
Loss for the period	(2,340,922)	(18,538,327)	(4,112,335)	(27,666,287)
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	(114,565)	(29,636)	(121,921)	(814,558)
Available for sale investments:				
- Net changes in fair value arising during the period	(235,326)	(616,980)	(550,317)	(531,105)
- Transferred to consolidated statement of income on disposal	623,415	680	602,936	5,494
- Transferred to consolidated statement of income on impairment	-	321,401	152,519	390,952
Share of other comprehensive income of associates	(107,933)	365,832	(209,235)	496,624
Total other comprehensive income for the period	165,591	41,297	(126,018)	(452,593)
Total comprehensive income for the period	(2,175,331)	(18,497,030)	(4,238,353)	(28,118,880)
Total comprehensive income attributable to:				
Owners of the parent company	(2,216,429)	(16,025,678)	(4,575,282)	(25,274,481)
Non-controlling interests	41,098	(2,471,352)	336,929	(2,844,399)
	(2,175,331)	(18,497,030)	(4,238,353)	(28,118,880)

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Assets				
Cash and cash equivalents	6	6,623,703	8,233,732	11,293,488
Investments at fair value through profit or loss		1,784,694	1,785,273	1,838,112
Accounts receivable and other assets	7	18,410,393	25,938,551	27,448,263
Available for sale investments	8	15,800,469	21,183,160	22,381,658
Investment in sukuk		6,194,348	6,172,525	6,428,033
Investment in associates	9	12,465,323	6,451,493	6,740,867
Investment properties	10	74,551,359	72,345,033	72,189,579
Property and equipment		902,117	959,021	979,208
Goodwill		90,332	90,332	90,332
Total assets		136,822,738	143,159,120	149,389,541
Liabilities and equity				
Liabilities				
Accounts payable and other liabilities	11	21,050,395	21,515,619	21,088,526
Borrowings	12	47,561,857	47,780,676	47,893,275
Bonds issued	13	11,988,000	13,320,000	13,320,000
Employees' end of service indemnity		381,469	463,465	424,237
Total liabilities		80,981,721	83,079,750	82,726,038
Equity				
Share capital	14	52,828,125	52,828,125	52,828,125
Share premium		-	18,375,000	18,375,000
Statutory reserve		-	4,802,301	4,802,301
Voluntary reserve		-	4,802,301	4,802,301
Foreign currency translation reserve		(313,991)	22,904	259,376
Cumulative changes in fair value		686,015	480,877	447,675
Accumulated losses		(11,545,679)	(35,081,756)	(29,075,255)
Equity attributable to owners of the parent company		41,654,470	46,229,752	52,439,523
Non-controlling interests		14,186,547	13,849,618	14,223,980
Total equity		55,841,017	60,079,370	66,663,503
Total liabilities and equity		136,822,738	143,159,120	149,389,541


 Loay Jassim Al-Kharafi
 Chairman and Managing Director

The notes set out on pages 9 to 19 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	Non-controlling interests 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
Set off of losses (note 14)	-	(18,375,000)	(4,802,301)	(4,802,301)	-	-	27,979,602	-	-	-
Loss for the period	-	-	-	-	-	-	(4,443,525)	(4,443,525)	331,190	(4,112,335)
Other comprehensive income for the period	-	-	-	-	(336,895)	205,138	-	(131,757)	5,739	(126,018)
Total comprehensive income for the period	-	-	-	-	(336,895)	205,138	(4,443,525)	(4,575,282)	336,929	(4,238,353)
Balance as at 30 September 2012 (unaudited)	52,828,125	-	-	-	(313,991)	686,015	(11,545,679)	41,654,470	14,186,547	55,841,017

