

Al Madina for Finance and Investment - KSCC
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
For the nine months ended 30 September 2012
With Review Report



Al Madina for Finance and Investment - KSCC
And its subsidiaries
State of Kuwait

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Al Madina for Finance and Investment Company - KSCC
State of Kuwait

Independent Auditors Review Report to the Board of Directors
Report on Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated financial position of Al Madina for Finance and Investment Company – KSCC "the Parent Company" and its subsidiaries ("the Group") 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. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation as disclosed 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 condensed consolidated 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 preparation as disclosed in note (2).

Emphasis of Matter

We draw attention to note (9.4) to the interim condensed consolidated financial information, regarding certain Wakala payables that are past due and not paid, due to lawsuits with some creditors and negotiations with other creditors regarding the terms of renewal and settlement of these Wakala payable. Currently, the outcomes of such lawsuits and negotiations can not reliably determined. Our conclusion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, or of the Articles of Association of the Parent Company have occurred during the nine-month period ended 30 September 2012 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968 as amended concerning currency, the Central Bank of Kuwait, the organization of banking business and its related regulations during the nine-month period ended 30 September 2012, except what has been disclosed in note (9.3) to the interim condensed consolidated financial information.

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Kuwait, 13 November 2012

Al Madina for Finance and Investment – KSCC
And its subsidiaries

شركة المدينة للتمويل والاستثمار
AL MADINA FOR FINANCE AND INVESTMENT

Interim Condensed Consolidated Statement of Financial Position as of 30 September 2012 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	30 September 2012	31 December 2011 (Audited)	30 September 2011
Assets				
Cash and cash equivalent	3	3,515,059	2,376,980	1,960,888
Murabaha and Mudaraba investments	4	11,894,347	11,960,755	11,960,757
Investments at fair value through profit or loss	5	5,924,456	6,264,399	8,389,473
Receivable and other debit balances	6	12,498,059	13,630,334	12,774,313
Real estate held for trading		565,728	973,480	2,099,337
Lands and real estates under development		-	-	2,506,277
Investments property	7	64,388,395	64,182,445	51,026,553
Investments in associates	8	36,830,504	39,569,898	45,114,936
Property and equipment		5,210,109	5,330,231	5,401,764
Total assets		140,826,657	144,288,522	141,234,298
Liabilities and equity				
Liabilities				
Payables and other credit balances		12,260,474	12,877,389	10,941,878
Wakala payables	9	56,570,341	58,307,019	57,610,103
End of service indemnity		208,799	146,898	209,412
Total Liabilities		69,039,614	71,331,306	68,761,393
Equity				
Equity attributable to shareholders of the Parent Company				
Share capital		40,706,523	40,706,523	40,706,523
Share premium		29,126,984	33,803,510	33,803,510
Treasury shares		(5,028,120)	(5,028,120)	(5,028,120)
Statutory reserve		-	3,507,676	3,507,676
Voluntary reserve		-	3,409,102	3,409,102
Other reserves	10	(410,634)	(788,873)	(1,035,411)
Accumulated losses		(2,853,705)	(11,593,304)	(10,023,758)
Total equity attributable to shareholders of the Parent Company		61,541,048	64,016,514	65,339,522
Non-controlling interest		10,245,995	8,940,702	7,133,383
Total equity		71,787,043	72,957,216	72,472,905
Total liabilities and equity		140,826,657	144,288,522	141,234,298

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Mohamed Darweesh Al - Shammali
Chairman & Managing Director

