Al Madina for Finance and Investment– K.S.C. (Closed)
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information
For the six months ended 30 June 2009
With Review Report
(Unaudited)

PRICEWATERHOUSECOOPERS

AL-ATEEQI
CERTIFIED
ACCOUNTANTS

Al Madina for Finance and Investment – K.S.C. (Closed)
And its subsidiaries
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Al Madina for Finance and Investment K.S.C.C
State of Kuwait

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Madina for Finance and Investment – (K.S.C.C.) "Parent Company" and its subsidiaries ("the Group") as of 30 June 2009 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of 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).

Other matter

Without qualifying our conclusion mentioned above, we draw attention to note (5.2) from this interim financial information in relation to a real estate project under progress as the Group is negotiating with the concerned parties the other available alternatives to exit or to restructure the deal. Currently, the outcome of such negotiations cannot be determined.

Report on Review of Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information agree with the books of the Parent Company and to the extent of information made available to us, nothing has come to our attention that causes us to believe that there are contraventions for the Commercial Companies Law of year 1960, as amended or the Parent Company's Articles and memorandum Association during the six month period ended 30 June 2009 that might have a material effect on the Group's activities or 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 period six month ended 30 June 2009 except for what was mentioned in note (9) from this interim condensed consolidated financial information, as the Group has obtained Murabaha from funds.

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Kuwait
12 August 2009

Al Madina for Finance and Investment – K.S.C. (Closed)
And its subsidiaries

Interim Condensed Consolidated Statement of Income for the six months ended 30 June 2009
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	30 June 2009	31 December 2008 (Audited)	30 June 2008
Assets				
Cash and cash equivalent		683,700	1,078,422	5,934,830
Investments in Murabaha and Mudaraba	3	13,079,635	24,555,339	4,223,638
Investments at fair value through profit or loss	4	11,893,547	13,110,045	31,576,374
Finance lease receivables		32,829	127,413	294,115
Other debit balances	5	25,936,712	29,590,830	20,594,683
Lands and real estates under development	6	10,462,488	8,752,932	44,832,088
Investments property	7	42,386,637	45,738,178	25,105,795
Investments in associates	8	55,342,246	61,998,780	64,007,604
Intangible assets		840,469	840,469	9,389,967
Property and equipment		6,295,449	5,847,723	5,078,987
Total Assets		166,953,712	191,640,131	211,038,081
Liabilities and equity				
Liabilities				
Payables and other credit balances		11,945,838	22,238,342	49,700,061
Murabaha and Wakala payables	9	61,063,990	73,330,085	91,557,066
Employees' end of service indemnity		227,522	171,985	510,004
Total Liabilities		73,237,350	95,740,412	141,767,131
Equity				
Equity attributable to shareholders of the Parent Company				
Share Capital	10	37,780,875	37,780,875	20,208,375
Proceeds from capital increase		-	-	4,081,716
Share premium		30,936,375	30,936,375	184,500
Treasury Shares	11	(5,015,069)	(5,077,087)	(1,656,007)
Statutory reserve		3,507,676	3,507,676	3,387,160
Voluntary reserve		3,409,102	3,409,102	3,288,586
Other reserves	12	(334,855)	(1,174,947)	(553,261)
Retained earnings		3,543,656	8,314,232	17,706,650
		73,827,760	77,696,226	46,647,719
Non-controlling interest		19,888,602	18,203,493	22,623,231
Total equity		93,716,362	95,899,719	69,270,950
Total Liabilities and Equity		166,953,712	191,640,131	211,038,081

The accompanying notes in pages from (6) to (13) form an integral part of this interim condensed consolidated financial information