The notes set out on pages 9 to 19 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		
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 19 form an integral part of the interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2012 (Unaudited) KD	Nine months ended 30 Sept. 2011 (Unaudited) KD
OPERATING ACTIVITIES			
Loss for the period		(4,112,335)	(27,666,287)
Adjustments for:			
Impairment of available for sale investments		152,519	390,952
Impairment of accounts receivable and other assets		4,316,245	11,125,084
Impairment of investment in associates		641,850	-
Loss on sale of investment property		-	25,725
Change in fair value of investment properties		(2,191,743)	13,397,951
Profit on disposal of subsidiary		-	(2,030,661)
Realised loss on sale of available for sale investments		1,326,197	5,494
Dividend income		(649,674)	(448,819)
Share of results of associates		(3,257,493)	426,483
Depreciation		59,036	125,513
Provision for employees end of service benefits		73,574	75,813
Sukuk & interest income		(456,502)	(527,690)
Finance costs		3,132,149	3,820,631
		(966,177)	(1,279,811)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		579	13,307,413
Accounts receivable and other assets		3,658,012	(3,504,075)
Accounts payable and other liabilities		(520,548)	(1,059,380)
Cash from operations		2,71,866	7,464,147
Employee end of service benefits paid		(155,560)	(106,392)
Net cash from operating activities		2,016,306	7,357,755
INVESTING ACTIVITIES			
Net change in investment in sukuk		(21,823)	(250,296)
Net movement to property and equipment		(2,130)	(29,315)
Proceeds from sale/redemption of available for sale investments		4,119,865	771,893
Proceeds from sale of subsidiary		-	4,741,358
Proceeds from sale of investment properties		-	3,314,226
Additions to investment in associates		(3,894,240)	-
Additions to investment properties		-	(9,409)
Dividend received from associates		83,121	154,086
Dividend income received		649,674	448,819
Sukuk and Interest income received		5,282	527,690
Net cash from investing activities		939,749	9,669,052
FINANCING ACTIVITIES			
Proceeds from borrowings		-	5,273,195
Repayment of borrowings and bonds		(1,354,250)	(25,809,301)
Finance costs paid		(3,211,834)	(4,276,208)
Net cash used in financing activities		(4,566,084)	(24,812,314)
Net decrease in cash and cash equivalents		(1,610,029)	(7,785,507)
Cash and cash equivalents at beginning of the period		6,333,732	17,178,995
Cash and cash equivalents at end of the period	6	4,723,703	9,393,488

The notes set out on pages 9 to 19 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 nine month period ended 30 September 2012 was authorised for issue by the parent company’s board of directors on 11 November 2012.

The annual consolidated financial statements for the year ended 31 December 2011 were approved by the shareholders at the Annual General Meeting held on 6 June 2012.

2 Basis of presentation and significant accounting policies

Basis of presentation

This interim condensed consolidated financial information of the group for the nine-month period ended 30 September 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 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 nine month period ended 30 September 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 - Revised as IAS 27 Separate Financial Statements	1 January 2013
IAS 28 Investments in Associates - Revised as IAS 28 Investments in Associates and Joint Ventures	1 January 2013
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 Profit on disposal of subsidiary

During the previous year, the group disposed its 97% owned subsidiary, United Investment Company SAL (Lebanon) for a net consideration of USD 17,200,644 (equivalent to KD 4,741,358) resulting in a profit equivalent to KD 2,030,661.

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)
	<u>2,710,697</u>
Sale proceeds	4,741,358
Profit recognised in the interim condensed consolidated statement of income	<u>2,030,661</u>

4 Management fees and other income

	Three months ended		Nine months ended	
	30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD
Management and consultancy fees	90,093	53,581	264,934	142,002
Rental income	131,924	137,385	398,244	321,713
Other Income	2,051	33,780	3,584	182,110
	<u>224,068</u>	<u>224,746</u>	<u>666,762</u>	<u>645,825</u>

Notes to the interim condensed consolidated financial information (continued)

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. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)
Loss for the period attributable to the owners of the parent (KD)	(2,385,172)	(16,089,578)	(4,443,525)	(25,008,939)
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	(4.51)	(30.46) Fils	(8.41)	(47.34) Fils

6 Cash and cash equivalents

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Cash and bank balances	2,194,466	1,346,395	1,110,221
Short term deposits	2,835,487	5,202,683	8,599,019
Cash balances with portfolio managers	1,593,750	1,684,654	1,584,248
Cash and cash equivalent as per interim condensed consolidated statement of financial position	6,623,703	8,233,732	11,293,488
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	4,723,703	6,333,732	9,393,488

* Short term deposits of KD 1,900,000 (31 December 2011: KD1,900,000 and 30 September 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 1.22% (31 December 2011: 1.08% and 30 September 2011: 1.21%).