Interim Condensed Consolidated Statement of Income For the nine months ended 30 September 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2012	2011	2012	2011
Revenues					
Gain from investment	11	250,966	534,974	784,436	260,019
Group's share of associates' results	8.1	(377,114)	(112,030)	167,169	(1,155,548)
(Losses) / gain from trading on associate shares		(282)	311,034	(405,490)	517,336
Income from properties		44,908	375,323	479,272	544,859
Gross profit from oilfield and other service		173,997	524,388	756,891	1,120,906
Other income		30,618	47,374	93,262	142,207
Gain from currency exchange		48,958	1,803	145,804	906,317
		172,051	1,682,866	2,021,344	2,336,096
Expenses and other charges					
Finance charges		(79,226)	(534,546)	(356,440)	(1,968,927)
General and administrative expenses		(358,579)	(418,133)	(1,659,593)	(1,394,278)
Provisions		(1,916,052)	-	(2,805,862)	-
		(2,353,857)	(952,679)	(4,821,895)	(3,363,205)
Net (loss) / profit for the period		(2,181,806)	730,187	(2,800,551)	(1,027,109)
Attributable to:					
Shareholders of the Parent Company		(2,172,393)	613,832	(2,786,635)	(983,211)
Non-controlling interest		(9,413)	116,355	(13,916)	(43,898)
Net (loss) / profit for the period		(2,181,806)	730,187	(2,800,551)	(1,027,109)
(Loss) / earnings per share (fils)	12	(5.65)	1.60	(7.25)	(2.56)

The accompanying notes form an integral part of this interim condensed consolidated financial information

شركة المدينة للتمويل والاستثمار
AL-MADINA FOR FINANCE AND INVESTMENT

Interim Condensed Consolidated Statement of Comprehensive Income For the nine months ended 30 September 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
Net (loss) / gain for the period	**(2,181,806)**	**730,187**	**(2,800,551)**	**(1,027,109)**
Other comprehensive income:				
Group's share of associate's reserves	(256,061)	(346,760)	324,426	(638,921)
Transferred to statement of income resulted from sale of the associate share	20,860	-	75,549	-
Group's share from the (loss) / gain resulted from sale of the associate treasury share	(396)	454	26,078	(20,737)
Foreign currency translation reserve	30,201	8,844	(33,967)	(106,840)
Other comprehensive loss	(205,396)	(337,462)	392,086	(766,498)
Total comprehensive (loss) / income for the period	**(2,387,202)**	**392,725**	**(2,408,465)**	**(1,793,607)**
Attributable to:				
Shareholders of the Parent Company	(2,377,789)	276,370	(2,382,318)	(1,749,709)
Non-controlling interest	(9,413)	116,355	(26,147)	(43,898)
	(2,387,202)	**392,725**	**(2,408,465)**	**(1,793,607)**

The accompanying notes form an integral part of this interim condensed consolidated financial information

Al Madina for Finance and Investment – KSCC
And its Subsidiaries

شركة المدينة للتمويل والاستثمار
AL-MADINA FOR FINANCE AND INVESTMENT

Interim Condensed Consolidated Statement of Changes in Equity For the nine months ended 30 September 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Equity attributable to Shareholders of the Parent Company								Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (Note 9)	Accumulated losses	Total equity attributable to the Parent Company's shareholders		
Balance as of 1 January 2011	**40,706,523**	**33,803,510**	**(5,028,120)**	**3,507,676**	**3,409,102**	**(289,650)**	**(9,019,810)**	**67,089,231**	**7,301,712**	**74,390,943**
Net loss for the period	-	-	-	-	-	-	(983,211)	(983,211)	(43,898)	(1,027,109)
Other comprehensive income items										
Group's share of associate's reserves	-	-	-	-	-	(638,921)	-	(638,921)	-	(638,921)
Group's share from the loss resulted from sale of the associate treasury share	-	-	-	-	-	-	(20,737)	(20,737)	-	(20,737)
Foreign currency translation reserve	-	-	-	-	-	(106,840)	-	(106,840)	-	(106,840)
Total other comprehensive income items	-	-	-	-	-	(745,761)	(20,737)	(766,498)	-	(766,498)
Dividends distribution from a subsidiary	-	-	-	-	-	-	-	-	(124,431)	(124,431)
Balance as of 30 September 2011	**40,706,523**	**33,803,510**	**(5,028,120)**	**3,507,676**	**3,409,102**	**(1,035,411)**	**(10,023,758)**	**65,339,522**	**7,133,383**	**72,472,905**
Balance as of 1 January 2012	**40,706,523**	**33,803,510**	**(5,028,120)**	**3,507,676**	**3,409,102**	**(788,873)**	**(11,593,304)**	**64,016,514**	**8,940,702**	**72,957,216**
Net loss for the period	-	-	-	-	-	-	(2,786,635)	(2,786,635)	(13,916)	(2,800,551)
Other comprehensive income items										
Group's share of associate's reserves	-	-	-	-	-	324,426	-	324,426	-	324,426
Transferred to statement of income resulted from sale of the associate share	-	-	-	-	-	75,549	-	75,549	-	75,549
Group's share from the loss resulted from sale of the associate treasury share	-	-	-	-	-	-	26,078	26,078	-	26,078
Foreign currency translation reserve	-	-	-	-	-	(21,736)	-	(21,736)	(12,231)	(33,967)
Total other comprehensive income items	-	-	-	-	-	378,239	26,078	404,317	(12,231)	392,086
Amortize accumulated losses (Note 13)	-	(4,676,526)	-	(3,507,676)	(3,409,102)		11,593,304	-	-	-
Sale of subsidiary (Note 1)	-	-	-	-	-	-	-	-	-	-
Dividends distribution from a subsidiary	-	-	-	-	-	-	-	-	(124,438)	(124,438)
Disposal a stake in a subsidiary (Note 1)	-	-	-	-	-	-	-	-	1,455,878	1,455,878
Change in the non-controlling interest in the associat	-	-	-	-	-	-	(93,148)	(93,148)	-	(93,148)
Balance as of 30 September 2012	**40,706,523**	**29,126,984**	**(5,028,120)**	**-**	**-**	**(410,634)**	**(2,853,705)**	**61,541,048**	**10,245,995**	**71,787,043**

