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

Interim Condensed Consolidated Financial Information (Unaudited)
For the six months ended 30 June 2011
With Review Report

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

Interim Condensed Consolidated Financial Information (Unaudited)
For the six months ended 30 June 2011
With Review Report

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Al Madina for Finance and Investment Company - KSCC
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 – KSCC "the Parent Company" and its subsidiaries ("the Group") as of 30 June 2011 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 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).

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-month period ended 30 June 2011 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 2011, except what has been disclosed in note (8.3) to the interim condensed consolidated financial information.

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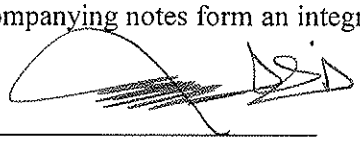
Kuwait
18 August 2011

Al Madina for Finance and Investment – KSCC
And its subsidiaries

Interim Condensed Consolidated Statement of Financial Position as of 30 June 2011
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	30 June 2011	31 December 2010 (Audited)	30 June 2010
Assets				
Cash and cash equivalent		1,832,726	602,997	507,033
Murabaha and Mudaraba investments	3	11,835,437	11,835,437	9,800,470
Investments at fair value through profit or loss	4	7,061,827	12,499,982	12,888,981
Receivables and other debit balances	5	11,883,186	14,620,995	26,856,634
Real estate held for trading		1,985,264	2,232,258	-
Lands and real estates under development		3,138,429	2,951,982	6,953,680
Investments properties	6	50,997,358	50,855,903	43,336,545
Investments in associates	7	47,941,414	50,246,981	50,945,090
Property and equipment		5,534,907	5,712,087	5,981,313
Total assets		142,210,548	151,558,622	157,269,746
Liabilities and equity				
Liabilities				
Payables and other credit balances		10,836,206	12,117,447	11,142,523
Wakala payables	8	59,082,482	64,759,046	63,885,025
End of service indemnity		211,680	291,186	281,699
Total Lliabilities		70,130,368	77,167,679	75,309,247
Equity				
Equity attributable to shareholders of the Parent Company				
Share capital		40,706,523	40,706,523	40,706,523
Share premium		33,803,510	33,803,510	33,803,510
Statutory reserve		3,507,676	3,507,676	3,507,676
Voluntary reserve		3,409,102	3,409,102	3,409,102
Treasury shares		(5,028,120)	(5,028,120)	(5,010,415)
Other reserves	9	(697,495)	(289,650)	1,853,618
Accumulated losses		(10,638,044)	(9,019,810)	(4,422,290)
Total equity attributable to shareholders of the Parent Company		65,063,152	67,089,231	73,847,724
Non-controlling interest		7,017,028	7,301,712	8,112,775
Total equity		72,080,180	74,390,943	81,960,499
Total liabilities and equity		142,210,548	151,558,622	157,269,746

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



Khalid Yacoub Al Mutawa
Chairman & Managing Director

Al Madina for Finance and Investment – KSCC
And its subsidiaries

Interim Condensed Consolidated Statement of Income For the six months ended 30 June 2011
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2011	2010	2011	2010
Revenues					
(Losses) /gain from investments		(357,600)	162,722	(274,955)	252,059
Group's share of associates' results	7.1	(535,603)	(1,868,799)	(1,043,518)	(1,629,123)
Gain /(losses) from trading on associate shares		-	-	206,302	(7,447)
Income /(losses) of properties	10	83,390	(106,344)	169,536	(103,519)
Gross profit from oilfield and other service		507,307	119,628	596,518	498,670
Other income / (losses)	13	41,342	(63,337)	927,602	72,759
Gain / (loss) from currency exchange		227,816	(267,650)	71,745	(306,843)
		(33,348)	(2,023,780)	653,230	(1,223,444)
Expenses and other charges					
Finance charges		(717,124)	(765,517)	(1,434,381)	(1,415,834)
General and administrative expenses		(532,189)	(440,105)	(976,145)	(958,179)
Provisions		-	(1,500,000)	-	(1,500,000)
		(1,249,313)	(2,705,622)	(2,410,526)	(3,874,013)
Net loss for the period		(1,282,661)	(4,729,402)	(1,757,296)	(5,097,457)
Attributable to:					
Shareholders of the Parent Company		(1,167,071)	(3,464,232)	(1,597,043)	(3,645,333)
Non-controlling interest		(115,590)	(1,265,170)	(160,253)	(1,452,124)
Net loss for the period		(1,282,661)	(4,729,402)	(1,757,296)	(5,097,457)
Loss per share (fils)	11	(3.04)	(9.62)	(4.16)	(10.19)