Khalid Yacoub Al Mutawa
Chairman & Managing Director

Interim Condensed Consolidated Statement of Income for the six months ended 30 June 2009
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2009	2008	2009	2008
Revenues					
Investments income	13	508,846	3,032,306	172,147	2,970,140
Group's share of associates' results		(77,157)	1,967,087	(742,859)	2,887,157
Gain from trading shares of subsidiaries		-	1,372,787	57,146	2,917,473
(Loss) / gain from disposal of associate		(1,137,855)	394,492	(1,394,044)	5,394,454
Consulting services income		60,825	223,575	60,825	354,219
Investments property income		266,700	-	266,700	-
Lands and real estates income		-	-	4,434,386	-
Other income		225,886	844,562	355,551	1,057,251
Income / (losses) from currency differences		325,778	167,378	(831,939)	537,378
		173,023	8,002,187	2,377,913	16,118,072
Expenses and other charges					
Finance charges		(979,730)	(1,618,574)	(2,239,111)	(3,230,804)
General and administrative expenses		(453,739)	(1,170,130)	(936,442)	(2,264,615)
Provision for doubtful debts		110,220	145,000	(127,179)	(10,500)
		(1,323,249)	(2,643,704)	(3,302,732)	(5,505,919)
Net (loss) / profit for the period before deductions		(1,150,226)	5,358,483	(924,819)	10,612,153
Contribution Kuwait Foundation for Advancement of Science "KFAS"		-	(19,365)	-	(58,636)
National Labor Support Tax		-	(59,058)	-	(170,898)
Zakat expense		-	(57,346)	-	(68,359)
Net (loss) / profit for the period		(1,150,226)	5,222,714	(924,819)	10,314,260
Net (loss) / profit for the period attributable to:					
shareholders of the Parent Company		(976,220)	4,501,294	(2,609,928)	9,425,182
Non controlling interest		(174,006)	721,420	1,685,109	889,078
		(1,150,226)	5,222,714	(924,819)	10,314,260
Basic (Loss) / earning per share (fils)	14	(2.74)	15.77	(7.32)	32.94

The accompanying notes in pages (6) to (13) form an integral part of this interim condensed consolidated financial information

Interim Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2009
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2009	2008	2009	2008
Net (loss) / profit for the period		(1,150,226)	5,222,714	(924,819)	10,314,260
Groups' share in associate's reserves		737,256	-	723,342	-
Foreign currency translation reserve		(2,261)	-	116,750	(440,011)
Other comprehensive income		734,995	-	840,092	(440,011)
Total comprehensive (loss) / income for the period		(415,231)	5,222,714	(84,727)	9,874,249
Attributable to:					
Shareholders of the Parent Company		(241,225)	4,501,294	(1,769,836)	8,985,171
Non controlling interest		(174,006)	721,420	1,685,109	889,078
		(415,231)	5,222,714	(84,727)	9,874,249

The accompanying notes in pages from (6) to (13) form an integral part of this interim condensed consolidated financial information

Interim Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2009
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Shareholders of the Parent Company									Non-controlling interests	Total equity
	Share capital	Proceeds from capital increase	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (Note 12)	Retained earnings	Total equity attributable to shareholders of the Parent Company		
Balance as of 1 January 2008	17,422,500	-	36,000	-	3,387,160	3,288,586	(113,250)	17,946,343	41,967,339	14,080,244	56,047,583
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	(440,011)	9,425,182	8,985,171	889,078	9,874,249
Capital paid in accordance with employees' stock option Plan	150,000	-	148,500	-	-	-	-	-	298,500	-	298,500
Bonus shares dividends (Note 15)	2,635,875	-	-	-	-	-	-	(2,635,875)	-	-	-
Cash Dividends (Note 15)	-	-	-	-	-	-	-	(7,029,000)	(7,029,000)	-	(7,029,000)
Purchase of treasury shares	-	-	-	(1,656,007)	-	-	-	-	(1,656,007)	-	(1,656,007)
Proceeds from capital increase	-	4,081,716	-	-	-	-	-	-	4,081,716	-	4,081,716
Minority share in subsidiary's capital increase	-	-	-	-	-	-	-	-	-	3,645,465	3,645,465
Sale of subsidiaries	-	-	-	-	-	-	-	-	-	4,008,444	4,008,444
Balance as of 30 June 2008	20,208,375	4,081,716	184,500	(1,656,007)	3,387,160	3,288,586	(553,261)	17,706,650	46,647,719	22,623,231	69,270,950
Balance as of 1 January 2009 (adjusted)	37,780,875	-	30,936,375	(5,077,087)	3,507,676	3,409,102	(1,174,947)	8,314,232	77,696,226	18,203,493	95,899,719
The effect of reclassification investments in associate (Note 8)	-	-	-	-	-	-	-	(2,098,554)	(2,098,554)	-	(2,098,554)
Balance as of 1 January 2009 (adjusted)	37,780,875	-	30,936,375	(5,077,087)	3,507,676	3,409,102	(1,174,947)	6,215,678	75,597,672	18,203,493	93,801,165
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	840,092	(2,609,928)	(1,769,836)	1,685,109	(84,727)
Purchase of treasury shares	-	-	-	(87,377)	-	-	-	-	(87,377)	-	(87,377)
Sale of treasury shares	-	-	-	149,395	-	-	-	(62,094)	87,301	-	87,301
Balance as of 30 June 2009	37,780,875	-	30,936,375	(5,015,069)	3,507,676	3,409,102	(334,855)	3,543,656	73,827,760	19,888,602	93,716,362