The accompanying notes form an integral part of this interim condensed consolidated financial information

Interim Condensed Consolidated Statement of Cash Flows For the nine months ended 30 September 2012 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Nine months ended 30 September	
Cash flows from operating activities	**2012**	**2011**
Net loss for the period	(2,800,947)	(1,027,109)
Adjustments:		
Gain from investments	(784,436)	(260,019)
Group's share of associates' results	(167,169)	1,155,548
Gain from properties	17,101	(299,396)
Finance charges	356,440	1,968,927
Losses / (Gain) from trading shares in associates	405,208	(517,336)
Provide / (reversal) of provision for claim	2,805,862	(736,493)
Depreciation and amortization	231,675	151,104
Employees' end of service's indemnity	61,901	(81,774)
Operating losses before changing in the working capital	125,635	353,452
Investments at fair value through profit or loss	229,271	5,657,998
Property held for trading	390,651	-
Receivables and other debit balances	20,140	1,846,681
Payables and other credit balances	2,784	(1,099,090)
Net cash generated from operating activities	768,481	6,759,041
Cash flows from investing activities		
Proceeds from Mudaraba and Murabaha investment	70,000	-
Proceeds from sale of land under development	-	1,217,885
Paid for lands under development	-	(339,863)
Paid for purchase of investments in associates	(55,666)	-
Proceeds from sale of investments in associates	2,890,323	2,421,386
Paid for purchase of investment properties	(205,950)	(170,650)
Paid for purchase of property and equipment	(111,553)	(24,100)
Net cash generated from investing activities	2,587,154	3,104,658
Cash flows from financing activities		
Murabaha and Wakala payables	(2,010,118)	(7,813,819)
Paid from finance charges	(83,000)	(567,558)
Cash dividend of subsidiary for non-controlling interest	(124,438)	(124,431)
Net cash used in financing activities	(2,217,556)	(8,505,808)
Net increase in cash and cash equivalent	1,138,079	1,357,891
Cash and cash equivalent at the beginning of the period	2,376,980	602,997
Cash and cash equivalent at the end of the period	3,515,059	1,960,888

The accompanying notes form an integral part of this interim condensed consolidated financial information

Notes to the Interim Condensed Consolidated Financial Information For the nine months ended 30 September 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. Incorporation of the Group

Al Madina for Finance and Investment Company is a Closed Kuwaiti Shareholding Company ("The Parent Company") established in Kuwait in 1980, and is registered as an investment company with the Central Bank of Kuwait on 27 April 2005. The shares of the Parent Company were listed on Kuwait Stock Exchange in 24 April 2006.

The parent company adopted in Central Bank of Kuwait and Capital Market Authority.

The Parent Company's head office is domiciled at Ahmed Al-Jaber Street, Sharq, Kuwait.