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

Al Madina for Finance and Investment – KSCC
And its Subsidiaries

Interim Condensed Consolidated Statement of Comprehensive Income For the six months ended 30 June 2011
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Three months ended 30 June		Six months ended 30 June	
	2011	**2010**	**2011**	**2010**
Net loss for the period	(1,282,661)	(4,729,402)	(1,757,296)	(5,097,457)
Group's share of associate's reserves	(478,989)	490,067	(292,161)	(206,865)
Group's share from the (loss) / gain resulted from sale of the associate treasury share	(17,717)	(64)	(21,191)	4,162
Foreign currency translation reserve	(55,110)	58,482	(115,684)	63,696
Other comprehensive (loss) / income	(551,816)	548,485	(429,036)	(139,007)
Total comprehensive loss for the period	(1,834,477)	(4,180,917)	(2,186,332)	(5,236,464)
Attributable to:				
Shareholders of the Parent Company	(1,718,887)	(2,915,747)	(2,026,079)	(3,784,340)
Non-controlling interest	(115,590)	(1,265,170)	(160,253)	(1,452,124)
	(1,834,477)	(4,180,917)	(2,186,332)	(5,236,464)

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

Al Madina for Finance and Investment – KSCC
And its Subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity For the six months ended 30 June 2011
(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 9)	Accumulated losses	Total equity attributable to the Parent Company's shareholders		
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 losses for the period	-	-	-	-	-	(143,169)	(3,641,171)	(3,784,340)	(1,452,124)	(5,236,464)
Share capital increase	2,925,648	2,867,135	-	-	-	-	-	5,792,783	-	5,792,783
Acquisition of additional shares in a subsidiary	-	-	-	-	-	-	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)	1,853,618	(4,422,290)	73,847,724	8,112,775	81,960,499
Balance as of 1 January 2011	40,706,523	33,803,510	3,507,676	3,409,102	(5,028,120)	(289,650)	(9,019,810)	67,089,231	7,301,712	74,390,943
Total comprehensive loss for the period	-	-	-	-	-	(407,845)	(1,618,234)	(2,026,079)	(160,253)	(2,186,332)
Dividends distribution from a subsidiary	-	-	-	-	-	-	-	-	(124,431)	(124,431)
Balance as of 30 June 2011	40,706,523	33,803,510	3,507,676	3,409,102	(5,028,120)	(697,495)	(10,638,044)	65,063,152	7,017,028	72,080,180

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

Al Madina for Finance and Investment – KSCC
And its Subsidiaries

Interim Condensed Consolidated Statement of Cash Flows For the six months ended 30 June 2011 (Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Six months ended 30 June 2011	2010
Cash flows from operating activities			
Net loss for the period		(1,757,296)	(5,097,457)
Adjustments:			
Losses /(gain) from investments		274,955	(252,059)
Group's share of associates' results		1,043,518	1,629,123
(Gain) /losses from properties		(10,815)	135,519
Finance charges		1,434,381	1,415,834
(Gain) /losses from trading shares in associates		(206,302)	7,447
Reverse contingent provision	13	(736,493)	-
Provisions		-	1,500,000
Depreciation and amortization		17,961	154,577
Employees' end of service's indemnity		(79,506)	35,642
Operating losses before changing in the working capital		(19,597)	(471,374)
Investments at fair value through profit or loss		5,163,200	428,102
Receivables and other debit balances		2,737,808	1,919,725
Payables and other credit balances		(1,213,606)	(404,282)
Net cash generated from operating activities		6,667,805	1,472,171
Cash flows from investing activities			
Proceeds from sale of land under development		129,478	-
Proceeds from sale of real estate under development		246,994	-
Paid for purchase of investments in associates		-	(4,510,011)
Proceeds from sale of investments in associates		1,155,000	4,496,171
Paid for lands under development		(305,110)	(549,246)
Cash paid for acquisition of additional shares in a subsidiary		-	(5,792,783)
Paid for purchase of investment properties		(141,455)	(311,911)
Paid for purchase of property and equipment		(24,100)	(680,369)
Net cash generated from /(used in) investing activities		1,060,807	(7,348,149)
Cash flows from financing activities			
Murabaha and Wakala payables		(5,078,264)	1,404,701
Paid from finance charges		(1,296,188)	(1,545,192)
Purchase of treasury shares		-	(3,085)
Non-controlling interest share from dividend of subsidiary		(124,431)	-
Proceeds from capital increase		-	5,792,783
Net cash (used in) /generated from financing activities		(6,498,883)	5,649,207
Net increase /(decrease) in cash and cash equivalent		1,229,729	(226,771)
Cash and cash equivalent at the beginning of the period		602,997	733,804
Cash and cash equivalent at the end of the period		1,832,726	507,033

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

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 interim condensed 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.

