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

Interim Condensed Consolidated Financial Information (Unaudited)
For the six months ended 30 June 2010
With Review Report

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Al Madina for Finance and Investment Company 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 financial position of Al Madina for Finance and Investment Company– (K.S.C.C.) "Parent Company" and its subsidiaries ("the Group") as of 30 June 2010 and the related interim condensed consolidated statements of income, comprehensive 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 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, we draw attention to note (5.2) to the interim condensed consolidated financial information regarding the advance payment to purchase a real estate project under progress. The Group is currently negotiating with the concerned parties to restructure the terms of the project. The outcome of such negotiation cannot be currently determined. The Group recorded an estimated impairment in value for this advance payment taking into consideration the conditions of the current financial crisis.

Report on Review of 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 six months period ended 30 June 2010 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 six-month period ended 30 June 2010, except what has been disclosed in note (8.3) to the interim condensed consolidated financial information.

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Kuwait, 23 August 2010.

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

Interim Condensed Consolidated Statement of Financial Position as of 30 June 2010
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	30 June 2010	31 December 2009 (Audited)	30 June 2009
Assets				
Cash and cash equivalent		507,033	733,804	683,700
Murabaha and Mudaraba investments	3	9,800,470	10,799,510	13,079,635
Investments at fair value through profit or loss	4	12,888,981	13,946,564	11,893,547
Receivables and other debit balances	5	26,856,634	28,432,460	25,969,541
Investments in associates	6	50,945,090	52,770,521	55,342,246
Lands and real estates under development	5.3	6,953,680	8,301,717	10,462,488
Investments properties	7	43,336,545	43,106,769	42,386,637
Intangible assets		-	-	840,469
Property and equipment		5,981,313	5,455,521	6,295,449
Total assets		157,269,746	163,546,866	166,953,712
Liabilities and equity				
Liabilities				
Payables and other credit balances		11,142,523	13,491,079	11,945,838
Murabaha and Wakala payables	8	63,885,025	62,609,682	61,063,990
Employees' end of service indemnity		281,699	246,057	227,522
Total Liabilities		75,309,247	76,346,818	73,237,350
Equity				
Equity attributable to shareholders of the Parent Company				
Share capital	9	40,706,523	37,780,875	37,780,875
Share premium	9	33,803,510	30,936,375	30,936,375
Statutory reserve		3,507,676	3,507,676	3,507,676
Voluntary reserve		3,409,102	3,409,102	3,409,102
Treasury shares	10	(5,010,415)	(5,007,330)	(5,015,069)
Other reserves	11	5,947,248	1,996,787	(334,855)
(Accumulated losses) / retained earnings		(8,515,920)	(4,874,749)	3,543,656
Total equity attributable to shareholders of the Parent Company		73,847,724	67,748,736	73,827,760
Non-controlling interest		8,112,775	19,451,312	19,888,602
Total equity		81,960,499	87,200,048	93,716,362
Total liabilities and equity		157,269,746	163,546,866	166,953,712