The interim condensed consolidated financial information includes subsidiaries controlled by the Parent Company (Together referred to "the Group"). The principle activities of the Group are represented in all investment's activities, finance and management of movable and unmovable funds and rights. Also trading, leasing and selling of lands and real estate to customers. The activities of the Group are carried out in accordance with Noble Islamic Shariaa principles.

This interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiaries.

The Group disposed a stock of 6.05% from its investment in a subsidiary Madina Real Estate Development against the settlement of a credit balance. The investment in subsidiary was disposed by its carrying value amounted to KD 1,455,875 as of the settlement date against the increase in the minority interest with the same amount, no gain or loss resulted from this transaction. Accordingly, the investment in Madina Real estate development is 79.58%.

Subsidiaries' management accounts have been used for the consolidation purposes. The total assets of such subsidiaries amounting to KD 77,283,041 as of 30 September 2012 (KD 77,736,950 as of 31 December 2011, KD 66,582,812 as of 30 September 2011), and their net profit amounting to KD 105,856 for the period ended 30 September 2012 (profit amount of KD 1,917,779 for the period ended 30 September 2011).

The interim condensed consolidated financial information was authorized for issuance by the Board of Directors on 13 November 2012.

2. Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (34), applicable to Interim Financial Reporting.

Interim condensed consolidated financial information does not include all the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards as adopted in the State of Kuwait for financial institutions that are under supervision of Central Bank of Kuwait.

In the opinion of the management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been include in the condensed consolidation financial information.

In the opinion of the management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been include, in the condensed consolidation financial information. The operating results for the period ended 30 September 2012 are not necessarily indicative of the results that may be expected for the year ending 31 December 2012. For further information, refer to the consolidated financial statements for the year ended 31 December 2011 and its related disclosures.

Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2012 didn't have any material impact on the accounting policies and financial position performance of the Group.

3. Cash and cash equivalent

	30 September 2012	31 December 2011 (Audited)	30 September 2011
Cash at bank and financial institutions	2,605,109	1,908,185	1,838,592
Cash at portfolios and Kuwait Clearing company	909,285	466,404	118,524
Cash on hand	665	2,391	3,772
	3,515,059	2,376,980	1,960,888
Less:			
Cash restricted under legal preserve	(71,668)	(71,668)	-
	3,443,391	2,305,312	1,960,888

4. Murabaha and Mudaraba investments

	30 September 2012	31 December 2011 (Audited)	30 September 2011
Murabaha	475,000	475,000	491,500
Mudaraba	12,167,771	12,234,179	12,234,181
	12,642,771	12,709,179	12,725,681
Impairment in value provision	(748,424)	(748,424)	(764,924)
	11,894,347	11,960,755	11,960,757

4.1 This item represents the amounts invested in Murabaha and Mudaraba agreements by local currency. The average effective rate of return on this agreement is 1.6% as of 30 September 2012 (1% as of 31 December 2011 and 7% as of 30 September 2011). Mudaraba will mature during 2013.

4.2 This item includes an amount of KD 12,045,430 granted to related party as of 30 September 2012 (KD 12,111,838 as of 31 December 2011 and KD 12,234,181 as of 30 September 2011). The following assets are pledged from these parties:

	30 September 2012	31 December 2011 (Audited)	30 September 2011
Quoted shares in a portfolio managed by the Group	31,455,625	15,190,395	6,509,382
Quoted shares pledged against Wakala payables granted to the Group	4,295,200	1,856,400	809,900
Local unquoted shares	2,991,262	2,991,262	2,991,262
Foreign unquoted shares	3,732,652	3,732,652	-

5. Investments at fair value through profit or loss

	30 September 2012	31 December 2011 (Audited)	30 September 2011
Held for trading investments	1,676,322	1,209,358	977,306
Investments acquired at fair value through profit or loss	4,248,134	5,055,041	7,412,167
	5,924,456	6,264,399	8,389,473
Investments in local shares – quoted	1,482,943	1,209,358	977,306
Investments in local shares – unquoted	3,059,758	3,757,780	5,932,780
Investments in local funds – unquoted	1,381,755	1,297,261	1,479,387
	5,924,456	6,264,399	8,389,473

5.1 The local and foreign unquoted shares were valued using valuation models based on the latest available information of the financial position, results of operation of investee companies, and the expected future profits for these companies as of 31 December 2011, and the fair value of the investments in local unquoted funds is determined based on the net assets value as of 30 September 2012.