Subsidiaries' management accounts have been used for the consolidation purposes. The total assets of such subsidiaries amounting to KD 68,949,101 as of 30 June 2011 (KD 85,696,621 as of 31 December 2010), and their net losses amounting to KD 4,250 for the period ended 30 June 2011 (losses amount of KD 296,590 for the period ended 30 June 2010).

The interim condensed consolidated financial information was authorized for issuance by the Board of Directors on18 August 2011.

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.

The operating results for the three-month period ended 30 June 2011 are not necessarily indicative of the results that may be expected for the year ending 31 December 2011. For further information, refer to the consolidated financial statements for the year ended 31 December 2010 and its related disclosures.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2010 except for the amendments to standards as below which are applicable for the Group from 1 January 2011.

- *IAS 24 Related party disclosures (Revised)*

The amended Standard clarified the definition of a related party and laid down additional requirement for disclosure of outstanding commitments to related parties. The adoption of the amendment did not have any impact on the financial position or performance of the Group, but gave rise to additional disclosures in the interim consolidated financial information.

- *IAS 34 Interim Financial Reporting (Revised)*

The amended standard provided clarification about significant events and transactions to be disclosed in the interim financial report and clarifies how to apply this principal in respect of financial instruments and their fair values. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

3. Murabaha and Mudaraba investments

	30 June 2011	31 December 2010 (Audited)	30 June 2010
Murabaha	491,500	491,500	491,500
Mudaraba	12,108,861	12,108,861	10,020,212
	12,600,361	12,600,361	10,511,712
Impairment in value provision	(764,924)	(764,924)	(711,242)
	11,835,437	11,835,437	9,800,470

3.1 This item represents the amounts invested in Murabaha and Mudaraba agreements in local currency. The average effective rate of return on these agreement is 6 to 7% as of 30 June 2011 (6 to 7% as of 31 December 2010 and 8% as of 30 June 2010). Mudaraba will mature during 2011 and 2012.

3.2 This item includes an amount of KD 11,987,772 granted to related party as of 30 June 2011 (KD 11,987,772 as of 31 December 2010 and KD 9,800,470 as of 30 June 2010). The following assets are pledged from these parties to the Group as a guarantee:

	30 June 2011	31 December 2010 (Audited)	30 June 2010
Quoted shares in a portfolio managed by the Group	4,897,852	8,201,439	12,884,013
Local unquoted shares	2,991,262	-	-
Quoted shares pledged against Wakala payables granted to the Group	609,700	982,800	1,729,006

4. Investments at fair value through profit or loss

	30 June 2011	31 December 2010 (Audited)	30 June 2010
Held for trading investments	957,974	1,310,565	1,381,217
Investments designated at fair value through profit or loss	6,103,853	11,189,417	11,507,764
	7,061,827	12,499,982	12,888,981
Investments in local shares – quoted	957,974	1,310,565	1,381,217
Investments in local shares – unquoted	4,520,000	4,533,228	4,533,228
Investments in foreign shares – unquoted	-	3,556,567	3,556,567
Investments in local funds – unquoted	1,583,853	1,804,609	2,047,738
Investments in foreign funds – unquoted	-	1,295,013	1,370,231
	7,061,827	12,499,982	12,888,981

4.1 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 2010, and the fair value of the investments in local unquoted funds is determined based on the net assets value as of 30 June 2011.

4.2 During the period, the group sold foreign unquoted shares and fund investments of KD 4,931,699 which resulted a gain amounted to KD 399,291 recorded in the statement of income for the six period ended 30 June 2011.

4.3 The Group has pledged investment in associate with carrying value amounted to KD 929,400 as of 30 June 2011 (KD 961,901 – 31 December 2010) and investments at fair value through profit or loss amounted to KD 770,322 as of 30 June 2011 (KD 1,074,643 – 31 December 2010) against payables from purchase of investments amounted to KD 3,977,707 as of 30 June 2011.