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

Khalid Yacoub Al Mutawa
Chairman & Managing Director

Sheikh\ Hmoud Shamlan Alsubah
Vice chairman

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 2010
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2010	**2009**	**2010**	**2009**
Revenues					
Gain from investments	12	162,722	508,846	252,059	172,147
Group's share of associates' results		(1,868,799)	(77,157)	(1,629,123)	(742,859)
Loss from trading on associate shares		-	(1,137,855)	(7,447)	(1,394,044)
Gain from disposal of subsidiaries' shares		-	-	-	57,146
(Loss) / income of properties	13	(106,344)	266,700	(103,519)	4,701,086
Gross profit from oilfield service and others		119,628	307,886	498,670	509,980
Other income		(63,337)	96,019	72,759	186,081
Loss / (gain) from currency exchange		(267,650)	325,778	(306,843)	(831,939)
		(2,023,780)	290,217	(1,223,444)	2,657,598
Expenses and other charges					
Finance charges		(765,517)	(979,730)	(1,415,834)	(2,239,111)
General and administrative expenses		(440,105)	(570,933)	(958,179)	(1,216,127)
Provision	5.2	(1,500,000)	110,220	(1,500,000)	(127,179)
		(2,705,622)	(1,440,443)	(3,874,013)	(3,582,417)
Net loss for the period		(4,729,402)	(1,150,226)	(5,097,457)	(924,819)
Attributable to:					
Shareholders of the Parent Company		(3,464,232)	(976,220)	(3,645,333)	(2,609,928)
Non-controlling interest		(1,265,170)	(174,006)	(1,452,124)	1,685,109
Net loss for the period		(4,729,402)	(1,150,226)	(5,097,457)	(924,819)
Loss per share (fils)	14	(9.62)	(2.74)	(10.19)	(7.32)

The accompanying notes 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 2010
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Three months ended 30 June		Six months ended 30 June	
	2010	**2009**	**2010**	**2009**
Net loss for the period	(4,729,402)	(1,150,226)	(5,097,457)	(924,819)
Group's share of associate's reserves	490,067	737,256	(206,865)	723,342
Group's share from the (loss) / gain resulted from sale of the associate treasury share	(64)	(62,094)	4,162	(62,094)
Foreign currency translation reserve	58,482	(2,261)	63,696	116,750
Other comprehensive income / (loss)	548,485	672,901	(139,007)	777,998
Total other comprehensive loss for the period	(4,180,917)	(477,325)	(5,236,464)	(146,821)
Attributable to:				
Shareholders of the Parent Company	(2,915,747)	(303,319)	(3,784,340)	(1,831,930)
Non-controlling interest	(1,265,170)	(174,006)	(1,452,124)	1,685,109
	(4,180,917)	(477,325)	(5,236,464)	(146,821)

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

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

Interim Condensed Consolidated Statement of Changes in Equity For the six months ended 30 June 2010
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Equity attributable to Shareholders of the Parent Company								Non-controlling interest	Total equity
	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Other reserves (Note 11)	Retained earnings / (accumulated losses)	Total equity to the Parent Company's shareholders		
Balance as of 1 January 2009	37,780,875	30,936,375	3,507,676	3,409,102	(5,077,087)	(1,174,947)	8,314,232	77,696,226	18,203,493	95,899,719
Effect of reclassification of investments in associate (note 7)	-	-	-	-	-	-	(2,098,554)	(2,098,554)	-	(2,098,554)
Balance as of 1 January 2009 (restated)	37,780,875	30,936,375	3,507,676	3,409,102	(5,077,087)	(1,174,947)	6,215,678	75,597,672	18,203,493	93,801,165
Total comprehensive income / (losses) for the period	-	-	-	-	-	840,092	(2,672,022)	(1,831,930)	1,685,109	(146,821)
Purchase of treasury shares	-	-	-	-	(87,377)	-	-	(87,377)	-	(87,377)
Sale of treasury shares	-	-	-	-	149,395	-	-	149,395	-	149,395
Balance as of 30 June 2009	37,780,875	30,936,375	3,507,676	3,409,102	(5,015,069)	(334,855)	3,543,656	73,827,760	19,888,602	93,716,362
Balance as of 1 January 2010	37,780,875	30,936,375	3,507,676	3,409,102	(5,007,330)	1,996,787	(4,874,749)	67,748,736	19,451,312	87,200,048
Total comprehensive (loss) / income for the period	-	-	-	-	-	(143,169)	(3,641,171)	(3,784,340)	(1,452,124)	(5,236,464)
Share capital increase (note 9)	2,925,648	2,867,135	-	-	-	-	-	5,792,783	-	5,792,783
Acquisition of additional stake in a subsidiary (note 1)	-	-	-	-	-	4,093,630	-	4,093,630	(9,886,413)	(5,792,783)
Purchase of treasury shares	-	-	-	-	(3,085)	-	-	(3,085)	-	(3,085)
Balance as of 30 June 2010	40,706,523	33,803,510	3,507,676	3,409,102	(5,010,415)	5,947,248	(8,515,920)	73,847,724	8,112,775	81,960,499