5.2 The Group has pledged investment in associate with carrying value amounted to KD 879,824 as of 30 September 2012 (KD 843,418 - 31 December 2011 and KD 926,381 as of 30 September 2011) and investments at fair value through profit or loss with carrying value amounted to KD 902,088 as of 30 September 2012 (KD 628,421 as of 31 December 2011 and KD 770,322 as of 30 September 2011) against payables from purchase of investments amounted to KD 3,977,707 as of 30 September 2012.

Previously, the Group filed lawsuits against payables from purchase of investments in order to cancel the agreement of acquiring investments and to recover the paid amount and to release the guarantees mentioned above, also the seller filed lawsuits against the Group claiming for the settlement of investments payables. Certain verdicts have been issued regarding these mutual cases, one of them rejecting the appeal regarding the contract termination and the other one to oblige the Company to pay payables from purchase of investments in addition to an amount of KD 5,001 as a temporary compensation, the Group has appealed this verdict.

6. Receivable and other debit balances

	Note	30 September 2012	31 December 2011 (Audited)	30 September 2011
Receivables from sale of real estate	6.1	6,893,343	8,889,874	7,563,752
Advance payments for purchase of real estate		-	-	14,933,680
Purchase of properties receivables	6.2	1,807,622	1,814,174	1,814,174
Due from related parties	14	3,245,767	1,812,600	2,083,132
Rig lease receivables		222,619	160,319	-
Services contracts receivable		337,039	384,832	527,454
Cash blocked against letters of guarantee		1,591,025	1,313,745	1,470,954
Accrued rents	7.2	491,210	491,210	491,210
Other debit balances		768,664	1,185,698	1,245,755
		15,357,289	16,052,452	30,130,111
Less: provisions		(2,859,230)	(2,422,118)	(17,355,798)
		12,498,059	13,630,334	12,774,313

6.1 Receivables from sale real estate represent the balance due from selling developed properties to the customers. The transfer of the ownership of these properties to the buyers takes place upon settlement the full amount due. The receivables balance from selling properties that are impaired and a full provision provided amounted to KD 1,729,176 as of 30 September 2012, 31 December 2011 and 30 September 2011.

6.2 The Group finalized a legal case and signing a settlement agreement with this receivable from purchasing real estate party and this agreement was documented in the courts of Kingdom of Saudi Arabia which state that the Group will recover a cash of KD 1,207,723 and a property of KD 753,477. The Group received a cash of KD 153,579 during the last years (which equivalent to SR 2,000,000). The settlement agreement execution is in progress and the collecting amounts due to the Group by implementing the civilian process.

7. Investment property

7.1 The fair value of investment properties as of 31 December 2011 has been determined by independent valuer.

7.2 Investment properties include a property was recorded in the name of the Company with carrying value of KD 3,060,000 as of the acquisition date. The Company was contracted to buy this property from a third party through a deal, some of this deal term has been cancelled, accordingly, no final price has been determined for this property. The amount paid under the transaction account amounted to KD 2,278,750 was used as a part of the property's cost payment and the remaining amount has been valuated based on the property's fair value that was determined by an independent valuer and was recorded as payable. The seller party has filed a case in order to assign an expert to liquidate the account; this case was rejected in the first degree of court. The seller party appealed the verdict and the case was transferred to expert department.

8. Investments in associates

	Ownership %	30 September 2012	Ownership %	31 December 2011 (Audited)	Ownership %	30 September 2011
Ekttitab Holding Co. KSCC	22.45	5,007,927	22.17	4,440,363	22.53	4,692,207
Hits Telecom Co.	37.21	31,822,577	40.10	35,129,535	40.61	40,422,729
		36,830,504		39,569,898		45,114,936

8.1 The Group has recorded its shares from Ektitab Holding Company and Hits Telecom based on the unaudited financial statements as of 30 June 2012.

8.2 The balance of investment in Ektitab holding include deferred revenue amounted by KD 188,738 as of 30 September 2012 (188,738 as of 31 December 2011 and KD 194,963 as of 30 September 2011) and balance of investment in Hits Telecom includes deferred revenues amounted by KD 4,027,207 as of 30 September 2012 (KD 4,401,836 as of 31 December 2011 and 30 September 2011).