5. Receivable and other debit balances

	30 June 2011	31 December 2010 (Audited)	30 June 2010
Receivables from sale of real estate	7,262,404	10,433,895	8,111,716
Advance payments for purchase of real estate	14,933,680	14,933,680	14,933,680
Purchase of properties receivables	1,814,174	1,814,174	1,843,900
Due from related parties	1,704,625	1,484,710	2,909,564
Rig lease receivables	-	254,496	572,193
Cash blocked against letters of guarantee	1,493,624	1,489,284	1,144,450
Accrued rents	491,210	491,210	491,210
Services contracts receivable	590,714	22,875	196,376
Other debit balances	948,553	1,052,469	48,971
	29,238,984	31,976,793	30,252,060
Less: provisions	(17,355,798)	(17,355,798)	(3,395,426)
	11,883,186	14,620,995	26,856,634

6. Investment property

6.1 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 2011.

6.2 Investments properties include a property recorded in the name of the Company, the carrying value amounted to KD 3,060,000 as of 31 December 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 valuator and was recorded in payables. The seller party has filed a lawsuit to mandate an expert for the liquidation of the account and it has been rejected in the first class court. The seller party appealed the verdict and it has been transferred to the experts.

6.3 Investment properties include a plot of land amounted to KD 4,100,626 as of 30 June 2011 is located in one of the GCC countries. The ownership of this land will be transferred upon the settlement of the unpaid purchase price of KD 2,010,628 which has been recorded in payables from purchase of investment properties. The Group has pledged investment in associates with carrying value of KD 1,967,819 as of 30 June 2011 and treasury shares of KD 1,756,424 as of 30 June 2011 (KD 3,733,621 – December 2010) against payables from purchase of investment properties.

7. Investments in associates

	Ownership %	30 June 2011	Ownership %	31 December 2010 (Audited)	Ownership %	30 June 2010
Ekttitab Holding Co. KSCC	22.90	4,640,588	22.53	4,849,949	22.59	5,361,157
Hits Telecom Co.	40.61	40,932,694	40.61	42,094,400	40.61	42,430,307
Amlak Capital Holding Co.	25.24	2,368,132	35.24	3,302,632	35.24	3,153,626
		47,941,414		50,246,981		50,945,090

7.1 The Group has recorded its shares from Ektitab Holding Company and Hits Telecom results using the unaudited financial statement of these associates as of 31 March 2011, and its share of Amlak Capital Holding Company based on the management account for the period ended 31 March 2011

7.2 During the period, the Group sold a stake from Amlak Capital Holding investments with a consideration of KD 1,155,000 which resulted a gain amounted to KD 220,500, recorded in the statement of income for the period ended 30 June 2011.

8. Wakala payables

8.1 The balance of Wakala investments represent contracts due from three months to three years. The average effective yield rate ranged from 4.5% to 6% as of 30 June 2011 (from 4.5% to 6% as of 31 December 2010 and from 4% to 7.5% of 30 June 2010).

8.2 Wakala payable are guarantee against pledging the following assets:

	30 June 2011	31 December 2010 (Audited)	30 June 2010
Investments in associates	32,517,376	33,497,640	34,022,741
Investments at fair value through profit or loss	1,078,048	2,351,431	2,500,649
Land and real estate under development	-	-	4,294,603
Investments property	4,701,345	4,572,540	4,383,388
	38,296,769	40,421,611	45,201,381

8.3 Wakala payables include an amount of KD 2,522,653 as of 30 June 2011 (KD 2,522,653 as of 31 December 2010) represented in Murabaha granted from funds.

8.4 Certain Wakala payables matured with an amount of KD 22,083,127 as of 30 June 2011 (KD 12,069,598 as of 31 December 2010, KD 12,069,598 as of 30 June 2010), this Wakala was not renewed, or paid. There is a legal dispute with certain parties regarding the amounts which should be paid. The cases are still pending in the primary phase, an arbitration verdict was issued in favor of a party to commit the group to pay one of these Wakala agreements.