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

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

Interim Condensed Consolidated Statement of Cash Flows For the six months ended 30 June 2010
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Six months ended 30 June	
	2010	**2009**
Cash flows from operating activities		
Net loss for the period	(5,097,457)	(924,819)
Adjustments:		
Gains from investments	(252,059)	(172,147)
Group's share of associates' results	1,629,123	742,859
Losses / (gains) from investments properties	135,519	(4,434,386)
Finance cost	1,415,834	2,239,111
Losses from trading shares in associates	7,447	1,394,044
Gain from disposal of a subsidiary	-	(57,146)
Provision for doubtful debts	1,500,000	127,179
Depreciation and amortization	154,577	91,090
Employees' end of service's indemnity	35,642	55,537
Operating losses before changing in the working capital	(471,374)	(938,678)
Investments at fair value through profit or loss	428,102	627,593
Finance lease receivables	-	95,991
Receivables and other debit balances	1,919,725	1,225,368
Payables and other credit balances	(404,282)	1,189,995
Net cash generated from operating activities	1,472,171	2,200,269
Cash flows from investing activities		
Murabaha investment	-	12,257,570
Dividends received	-	600
Paid for purchase of investments in associates	(4,510,011)	(28,820,323)
Proceeds from sale of investments in associates	4,496,171	31,562,888
Paid for lands under development	(549,246)	(1,709,556)
Cash paid for acquisition of additional shares in a subsidiary	(5,792,783)	-
Paid for purchase of investment properties	(311,911)	(842,072)
Paid for purchase of property and equipment	(680,369)	(538,816)
Net cash (used in) / generated from investing activities	(7,348,149)	11,910,291
Cash flows from financing activities		
Murabaha and Wakala payables	1,404,701	(12,662,715)
Paid from finance cost	(1,545,192)	(1,842,491)
Purchase of treasury shares	(3,085)	(87,377)
Sale of treasury shares	-	87,301
Proceeds from capital increase	5,792,783	-
Net cash generated from / (used in) financing activities	5,649,207	(14,505,282)
Net decrease in cash and cash equivalent	(226,771)	(394,722)
Cash and cash equivalent at the beginning of the period	733,804	1,078,422
Cash and cash equivalent at the end of the period	507,033	683,700

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

Notes to the Interim Condensed Consolidated Financial Information For the six months ended 30 June 2010 (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's head office is domiciled at Ahmed Al-Jaber Street, Sharq, Kuwait.

The consolidated financial information include 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 Sharia principles.

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

- For the consolidation purposes, subsidiaries' management accounts have been used. The total assets of such subsidiaries amounting to KD 89,326,546 as of 30 June 2010 (KD 90,879,007 as of 31 December 2009), and their net losses amounting to KD 296,590 for the period ended 30 June 2010 (profit of KD 2,286,418 for the period ended 30 June 2009).

- During the period ended 30 June 2010, the Group acquired additional stake of 33.44% from the shareholders of Sarh Al-Madina real estate, the carrying value of these stakes amounted to KD 9,886,413. The acquisition cost amounted to KD 5,792,783, the gain realized from this acquisition amounted to KD 4,093,630 are accounted in equity as per the IFRS requirements.

- During the period ended 30 June 2010, the Group has finished the establishment of three companies in Cayman Islands by 84.12%.

The interim condensed consolidated financial information was authorized for issuance by the Board of Directors on 23 August 2010. On 8 June 2010, the General Assembly meeting approved the financial statements for the year ended 31 December 2009.

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.