The accompanying notes in pages from (6) to (13) form an integral part of this interim condensed consolidated financial information

Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2009
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	The six months ended 30 June	
	2009	2008
Cash flows from operating activities		
(Net loss) / profit for the period	(924,819)	10,314,260
Adjustments:		
Depreciation and amortization	91,090	81,666
Doubtful debts	127,179	10,500
Investments income	(172,147)	(2,970,140)
Group's share of associates' results	742,859	(2,887,157)
Lands and real estates income	(4,434,386)	-
Finance charges	2,239,111	3,230,804
Losses / (gains) on trading shares in associates	1,394,044	(5,394,454)
Gain from disposal of subsidiaries	(57,146)	(2,917,473)
Employees' end of service's indemnity	55,537	330,276
Operating losses before changing in the working capital	(938,678)	(201,718)
Investments at fair value through profit or loss	627,593	(4,977,822)
Finance lease receivables	95,991	2,894,025
Other debit balances	1,225,368	19,049,081
Payables and other credit balances	1,189,995	9,863,286
Net cash generated from operating activities	2,200,269	26,626,852
Cash flows from investing activities		
Investments in Murabaha	12,257,570	514,966
Dividends received	600	646,921
Payment for purchase of investments in associates	(28,820,323)	(44,307,403)
Proceeds from sale of investments in associates	31,562,888	27,451,310
Payment for purchase of investments in subsidiaries	-	(6,961,467)
Proceeds from sale of investments in a subsidiary	-	7,867,386
Payment for purchase of investment properties	(842,072)	(245,822)
Payment for purchase of lands under development	(1,709,556)	(4,246,545)
Payment for purchase of property and equipment	(538,816)	(4,889,778)
Net cash generated from / (used in) investing activities	11,910,291	(24,170,432)
Cash flows from financing activities		
Murabaha and Wakala payables	(12,662,715)	(23,989,794)
Payment from finance cost	(1,842,491)	(2,933,274)
Capital paid in accordance with employees' stock option plan	-	298,500
Proceeds from capital increase	-	4,081,716
Purchase of treasury shares	(87,377)	(1,656,007)
Sale of treasury shares	87,301	-
Cash dividends paid	-	(4,290,263)
Change in non-controlling interest	-	7,653,909
Net cash used in financing activities	(14,505,282)	(20,835,213)
Net decrease in cash and cash equivalent	(394,722)	(18,378,793)
Cash and cash equivalent at the beginning of the period	1,078,422	24,313,623
Cash and cash equivalent at the end of the period	683,700	5,934,830

The accompanying notes in pages from (6) to (13) form an integral part of this interim condensed consolidated financial information

1. Incorporation of the Group

Al Madina for Finance and Investment is a Closed Kuwaiti Shareholding Company ("The Parent Company") established in Kuwait in 1980, and has been 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's headquarter office is domiciled at Ahmed Al-Jaber Street - Sharq - Kuwait.

The principle activities of the Group are representing in all operations of investment, finance and management of movable and unmovable funds and rights, trading, leasing and selling of lands and real estates to company and its customers. The activities of the Parent Company and its subsidiaries are carried out in accordance with Noble Islamic Share'a principles.