8.5 Wakala payable are mature as follows:-

	30 June 2011	31 December 2010 (Audited)	30 June 2010
Short term installments	1,230,856	11,756,575	11,919,445
Long term installments	35,768,499	40,932,873	39,895,982
	36,999,355	52,689,448	51,815,427

9. Other reserves

	Employees stock option plan	Groups shares in associates reserve	Foreign currency translation reserve	Total
Balance as of 1 January 2010	490,500	888,006	618,281	1,996,787
Total comprehensive (loss) / income for the period	-	(206,865)	63,696	(143,169)
Balance as of 30 June 2010	490,500	681,141	681,977	1,853,618
Balance as of 1 January 2011	490,500	(829,577)	49,427	(289,650)
Total comprehensive (loss) for the period	-	(292,161)	(115,684)	(407,845)
Balance as of 30 June 2011	490,500	(1,121,738)	(66,257)	(697,495)

10. Income / (Losses) of properties

	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
Loss from sale of investment properties	-	(72,160)	-	(82,135)
Gain from lease of investment properties	81,480	19,200	158,721	32,000
Gain /(loss) from sale of lands and real estate under development	1,910	(53,384)	10,815	(53,384)
	83,390	(106,344)	169,536	(103,519)

11. 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	
	2011	2010	2011	2010
Net loss for the period attributable to shareholders of the Parent Company	(1,167,071)	(3,464,232)	(1,597,043)	(3,645,333)
Weighted average number of issued and outstanding shares during the period (share)	384,163,606	359,935,385	384,163,606	357,672,122
Loss per share (fils)	(3.04)	(9.62)	(4.16)	(10.19)

12. 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	
	2011	2010	2011	2010
Transactions				
Murabaha and Mudaraba income	-	881,531	-	881,531
High and executive management remunerations	38,817	44,375	77,634	88,750

	30 June 2011	31 December 2010 (Audited)	30 June 2010
Financial position			
Investments in Murabaha and Mudaraba	11,835,437	11,835,437	9,800,470
Receivables and other debit balances	1,704,625	1,484,710	5,357,523
Payables and other credit balances	1,152,554	2,089,444	1,071,697

The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 7,624,089 as of 30 June 2011 (KD 9,336,889 as of 31 December 2010 and KD 14,383,113 as of 30 June 2010) which is recognized as off consolidated balance sheet items.

A related party has pledged quoted investments of KD 500,320 as of 30 June 2011 against Wakala payables granted to the Group.

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

13. Contingent liabilities

During the last year, an arbitration verdict was issued in favor of a third party in a case of exercising the option to reverse the purchasing of foreign investment, the company should pay US $ 10,011,255 along with US $ 300,000 as compensation against receiving the investments shares. Subsequently, a verdict was issued in favor of the group to cancel the attachment and nullifying the arbitration verdict and to transfer the case to the expert department from Ministry of Justice. As per the Company's lawyer opinion, the Company's legal status is good taking into consideration the rare circumstances of the global market. Accordingly the Group management believes that no need to provide a provision for such case.

During the period ended 30 June 2011, the Group reverse a claim provision amounted to KD 736,493, based on the Group's legal consultant opinion and taking into consideration the initial verdict issued for the claim.

- The Parent Company provided a joint security against Murabaha payable granted to party amounted to 2,400,512 as of 30 June 2011.

14. 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 six months period ended 30 June is as follows:

	Real Estate		Investment finance		Total	
	2011	2010	2011	2010	2011	2010
Segment revenue	169,536	(103,519)	(1,112,171)	(1,384,511)	(942,635)	(1,488,030)
Segment results	169,536	(1,603,519)	(2,546,552)	(2,800,345)	(2,377,016)	(4,403,864)
Segment assets	63,458,453	69,336,136	66,838,678	73,634,541	130,297,131	142,970,677

	2011	2010
Total segment result	(2,377,016)	(4,403,864)
Other income	71,745	72,759
Foreign exchange income / (losses)	927,602	(306,843)
Gross profit from oilfield services and others	596,518	498,670
General and administrative expenses	(976,145)	(958,179)
Net loss before deduction	(1,757,296)	(5,097,457)
Total segment assets	130,297,131	142,970,677
Cash and cash equivalent	1,832,726	507,033
Receivables and other debit balances	4,545,784	7,810,723
Property and equipment	5,534,907	5,981,313
Total assets	142,210,548	157,269,746

15. Off balance sheet 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 20,997,202 as of 30 June 2011 (KD 26,945,515 as of 31 December 2010 and KD 38,065,313 as of 30 June 2010).

There are mutual claims between the Group and one of the portfolio's customers regarding the liquidation of this party's account.