The impairment provision for Murabaha and Wakala receivables is determined in accordance with specific provision requirements of central bank of Kuwait, the Central Bank of Kuwait require making general provision on all Murabaha and Wakala receivables which have not been provided with specific provision net of the collaterals subject to the Central Bank of Kuwait instructions.

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 six-month period ended 30 June 2010 are not necessarily indicative of the results that may be expected for the year ending 31 December 2010. For further information, refer to the consolidated financial statements for the year ended 31 December 2009 and its related disclosures.

The interim condensed consolidated financial information have been prepared in accordance with the same accounting principles and methods of calculation used in the latest annual financial statements for the year ended 31 December 2009 in accordance with the International Financial Reporting Standards as adopted in the State of Kuwait, except for the followings:

Following is the most significant changes in the accounting policies on the Group:

- The acquisition-related cost is charged to the statement of income in the periods in which the costs are incurred.
- Changes in the interest of a subsidiary that will not result in loss of control are treated as group's equity transactions and they are accounted in equity.
- The interest held before obtaining control is re-measured at fair value at the date of obtaining control and the resulting gain or loss are charged to the statement of income.

There is no significant impact on the condensed consolidated financial information as a result from those changes except for recognizing the share of profit of the Parent Company's shareholders resulting from the acquisition of an additional stake in a subsidiary amounted to KD 4,093,630 in equity.

3. Murabaha and Mudaraba investments

	30 June 2010	31 December 2009 (Audited)	30 June 2009
Murabaha	491,500	491,500	2,614,516
Mudaraba	10,020,212	11,019,252	11,019,252
	10,511,712	11,510,752	13,633,768
Impairment in value provision	(711,242)	(711,242)	(554,133)
	9,800,470	10,799,510	13,079,635

3.1 This item represents the amounts invested in Murabaha and Mudaraba agreements in Kuwaiti Dinars. The average effective rate of return is 8% as of 30 June 2010 (8% as of 31 December 2009 and 6.75%as at 30 June 2009). Mudaraba will mature on 30 June 2011.

3.2 This item includes an amount of KD 9,800,470 granted to related party as of 30 June 2010 (KD 10,799,510 as of 31 December 2009 and KD 13,008,934 as at 30 June 2009) secured by quoted investments at portfolio managed by the Group for those parties. The fair value of those securities amounted to KD 12,884,013 as of 30 June 2010 (KD 12,389,692 as of 31 December 2009) and also secured by shares with nominal value of KD 1,729,000 presented from the same party to one of the local banks against one of the Parent Company's Murabaha payables.

4. Investments at fair value through profit or loss

	30 June 2010	31 December 2009 (Audited)	30 June 2009
Held for trading investments	1,381,217	2,493,109	158,413
Investments designated at fair value through profit or loss	11,507,764	11,453,455	11,735,134
	12,888,981	13,946,564	11,893,547
Investments in local shares – quoted	1,381,217	2,493,109	158,413
Investments in local shares – unquoted	4,533,228	4,546,463	4,623,189
Investments in foreign shares – unquoted	3,556,567	3,556,567	3,556,567
Investments in local funds – unquoted	2,047,738	1,980,194	2,185,147
Investments in foreign funds – unquoted	1,370,231	1,370,231	1,370,231
	12,888,981	13,946,564	11,893,547

4.1 Investments in local and foreign unquoted shares are priced using valuation methods and based on the available information of the Financial Position, result of operation of investee companies and the expected future profits for these companies as of 31 December 2009. Based on the management estimate, there is no impairment in the value of these investments as of 30 June 2010.

4.2 The fair value of unquoted funds is determined based on the last net assets value available for these funds.

4.3 Investments in quoted local shares include investments in Estrategia Investment Company (K.S.C) amounting to KD 1,098,855 as of 30 June 2010 (KS 2,004,929 as of 31 December 2009, Nil as of 30 June 2009), there is a credit balance due against the purchase of these investments of KD 3,977,707. Investments of KD 2,080,188 as of 30 June 2010 (KD 3,123,393 as of 31 December 2009) have been pledged against the credit balance due for purchase of investments. There is legal suit against the seller to revoke the purchase agreement and refund the amount paid as well as release of guarantees. Also there is a legal suit from the seller to settle the unpaid credit balance.