This Interim Condensed Consolidated Financial Information includes the financial statements of the Parent Company and the following subsidiaries (the Group):

Company Name	Legal form	Country of incorporation	Ownership	
			30 June 2009	30 June 2008
Al Madina Real Estate Development Company	K.S.C.C.	Kuwait	90%	90%
Al Madina Educational Company	K.S.C.C.	Kuwait	100%	100%
Al Sary National Holding Company (Formely twenty four seven for local market)	K.S.C.C.	Kuwait	100%	100%
Rehab Al Madina Real Estate Company	B.S.C.C	Bahrain	100%	100%
Real Capital Company	W.L.L.	Kuwait	100%	100%
Stone for energy Company (Formerly Kuwaiti National Investment Company)	K.S.C.C.	Kuwait	100%	100%
Sarh Al Madina Real Estate Company	K.S.C.C.	Kuwait	50.68%	39.68%
Hits Telecom Holding Co. (Formerly Al-Nibras)	K.S.C.C.	Kuwait	-	75%
Stone for Drilling Services Company	E.S.C.	Egypt	100%	100%

For the consolidation purpose, management accounts of the subsidiaries have been used. The total assets of these subsidiaries are KD 55,636,909 as of 30 June 2009 (Nil as of 31 December 2008, KD 94,497,710 as of 30 June 2008) also their net profit is KD 2,286,418 for the period ended 30 June 2009 (KD 1,056,643 for the period ended 30 June 2008).

The General Assembly meeting held on 25 June 2009 approved the financial statements for the year ended 31 December 2008.

The interim condensed consolidated financial information was authorized for issue by the Board of Directors on 12 August 2009.

2. Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the Government of Kuwait for financial institutions regulated by the Central Bank of Kuwait.

The management believes that all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included in the interim condensed consolidated financial information.

The operating results for the period ended 30 June 2009 are not necessarily indicative of the results that may be expected for the year ending 31 December 2009. For further information, refer to the financial statements and its related notes for the year ended 31 December 2008.

The interim condensed consolidated financial information were prepared in accordance with the same accounting policies and methods of computation followed in the latest annual financial statements which were prepared in accordance with the International Financial Reporting Standards as adopted in the State of Kuwait, except of the following:

IAS (1) 'Presentation of Financial Statements' (Revised).

The revised standard require changes in equity arising from transaction with owners in their capacity as owner (i.e. Owner changes in income) to be presented in the statement of change in equity. All other change in equity (i.e. non-owner change in equity) are required to be presented separately in a performance statements (consolidated statement of comprehensive of income).

IFRS (8) 'Operating Segments':

The new standard e which replace IAS (14)' Segment Reporting' require a ' management approach' under which segment information is presented on the same basis as that used for internal reporting provided to the chief operating decision- maker. This has resulted in an increase in the details of segment information as the previously reported (Note 16).

The following Standards and amendments have been issued, but are not yet effective and have not been early adopted by the group:

IFRS (3) (revised), "Business combinations" and consequential amendments to IAS (27), "Consolidated and separate financial statements", IAS (28), "Investments in associates" and IAS (31), "Interest in joint ventures". The amendments is effective prospectively to business combinations for which the acquisitions date is on or after the beginning of first annual reporting period beginning on or after 1 July 2009. The Group is assessing the impact of this amendment.

IFRIC (17), "Distributions of non-cash assets to owners", effective for annual periods beginning on or after 1 July 2009.

IFRIC (18), "Transfers of assets from customers", effective for transfers of assets received on or after 1 July 2009.

3. Investments in Murabahat and Mudarabat

3.1 This balance represents local investments in Murabahat and Mudarabat agreements. The average effective rate of return on Murabahat and Mudarabat is 6.75% as of 30 June 2009 (6.75% as of 31 December 2008, 6.75%as of 30 June 2008).

3.2 During the period, the Group has settled a credit balance of KD 1,596,708 by due to a related party by closing Murabaha receivable due from the same party (this transaction was eliminated from the statements of cash flow, as it is non-cash transaction).

3.3 This item includes an amount of KD 13,008,934 granted to related parties as of 30 June 2009 (KD 23,895,524 as of 31 December 2008, KD 3,367,213 as of 30 June 2008) secured by quoted investments at portfolio managed by the Group for those parties. The fair value of these securities is KD 4,074,649 as of 30 June 2009 (KD 17,829,413 as of 31 December 2008)

4. Investments at fair value through profit or loss

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Held for trading investments	158,413	1,046,238	15,570,231
Investments designated at fair value through profit or loss at inception	11,735,134	12,063,807	16,006,143
	11,893,547	13,110,045	31,576,374
Investments in local shares – quoted	158,413	1,046,238	15,570,231
Investments in local shares – unquoted	4,623,190	4,620,000	5,604,638
Investments in foreign shares – unquoted	3,556,567	3,556,567	3,726,567
Investments in local funds – unquoted	2,185,147	2,575,822	4,824,938
Investments in foreign funds – unquoted	1,370,230	1,311,418	1,850,000
	11,893,547	13,110,045	31,576,374

4.1 Investments in unquoted shares are evaluated based on the available information of the financial position, results of operation of the investee companies, the expected future profits and the transaction prices on the shares as of 31 December 2008. The management believes that there is no significant change in the value of this shares.