9. Wakala payables

9.1 The balance of Wakala payable represents contracts in Wakala investment by Kuwaiti Dinar and US Dollar. The average effective yield rate ranged from 4.5%: 6% as of 30 September 2012 (from 4.5%: 6% as of 31 December 2011 and 4.5%: 6% as of 30 September 2011).

9.2 Wakala payable are guarantee against pledging the following assets:

	30 September 2012	31 December 2011 (Audited)	30 September 2011
Investments in associates	28,640,354	28,299,908	32,194,657
Investments at fair value through profit or loss	944,561	909,000	1,036,116
Land and real estate under development	-	739,314	-
Investments property	5,042,397	5,040,819	4,717,163
	34,627,312	34,989,041	37,947,936

8.1 Wakala payables include an amount of KD 2,522,653 as of 30 September 2012 (KD 2,522,653 as of 31 December 2011and KD 2,522,653 as of 30 September 2011) represented in Murabaha granted from funds.

8.2 Certain Wakala payables matured with an amount of KD 51,979,041 as of 30 June 2012 (KD 17,758,933 as of 31 December 2011, KD 12,156,908 as of 30 September 2011), which were not renewed or paid. There is a legal dispute with certain parties regarding the amounts which should be paid amounted by KD 48,110,496 as of 30 September 2012. Negotiation with other parties for the conditions of renewal or settlement of Wakala payable. The group stopped recording finance cost for due and unpaid Wakala from due date.

8.3 Except for the due and unpaid amounts from Wakala payable are as follows:-

	30 September 2012	31 December 2011 (Audited)	30 September 2011
Short term installments	825,340	27,013,025	8,146,076
Long term installments	3,765,960	13,535,061	37,307,119
	4,591,300	40,548,086	45,453,195

Notes to the Interim Condensed Consolidated Financial Information For the nine months ended 30 September 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars unless otherwise stated)

10. Other reserves

	Employees stock option plan	Groups shares in associates reserve	Foreign currency translation reserve	Total
Balance as of 1 January 2011	490,500	(829,577)	49,427	(289,650)
Group's share in associate's reserve	-	(638,921)	-	(638,921)
Foreign currency translation reserve	-	-	(106,840)	(106,840)
Balance as of 30 September 2011	490,500	(1,468,498)	(57,413)	(1,035,411)
Balance as of 1 January 2012	490,500	(1,274,623)	(4,750)	(788,873)
Group's share in associate's reserve	-	324,426	-	324,426
Transferred to the statement of income on sale of investments in associate	-	75,549	-	75,549
Foreign currency translation reserve	-	-	(21,736)	(21,736)
Balance as of 30 September 2012	490,500	(874,648)	(26,486)	(410,634)

11. Income from investment

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
(Loss) / Gain from sale of investment at fair value through profit or loss	(36,484)	490,642	184,998	881,541
Change in fair value of investment at fair value through profit or loss	287,450	(80,988)	595,846	(746,842)
Murabaha and Mudaraba income	-	125,320	3,592	125,320
	250,966	534,974	784,436	260,019

12. (Loss) / earnings per share

(Loss) /earnings per share are calculated by dividing net (loss) / profit for the period by the weighted average number of outstanding shares during the period as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
Net profit / (loss) for the period attributable to shareholders of the Parent Company	(2,172,393)	613,832	(2,786,635)	(983,211)
Weighted average number of issued and outstanding shares during the period (share)	384,163,606	384,163,606	384,163,606	384,163,606
Earnings / (loss) per share (fils)	(5.65)	1.60	(7.25)	(2.56)

13. Amortization of accumulated losses

On 31 May 2012, the General Assembly of the shareholders of the Parent Company approved financial statements for the year ended 31 December 2011 and decided not to distribute dividends for the year ended 31 December 2011 also approved to amortize accumulated losses of the Parent Company amounting to KD 11,593,304 as of 31 December 2011, part of these losses will be amortized through decreasing statutory and voluntary reserves with an amount of KD 3,507,676 and KD 3,409,102 respectively, while reducing the remaining balance amounting to KD 4,676,526 from premium shares.