5. Receivable and other debit balances

	30 June 2010	31 December 2009 (Audited)	30 June 2009
Receivables from sale of real estate	5,663,757	7,321,958	9,294,794
Advance payments for purchase of real estate	14,933,680	14,933,680	14,933,680
Less: provisions	(3,395,426)	(1,895,426)	(1,895,426)
	17,202,011	20,360,212	22,333,048
Receivables from purchase of properties	1,843,900	-	-
Due from related parties	5,357,523	5,072,187	559,886
Rig lease receivables	572,193	1,256,715	962,148
Cash blocked against letters of guarantee	1,144,450	933,340	922,314
Commissions and accrued dividends	131,150	242,222	175,541
Prepaid expenses	40,614	32,757	64,756
Staff receivables	40,397	37,223	101,064
Other debit balances	524,396	497,804	850,784
	26,856,634	28,432,460	25,969,541

5.1 Receivables on sale of properties represent the balance due from selling of developed properties. The transfer of the ownership of these properties to the buyers takes place upon settlement the full amount due.

5.2 On July 2008, based on purchase agreement and promise for resale signed with a third party, the Group acquired four companies established in Cayman Island engaged in a real estate development project in Reem Island-Abu Dhabi with an estimated development cost of KD 202,079,069 (equivalent to AED 2,582,480,000). The Group paid an amount of KD 14,933,680 (equivalent to AED 204,624,000) as advance payment for purchase of real estates. The Group is unable to resell the companies and is currently negotiating with the third party and the developer to restructure the terms of the project in order to reschedule any other capital commitments may arise from this agreement. The Group has recorded impairment for the advance payment by an estimated amount of KD 1,500,000 based on the instruction of the regulation authorities.

5.3 During the period, the Group has transferred the net carrying value of a land acquired in the Kingdom of Saudi Arabia under primary-sharing contracts their carrying value amounted to KD 1,997,479 from lands and real estate under development to receivables from purchase of properties. There are lawsuits to refund the amounts paid in addition to compensation as the buyer has not committed to transfer the ownership of those lands. The Group signed an agreement with this party and it was authenticated in the courts of the Kingdom of Saudi Arabia, according to this agreement the Group will receive a cash amounted to KD 1,231,656 and property amounted to KD 765,823. During the period ended 30 June 2010 the Group received an amount of KD 153,579 (equivalent to SAR 2,000,000). Currently, the necessary procedures are in the process to collect the amount paid by the Group.

6. Investments in associates

	Ownership %	30 June 2010	Ownership %	31 December 2009 (Audited)	Ownership %	30 June 2009
Ekttitab Holding Co. K.S.C.C.	22.53	5,361,157	22.53	7,328,172	22.59	10,111,852
Estrategia Investment Co.	-	-	-	-	21.94	1,968,186
Hits Telecom Co.	40.61	42,430,307	40.61	42,549,334	-	43,262,208
Amlak Capital Holding Co.	35.24	3,153,626	35.24	2,893,015	40.44	-
		50,945,090		52,770,521		55,342,246

6.1 The Group has recorded its shares of Hits Telecom result using the unaudited financial information of these associates as of 31 March 2010 and its share of Ektitab Holding Company based on the management for the period ended 30 June 2010 and its share of Amlak Capital Holding Company based on the audited financial statements as of 31 December 2009.

6.2 Investments in Ektitab Holding Company includes deferred revenue amounted to KD 194,963 as of 30 June 2010 (KD 194,963 as of 31 December 2009, KD 194,963 as of 30 June 2009).