4.2 The fair value of the investments in funds is determined based on the last available reports for the net units' value as of 30 June 2009.

5. Other debit balances

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Receivable on sale of properties and investments (Net)	7,399,368	9,199,835	10,335,611
Advance payments for purchase of investments	14,933,680	16,858,394	5,082,718
Due from related parties	559,886	821,068	2,188,506
Commissions and accrued dividends	175,541	369,891	308,452
Prepaid expenses	64,756	203,996	310,162
Staff receivables	101,064	122,029	126,243
Accrued rents	266,700	-	-
Other debit balances	2,435,717	2,015,617	2,242,991
	25,936,712	29,590,830	20,594,683

5.1 Receivables on sale of properties are the balance due on sale of properties. Theses amounts are secured by the sold properties, where the transfer of the ownership of these properties to the buyers takes place upon settlement the full amounts due.

5.2 In July 2008, based on purchase and sale agreement with a third party, the group acquired four companies formed in the Cayman of Island that have commitment to a real estate project in Reem Island-Abu Dhabi with expected estimation total development cost of KD 205,263,258 (equivalent to AED 2,582,480,000). The Group has paid an amount of KD 14,933,680 (equivalent to AED 204,624,000) recorded as advance payment for purchase of real estates.

In November 2008, the group exercised the option to resell the companies and receive the amount paid. In January 2009, the group agreed with the third party to cooperate for marketing the real estate project and share the net proceeds after covering its dues and any related costs. In the failure of marketing the real estate project within the six months ending 30 June 2009, the third party will repay the group its dues with a dead line period ended 31 July 2009.

Till the date of the financial information neither the real estate are marketed nor the prepaid advances are received. The Group is negotiating with the selling party and the developer to collect the prepaid advances or restructure the deal and the related commitments and liabilities.

6.3 Previously, the Group paid advance payments of KD 2,278,750 to purchase investments property. The Group couldn't get an agreement with the seller for the property's price. As the property's ownership is in the name of the Group, the Group has filed a legal case against the seller to complete the deal, also the real estate was recorded with its fair value of KD 3,060,000 against the settlement of the prepaid and the remaining of KD 781,250 is shown as creditors to purchase of real estate (this transaction is eliminated from the statement of cash flow, as it is non-cash transaction).

6. Lands and real estate under development

Lands and real estate under development include land owned in Kingdom of Saudi Arabia with book value amounted to KD 4,392,169, as of 30 June 2009 (KD 4,392,169 as of 31 December 2008). There is a legal case to refund the amount paid, as the seller did not transfer the ownership of the land. Based on the lawyer opinion, the probability of losing the case is very limited as the Group has two chances to transfer the land in name of the Group or to refund the cash paid.

7. Investments properties

The following is the movement on the investments properties during the period:

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Beginning balance	45,738,178	31,577,418	31,577,418
Additions	781,259	763,050	245,822
Transfer from receivables against purchase of investments (Note 7.2)	3,060,000	-	-
Transfer to lands and real estates under development	-	(6,717,445)	(6,717,445)
Transfer from lands and real estates under development	-	8,299,355	-
Disposals (Note 6.2)	(11,627,186)	(1,629,100)	-
Change in fair value	4,434,386	13,444,900	-
Ending balance	42,386,637	45,738,178	25,105,795

7.1 The fair value of the investment properties has determined through independent valuer after deducting 15 % as estimated by the management as of 31 March 2009.

7.2 Previously, the Group signed a contract to purchase two posts of land in UAE of AED 304,987,000 (equivalent to KD 22,111,559). An advance of AED 134,401,282 was paid (equivalent to KD 9,744,093) and the remaining balance of AED 170,585,718 (equivalent to KD 12,695,651) was recorded as creditors as of 31 December 2008.