14. Related parties' transactions

Related parties are representing in the Group's shareholders who have representation in the board of directors, members of the board of directors, senior management, associates, and subsidiaries. In the normal course of business, subject to the Group's management approval, there were transactions with related parties during the period ended 30 September The related parties significant transactions and outstanding balances were as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
Transactions				
Murabaha and Mudaraba income	-	125,320	3,592	125,320
High and executive management remunerations	8,905	38,817	86,539	116,451

	30 September 2012	31 December 2011 (Audited)	30 September 2011
Financial position			
Investments in Murabaha and Mudaraba	11,894,347	11,960,755	11,960,757
Receivables and other debit balances	3,245,767	1,812,600	2,083,132
Payables and other credit balances	441,504	780,076	1,395,249

The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 35,695,764 as of 30 September 2012 (KD 18,175,778 as of 31 December 2011 and KD 8,974,726 as of 30 September 2011) which is recognized as off consolidated balance sheet items.

The Parent Company has provided a joint security against a Murabaha payable granted to a related party of KD 2,298,011 as of 30 September 2012. The related party pledged a portfolio with a fair value KD 1,460,803 as of 30 September 2012 against Wakala payable granted to the Group.

Land and real estate held for trading and part of investment properties amounted to KD 1,381,746 as of 30 September 2012 (KD 2,096,513 as of 31 December 2011) are recorded in the name of related parties and there is a letter of assignment for the Group.

All related parties transactions are subject to the approval of the General Assembly of the shareholders.

15. Contingent liabilities

During the previous years, a primary verdict has been issued in favor of a third party in the lawsuit filed to claim for exercising resale of shares in foreign investments. An initial verdict has been issued in favour of that party to oblige the Group to pay a compensation of US$ 10 million against redeeming these shares. The Group has appealed the verdict. The Court of Appeal refused the appeal and approved the initial verdict, currently the appeal to such verdict against the court of cassation are in process.

There are mutual lawsuits between the Group and certain portfolios' managers regarding the liquidation of such accounts, which hare amounted to KD 6,085,732. The Group's management believes that no necessity to provide any provisions for this matter since there is off balance sheet items are pledged in favor of the Group and can be used to cover the outcomes of these verdicts as the fair value of these guarantees is exceeded the claims amounts. The Group signed a settlement agreement with one of this party to pay an amount of KD 2,200,000, the settlement process are in process during the subsequent period.

The Group management believe that there is no financial impact on the group share of result due to the above.

16. Segment distribution

The Group carries out the majority of its activities in the State of Kuwait through two major segments:

- Real estate segment: represents in develop and sell land and properties.
- Investment segment: represents in management of real estate portfolios and investment funds on behalf of third parties and management of the Group's investments.

Analysis of the financial information according to segments for the nine months period ended 30 September is as follows:

	Real Estate		Investment finance		Total	
	2012	2011	2012	2011	2012	2011
Segment revenue	479,272	544,859	639,377	(235,986)	1,118,649	308,873
Segment results	479,272	544,859	282,937	(2,204,913)	762,209	(1,660,054)
Segment assets	71,298,966	63,105,877	54,649,307	65,465,166	125,948,273	128,571,043
Segment Liabilities	2,440,668	2,791,878	61,210,459	62,007,187	63,651,127	64,799,065

	2012	2011
Total segment result	762,209	(1,660,054)
Other income	145,804	906,317
Foreign exchange income / (losses)	756,891	1,120,906
Gross profit from oilfield services and others	(2,805,862)	-
General and administrative expenses	(1,659,593)	(1,394,278)
Net loss for the period	(2,800,551)	(1,027,109)
Total segment assets	125,948,273	128,571,043
Cash and cash equivalent	3,515,059	1,960,888
Receivables and other debit balances	6,153,216	5,300,603
Property and equipment	5,210,109	5,401,764
Total assets	140,826,657	141,234,298

17. Off statement of financial position items

The Group manages funds and portfolios on behalf of others, which are not included in the balance sheet of the Group. The net assets of these portfolios amounted to KD 61,956,322 as of 30 September 2012 (KD 32,007,464 as of 31 December 2011 and KD 24,295,683 as of 30 September 2011).