6.3 Hits Telecom investments includes a goodwill of KD 5,605,920 as of 30 June 2010 (KD 5, 605,920 as of 31 December 2009, KD 5,904,848 as of 30 June 2009), and deferred revenues of KD 4,401,836 as of 30 June 2010 (KD 4,401,836 as of 31 December 2009, 4,529,437 as of 30 June 2009).

7. Investment properties

7.1 Investments properties include a property recorded in the name of the Company, the carrying value amounted to KD 3,060,000 as of 30 June 2010. The Group acquired this property based on a purchase contract which was partially cancelled accordingly a final settlement of the purchase amount was not agreed upon. The amounts paid for this deal amounted to KD 2,278,750 were used as a part of settling the property's price and the remaining was estimated based on external valuer and was recorded in payables. Currently, there are formal warranties from the Group to repay the amounts paid and also there sis formal warranties from the seller party to force the Group to purchase according to what was mentioned in the agreement of KD 5,878,750.

7.2 Investment properties are valuated annually by external valuer. According to the management estimates, the fair value of investments properties is not significantly different from its book value as of 30 June 2010.

8. Murabaha and Wakala payables

8.1 The balance of Murabaha and Wakala investments represent contracts due in average period from three months to three years. The average effective yield rate ranged from 4% to 7.5% as of 30 June 2010 (from 4% to 7.5% as of 31 December 2009 from 7 to 9.7%of 30 June 2009).

8.2 Murabaha and Wakala payable are guarantee against pledging the following assets:

	30 June 2010	31 December 2009 (Audited)	30 June 2009
Investments in associates	34,022,741	31,740,856	35,889,082
Investments at fair value through profit or loss	2,500,649	1,160,199	-
Land and real estate under development	4,294,603	3,874,416	5,880,699
Investments property	4,383,388	4,334,628	4,299,418
	45,201,381	41,110,099	46,069,199

8.3 Murabaha and Wakala payables include an amount of KD 2,522,653 as of 30 June 2010 (KD 2,522,653 as of 31 December 2009) which represents Murabaha granted from investment funds. The Parent Company is currently in the process of settling part of these amounts on their due dates, and replacing them with finance from financial institutions.

8.4 Wakala amounted to KD 12,069,598 as of 30 June 2010 (KD 12,069,598 as of 31 December 2009) are matured, this Wakala was not renewed, or paid. There is a legal dispute with some parties regarding the amounts which must be paid out of Wakala payable with principal amount of KD 10,995,625. The liabilities were fully recorded till our date to face any result of the legal dispute.

9. Share capital

Based on the approval of the shareholders General Assembly Meeting held on 25 June 2009, the Board of Directors called the share capital increase on 9 June 2010 to the shareholders of Sarh Al-Madina Real Estate Company by 43,137,130 shares. The shareholders of Sarh subscribed in 29,256,475 shares with nominal value of 100 fils and share premium of 98 fils, the increase has been collected in cash during the period ended 30 June 2010. Accordingly, the issued and paid up capital is KD 40,706,523 comprising of 407,065,225 shares.

Currently, the necessary procedures are in process to decrease the capital by the unsubscribed shares.

10. Treasury shares

	30 June 2010	31 December 2009 (Audited)	30 June 2009
Number of shares (share)	22,500,000	22,460,000	21,220,000
Shareholding percentage (%)	5.95	5.94	5.62
Market value	1,165,950	1,662,040	2,291,760

11. Other reserves

	Gain resulted from acquisition of additional share of a subsidiary	Employees stock option plan	Groups shares in associates reserve	Foreign currency translation reserve	Total
Balance as of 1 January 2009	-	490,500	(1,733,733)	68,286	(1,174,947)
Total comprehensive income for the period	-	-	723,342	116,750	840,092
Balance as of 30 June 2009	-	490,500	(1,010,391)	185,036	(334,855)
Balance as of 1 January 2010	-	490,500	888,006	618,281	1,996,787
Total comprehensive income for the period	4,093,630	-	(206,865)	63,696	3,950,461
Balance as of 30 June 2010	4,093,630	490,500	681,141	681,977	5,947,248