During the current period, the Group signed an amendment to the contract to purchase only one plot of land of AED 160,098,220 (equivalent to KD 12,193,515) resulting outstanding balance of AED 25,696,938 (equivalent to KD 2,010,628) recorded as creditors. Accordingly, the creditors decreased with an amount of AED 144,888,780 (equivalent to KD 11,627,186). This transaction has been eliminated from the statement of cash flow as it is a non-cash transactions.

8. Investments in associates

	Ownership %	30 June 2009	Ownership %	31 December 2008	Ownership %	30 June 2008
Ektitab Holding Company K.S.C.C.	22.59	10,111,852	23.78	13,020,732	32.07	37,719,124
Estratigia for Investment Company K.S.C.C	21.94	1,968,186	21.94	2,359,934	21.6	7,652,265
Hits Africa Company	-	-	-	-	50	16,725,783
First Jallia Bank - Kinia	-	-	-	-	31	1,910,432
Hits Telecom Company	40.44	43,262,208	43.80	46,618,114	-	-
		55,342,246		61,998,780		64,007,604

8.1 The Group has recorded its share of associates' results based on the latest unaudited financial statements for those associates as at 31 March 2009, except for Ektitab Holding Company as the group has recorded its share based on the unaudited financial information for the period ended 30 June 2009.

8.2 During the current period, Ektitab Company has adjusted its financial information to reflect the impact of reclassifying investments at fair value through profit or loss to investment in associate, which resulted to decrease in the retained earnings as of 1 January 2009 in the associate, accordingly the Group has recorded its share of this decrease which resulted to a decrease in the Group's retained earnings with an amount of KD 2,098,554 as at 30 June 2009.

8.3 The investments of an associate in Ektitab Holding Company includes deferred revenue amounted to KD 194,963 as of 30 June 2009 (KD 252,109 as of 31 December 2008, KD 252,109 as of 30 June 2008).

8.4 Hits Telecom investments includes goodwill amounted to KD 5,904,848 as of 30 June 2009 (KD 7,268,203 as of 31 December 2008), and deferred revenue of KD 4,529,437 as of 30 June 2009 (KD 4,870,450 as of 31 December 2008).

8.5 On 2 June 2008, the Group acquired 21.94 % of Estrategia Investment Company for KD 7,754,912, paid KD 3, 777,205 and the remaining balance of KD 3,977,707 is recorded as payables from purchase of investments secured by investment in securities with fair value of KD 2,300,113 as of 31 December 2008. The provisional goodwill is KD 3,305,415 as of date of acquisition.

During 2009, the Group filed a case against the seller to cancel the deal and receive the amount paid and release the collaterals. Although of this the group recorded KD 493,348 its share from loss during the period ended 30 June 2009 (KD 2,129,874 during the year ended 31 December 2008) and its share from reserve with KD 24,600 during the period ended 30 June 2009 (KD 40,310 during the year ended 31 December 2008) and recorded the impairment of the total amount of the goodwill of KD 3,305,415.during 2008.

9. Murabaha and Wakala payables

9.1 The balance is representing in Murabaha and Wakala contracts due over average periods from three months to three years. The average effective yield rate ranged from 7% to 9.75% as of 30 June 2009 (from 7% to 9.75 % as of 31 December 2008, from 7 to 10.5 % at 30 June 2008).

9.2 Murabaha and Wakala payables are guarantee against pledging the following assets:

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Investments in associates	35,889,082	45,028,849	28,325,907
Lands and real estates under development	5,880,699	4,334,408	18,479,442
Investments property	4,299,418	1,208,333	250,558

9.3 Investments in Wakala and Murabaha include an amount of KD 2,366,433 as at 30 June 2009 (KD 2,394,650 as of 31 December 2008) which represents Murabaha granted from investment funds. The Parent Company is currently in the process of paying such amounts in their due dates and replacing them by finance from financial institutions.

10. Share capital

On 25 June 2009, the General Assembly meeting of the shareholders approved the financial statements for the year ended 31 December 2008 and not to distribute dividends for year 2008 (40% cash and 15% bonus shares: 2007) and approved the following:

- Decrease the share capital by cancelling 1,500,000 shares of the employees that was previously approved on the General assembly meeting 13 April 2008.
- Increase the share capital by issuing 43,137,130 shares with 198 fils per share with 100 fils and 98 fils as share premium and the assignment of the right from the current shareholders to Sarh Al-Madina Real Esate Company shareholders (subsidiary) and delegate the board to determined the procedures of collecting the capital increase.
- Issued 3,000,000 shares for employees' stock option plan with 100 fils and without share premium and the assignment of the right from the current shareholders.
- Accordingly the capital amounted to KD 42,394,588 distributed on 423,945,880 shares with 100 fils.
- On 16 July 2009, the commercial register was adjusted by this increase.