7 Accounts receivable and other assets

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Advance payment to purchase investments (7.1 & 7.2)	1,683,148	9,823,831	7,531,842
Refundable development expenses (7.3)	14,639,600	14,103,846	13,678,599
Due from related parties - net of provision	163,023	14,361	4,229,735
Trade receivables	378,890	415,698	1,217,045
Accrued income	822,244	723,685	602,989
Other assets	723,488	857,130	188,053
	18,410,393	25,938,551	27,448,263

Notes to the interim condensed consolidated financial information (continued)

7 Accounts receivable and other assets (continued)

- 7.1 Advance payment to purchase investments as of 30 September 2012 includes an amount of KD Nil (31 December 2011: KD4,375,422 and 30 September 2011: KD6,378,758) paid for the infrastructure of a telecommunication project. During the period the management has made a provision for the remaining project cost.
- 7.2 Advance payment to purchase investments as of 31 December 2011 also included an amount of KD 3,958,975 paid during the year 2011 to participate in owning a company. During the period this has been transferred to investment in associates (see note 9.1).
- 7.3 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.

8 Available for sale investments

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Investments in unquoted shares	6,167,714	10,065,066	10,269,358
Investments in private equity funds	5,831,379	7,188,419	7,892,916
Investments in direct equity funds	3,492,068	3,630,858	3,526,835
Investments in portfolios managed by others	309,308	298,817	692,550
	15,800,469	21,183,160	22,381,659

8.1 Available for sale investments include investments of KD3,789,300 (31 December 2011: KD2,274,862 and 30 September 2011: KD3,315,710), 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.

8.2 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.

8.3 During the period, the group recognised an impairment loss of KD152,519 (30 September 2011: KD390,952) for certain local and foreign unquoted shares.

8.4 During the three months ended 30 September 2012, the group disposed an unquoted local investment for a consideration of KD3,000,000 realising a loss of KD1,388,000.

Notes to the interim condensed consolidated financial information (continued)

9 Investment in associates

Company name	Ownership %	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Ikarus Real Estate Co. – KSC (Closed) - Kuwait	25.00	41,777	49,918	52,194
Mac S.A. Incorporation Co. (Closed) - Tunisia	47.93	502,517	384,497	513,555
Falcon Aviation Group Limited- British Virgin Island	20.00	4,054,490	4,362,083	4,459,814
United Insurance Co. (Closed) - Syria	18.39	811,876	973,407	1,039,927
Mazaya Gateway Co. F.Z.C. – United Arab Emirates (9.2)	25.00	-	292,262	292,262
Al Mustathmer Al Watani – Libya (9.2)	35.00	-	389,326	383,115
Advance Zone General Trading WLL – Kuwait (9.1)	30.00	7,054,663	-	-
		12,465,323	6,451,493	6,740,867

9.1 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".

9.2 During the nine months ended 30 September 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.

10 Investment properties

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Investment properties	8,689,020	8,320,547	8,864,234
Land and properties under development (note 11)	65,862,339	64,024,486	63,325,345
	74,551,359	72,345,033	72,189,579

The movement for investment properties is as follows:

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 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)	9,409
Additions during the period/year	-	9,409	(13,397,951)
Change in fair value	2,191,743	(13,255,108)	(3,339,951)
Foreign currency translation adjustment arising on consolidation	14,583	(154,254)	(176,404)
	74,551,359	72,345,033	72,189,579

Investment properties with a carrying value of KD6,014,155 (31 December 2011: KD5,639,158 and 30 September 2011: KD5,666,903) 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.

Notes to the interim condensed consolidated financial information (continued)

11 Accounts payable and other liabilities

Accounts payable includes a payable on purchase of investment properties of KD11,372,510 (31 December 2011: KD11,267,670 and 30 September 2011: KD11,144,628) related to purchases of land for development in Qatar with a carrying value of KD65,862,339 at the reporting date (note 10).