12. Gains from investments

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
Gain / (loss) from sale of investments at fair value through profit or loss	68,953	201,344	252,466	(15,527)
Change in fair value of investments at fair value through profit or loss	(787,762)	34,100	(881,938)	(573,378)
Dividends	-	600	-	600
Murabaha income	881,531	272,802	881,531	760,452
	162,722	508,846	252,059	172,147

Notes to the Interim Condensed Consolidated Financial Information For the six months ended 30 June 2010 (Unaudited)
(All amounts are in Kuwaiti Dinars unless otherwise stated)

13. (Loss) / income of properties

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
Loss from sale of investment properties	(72,160)	-	(82,135)	-
Gain from lease of investment properties	19,200	266,700	32,000	266,700
Loss from sale of lands and real estate under development	(53,384)	-	(53,384)	-
Change in fair vale of investment properties	-	-	-	4,434,386
	(106,344)	266,700	(103,519)	4,701,086

14. Loss per share

Loss per share is calculated by dividing net loss 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	
	2010	2009	2010	2009
Net loss for the period attributable to shareholders of the Parent Company	(3,464,232)	(976,220)	(3,645,333)	(2,609,928)
Weighted average number of issued and outstanding shares during the period (share)	359,935,385	356,588,750	357,672,122	356,588,750
Loss per share (fils)	(9.62)	(2.74)	(10.19)	(7.32)

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 The related parties significant transactions and outstanding balances were as follows:

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
Transactions				
Murabaha and Mudaraba income	881,531	272,802	881,531	760,452
High and executive management remunerations	44,375	35,569	88,750	110,800

	31March 2010	31 December 2009 (Audited)	31March 2009
Financial Position			
Investments in Murabaha and Mudaraba	9,800,470	10,799,510	13,008,934
Other debit balances	5,357,523	5,072,187	559,886
Payables and other credit balances	1,071,697	2,794,523	2,227,868

The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 14,383,113 as of 30 June 2010 (KD 13,610,769 as of 31 December 2009 and KD 3,671,981 as of 30 June 2009) 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. Contingent liabilities

During the period ended 30 June 2010, an arbitration verdict was issued in favor of a third party against the company to pay US $ 10,011,255 along with US $ 300,000 as compensation. In case of executing such verdict the company will acquire assets from this party against the payment. Subsequent to the financial information date, the Parent Company's cash at bank amounted to KD 10,484 and investment in securities with fair value of KD 125,635 has been pledged.

As per the lawyer's opinion, it is likely that the appeal lawsuit against the verdict will be nullified in favor of the company. Accordingly the company management did not provide any provision against this case.

17. 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.

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

	Real Estate		Investment finance		Total	
	2010	2009	2010	2009	2010	2009
Segment revenue	(103,519)	4,701,086	(1,384,511)	(1,907,610)	(1,488,030)	2,793,476
Segment results	(1,603,519)	4,551,086	(2,800,345)	(3,996,721)	(4,403,864)	554,365
Segment assets	69,336,136	75,182,173	73,634,541	81,155,897	142,970,677	156,338,070

	2010	2009
Total segment result	(4,403,864)	554,365
Other income	72,759	186,081
Foreign exchange losses	(306,843)	(831,939)
Gross profit from oilfield services and others	498,670	509,980
Provision for doubtful debts	-	(127,179)
General and administrative expenses	(958,179)	(1,216,127)
Net profit before deduction	(5,097,457)	(924,819)
Total segment assets	142,970,677	156,338,070
Cash and cash equivalent	507,033	683,700
Receivables and other debit balances	7,810,723	3,636,493
Property and equipment	5,981,313	6,295,449
Total assets	157,269,746	166,953,712

18. 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 38,065,313 as of 30 June 2010 (KD 40,360,187 as of 31 December 2009 and KD 25,605,136 as of 30 June 2009).