11. Treasury shares

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Number of shares (share)	21,220,000	21,220,000	2,760,000
Shareholding percentage (%)	5.62	5.62	1.3
Market value	2,291,760	1,782,480	1,283,400

12. Other reserves

	Group's share in associates' reserves	Employee's stock option reserve	Foreign currency translation reserve	Total
Balance as of 1 January 2008	-	490,500	(603,750)	(113,250)
Total other comprehensive loss of the period	-	-	(440,011)	(440,011)
Balance as of 30 June 2008	-	490,500	1,043,761	(553,261)
Balance as of 1 January 2009	(1,733,733)	490,500	68,286	(1,174,947)
Total other comprehensive income for the period	723,342	-	116,750	840,092
Balance as of 30 June 2009	(1,010,391)	490,500	185,036	(334,855)

13. Investments income

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
Gain / loss from sale of investments at fair value through profit or loss	201,344	(208,113)	(15,527)	188,686
Change in fair value of investments at fair value through profit or loss	34,100	3,057,005	(573,378)	2,481,992
Dividends	600	89,922	600	89,922
Murabaha income	272,802	93,492	760,452	209,540
	508,846	3,032,306	172,147	2,970,140

14. (Loss) / earning per share

(Loss) / earning per share is 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 June		Six months ended 30 June	
	2009	2008	2009	2008
Net (loss) / profit for the period	(976,220)	4,501,294	(2,609,928)	9,425,182
Weighted average number of issued and outstanding shares during the period (share)	356,588,750	258,453,224	356,588,750	286,106,911
(Loss) / earning per share (fils)	(2.74)	15.77	(7.32)	32.94

The comparative figures has been restated taking into consideration the right issue based on the capital increase approved on 13 May 2008.

15. 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 June 2009. The related parties significant transactions and outstanding balances were as follows:

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
Transactions				
Murabaha Income	412,374	59,836	898,090	140,972
High and executive management remunerations	35,569	31,500	110,800	119,985

	30 June 2009	31 December 2008	30 June 2008
Balances			
Investments in Murabahat and Mudarabat	13,008,934	23,895,524	3,367,213
Investment at fair value through profit or loss	4,350,000	3,951,401	1,827,201
Other debit balances	559,886	821,068	201,279
Payables and other credit balances	2,227,868	3,166,399	10,323,877

The Group manages portfolios on behalf of related parties. The net assets of those portfolios amounted to KD 3,671,981 as of 30 June 2009 (KD 21,025,200 as at 31 December 2008 and KD 44,124,344 as of 30 June 2008) which is recognized off consolidated balance sheet items.

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

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 selling lands and properties for trading or after development in cash or under Istisna'a contracts.
- Investment segment: represents in management of real estate portfolios and investment funds on behalf of third parties and management of the Group's investments.

The following is an analysis for the financial information according to segments for the six months period ended 30 June:

	Real Estate		Investment Finance		Total	
	2009	2008	2009	2008	2009	2008
Segment revenues	4,701,086	-	(1,846,785)	14,523,443	2,854,301	14,523,443
Segment results	4,551,086	-	(4,085,896)	11,292,639	465,190	11,292,639
Segment assets	74,618,238	85,356,212	81,188,726	109,491,698	155,806,964	194,847,910

	2009	2008
Total segment results	465,190	11,292,639
Other income	355,551	1,594,629
Loss foreign exchange differences	(831,939)	-
Provision for doubtful debts	(127,179)	(10,500)
General and administrative expenses	(786,442)	(2,264,615)
Net (loss) / profit before deductions	(924,819)	10,612,153
Total segment assets	155,806,964	194,847,910
Cash and cash equivalent	683,700	5,934,830
Trade and other receivables	4,167,599	5,176,354
Property and equipment	6,295,449	5,078,987
Total assets	166,953,712	211,038,081

17. Off balance sheet items

The Group manages 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 25,605,136 as at 30 June 2009 (KD 29,207,359 as of 31 December 2008 and KD 58,562,000 as at 30 June 2008).