12 Borrowings

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Loans	28,600,000	28,622,250	28,872,250
Islamic debt instruments	18,961,857	19,158,426	19,021,025
	47,561,857	47,780,676	47,893,275

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

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Less than 1 year	19,845,183	21,450,368	25,401,091
From 1 year to 5 years	27,716,674	26,330,308	22,492,184
	47,561,857	47,780,676	47,893,275

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

12.3 Investment properties and term deposits of a local subsidiary are pledged against Islamic debt instruments of KD7,961,857 (31 December 2011: KD8,158,426 and 30 September 2011: KD8,021,024) related to that subsidiary.

12.4 The effective interest rate of loans is 6.5% (31 December 2011: 6.3% and 30 September 2011: 6.125%).

12.5 The effective cost rate of the Islamic debt instruments is 6.5% (31 December 2011: 6.96% and 30 September 2011: 7.3%).

13 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. On 20 September 2012 the Bondholders approved the extension of the maturity date of the bonds to 2 October 2013 provided that the company repay 10% of the nominal value of the bonds on 2 October 2012, and 20% of the nominal value on or before 1 September 2013. Consequently the parent company settled the 10% amounting to KD1,332,000 on 26 September 2012 and this resulted in the reduction of the amount due on bonds issued to KD11,988,000 (fixed rate bonds KD9,000,000 and floating rate bonds KD2,988,000) at 30 September 2012. The fixed 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.

Notes to the interim condensed consolidated financial information (continued)

14 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 2012, 31 December 2011 and 30 September 2011.
- The shareholders of the parent company has approved at the annual general meeting held on 20 September 2012 to set-off accumulated losses amounting KD27,979,602 against the statutory reserve of KD4,802,301, voluntary reserve of KD4,802,301 and share premium of KD18,375,000.

15 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. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Balances in the interim condensed consolidated statement of financial position:			
Due from related parties (see note 7)	163,023	14,361	4,229,735
Due to related parties ** (included under accounts payable and other liabilities)	3,980,507	3,859,820	3,006,614
Due to related parties (included within trade payables)	1,590,684	1,572,624	1,372,052

** 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		Nine months ended	
	30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD
Transactions included in the interim condensed consolidated statement of income:				
Provision for impairment of receivables	-	2,381,175	-	4,753,289
Key management compensation				
Short term benefits	39,508	108,561	225,031	325,682
Employee end of service indemnity	3,281	8,076	21,731	24,228

Notes to the interim condensed consolidated financial information (continued)

16 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 2012					
Income	2,589,987	2,567,944	456,502	244,145	5,858,578
Expenses and other charges	(37,217)	(5,110,615)	(3,132,149)	(1,690,932)	(9,970,913)
Profit/(loss) for the period	2,552,770	(2,542,671)	(2,675,647)	(1,446,787)	(4,112,335)
Total assets	74,551,359	46,500,768	9,029,835	6,740,776	136,822,738
Nine months ended 30 September 2011					
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
Three months ended 30 September 2012					
Income	131,924	(1,337,578)	144,406	65,223	(996,025)
Expenses and other charges	(16,501)	-	(1,051,101)	(277,295)	(1,344,897)
Profit/(loss) for the period	115,423	(1,337,578)	(906,695)	(212,072)	(2,340,922)
Three months ended 30 September 2011					
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)

17 Contingent liabilities and commitments

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Bank guarantees	40,000	40,000	40,000
Uncalled instalment for financial investments	364,545	997,777	1,011,810
Capital commitment related to intangible asset	1,377,860	1,365,306	1,317,036

Notes to the interim condensed consolidated financial information (continued)

18 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 2012 amounted to KD72,835,559 (31 December 2011: KD73,209,140 and 30 September 2011: KD72,400,000) of which assets managed on behalf of its related parties amounted to KD10,000,000 (31 December 2011: KD10,000,000 and 30 September 2011: KD10,000,000).

19 Dividend distribution

The general assembly held on 6 June 2012, approved the consolidated financial statements for the year ended 31 December 2011 and the directors' proposal not to distribute any dividends for the year then ended.