

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

Interim Condensed Consolidated Financial Information (Unaudited)
For the six months ended 30 June 2012
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 2012, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation as disclosed in note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation as disclosed in note (2).

Emphasis of Matter

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

Report on 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 2012 that might have had a material effect on the business of the Group or on its 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 months period ended 30 June 2012, except as note (9.3) to the interim condensed consolidated financial information.

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Kuwait, 26 August 2012

Interim Condensed Consolidated Statement of Financial Position as of 30 June 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	30 June 2012	31 December 2011 (Audited)	30 June 2011
Assets				
Cash and cash equivalent	3	3,747,089	2,376,980	1,832,726
Murabaha and Mudaraba investments	4	11,894,348	11,960,755	11,835,437
Investments at fair value through profit or loss	5	5,521,200	6,264,399	7,061,827
Receivables and other debit balances	6	13,103,740	13,630,334	11,883,186
Real estate held for trading		1,064,779	973,480	1,985,264
Lands and real estates under development		-	-	3,138,429
Investments properties	7	64,326,934	64,182,445	50,997,358
Investments in associates	8	38,186,034	39,569,898	47,941,414
Property and equipment		5,340,063	5,330,231	5,534,907
Total assets		143,184,187	144,288,522	142,210,548
Liabilities and equity				
Liabilities				
Payables and other credit balances		12,829,118	12,877,389	10,836,206
Wakala payables	9	57,313,414	58,307,019	59,082,482
End of service indemnity		198,850	146,898	211,680
Total liabilities		70,341,382	71,331,306	70,130,368
Equity				
Equity attributable to shareholders of the Parent Company				
Share capital		40,706,523	40,706,523	40,706,523
Share premium		29,126,984	33,803,510	33,803,510
Treasury shares		(5,028,120)	(5,028,120)	(5,028,120)
Statutory reserve		-	3,507,676	3,507,676
Voluntary reserve		-	3,409,102	3,409,102
Other reserves	10	(205,634)	(788,873)	(697,495)
Accumulated losses		(680,916)	(11,593,304)	(10,638,044)
Total equity attributable to shareholders of the Parent Company		63,918,837	64,016,514	65,063,152
Non-controlling interest		8,923,968	8,940,702	7,017,028
Total equity		72,842,805	72,957,216	72,080,180
Total liabilities and equity		143,184,187	144,288,522	142,210,548

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

Mohamed Darweesh Al - Shammali
Chairman & Managing Director

Interim Condensed Consolidated Statement of Income For the six months ended 30 June 2012 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2012	2011	2012	2011
Revenues					
(Losses) /gain from investments	11	(286,650)	(357,600)	533,470	(274,955)
Group's share of associates' results	8.1	431,813	(535,603)	544,283	(1,043,518)
(Losses) / gain from trading on associate shares		(136,458)	-	(405,208)	206,302
Income from properties		562,120	83,390	434,364	169,536
Gross profit from oilfield and other service		309,080	507,307	582,894	596,518
Income from consulting services		29,645	38,431	62,644	94,833
Other income		77,658	230,727	96,846	904,514
		987,208	(33,348)	1,849,293	653,230
Expenses and other charges					
Finance charges		(51,148)	(717,124)	(277,214)	(1,434,381)
General and administrative expenses		(553,085)	(532,189)	(1,301,014)	(976,145)
Provisions		(451,906)	-	(889,810)	-
		(1,056,139)	(1,249,313)	(2,468,038)	(2,410,526)
Net loss for the period		(68,931)	(1,282,661)	(618,745)	(1,757,296)
Attributable to:					
Shareholders of the Parent Company		(28,558)	(1,167,071)	(614,242)	(1,597,043)
Non-controlling interest		(40,373)	(115,590)	(4,503)	(160,253)
Net loss for the period		(68,931)	(1,282,661)	(618,745)	(1,757,296)
Loss per share (fils)	12	(0.07)	(3.04)	(1.60)	(4.16)

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 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Three months ended 30 June		Six months ended 30 June	
	2012	**2011**	**2012**	**2011**
Net loss for the period	**(68,931)**	**(1,282,661)**	**(618,745)**	**(1,757,296)**
Other comprehensive income items:				
Group's share of associate's reserves	414,369	(478,989)	580,487	(292,161)
Transferred to statement of income resulted from sale of the associate share	19,805	-	54,689	-
Group's share from the gain / (loss) resulted from sale of the associate treasury share	26,474	(17,717)	26,474	(21,191)
Foreign currency translation reserve	36,015	(55,110)	(64,168)	(115,684)
Other comprehensive income items	496,663	(551,816)	597,482	(429,036)
Total comprehensive income / (loss) for the period	**427,732**	**(1,834,477)**	**(21,263)**	**(2,186,332)**
Attributable to:				
Shareholders of the Parent Company	468,105	(1,718,887)	(4,529)	(2,026,079)
Non-controlling interest	(40,373)	(115,590)	(16,734)	(160,253)
	427,732	**(1,834,477)**	**(21,263)**	**(2,186,332)**

The accompanying notes 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 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Equity attributable to Shareholders of the Parent Company								Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary shares	Other reserves (Note10)	Accumulated losses	Total equity attributable to the Parent Company's shareholders		
Balance as of 1 January 2011	40,706,523	33,803,510	(5,028,120)	3,507,676	3,409,102	(289,650)	(9,019,810)	67,089,231	7,301,712	74,390,943
Net loss of the period	-	-	-	-	-	-	(1,597,043)	(1,597,043)	(160,253)	(1,757,296)
Other comprehensive income items										
Group's share of associate's reserves	-	-	-	-	-	(292,161)	-	(292,161)	-	(292,161)
Group's share from the loss resulted from sale of the associate treasury share	-	-	-	-	-	-	(21,191)	(21,191)	-	(21,191)
Foreign currency translation reserve	-	-	-	-	-	(115,684)	-	(115,684)	-	(115,684)
Total other comprehensive income items	-	-	-	-	-	(407,845)	(21,191)	(429,036)	-	(429,036)
Dividends distribution from a subsidiary	-	-	-	-	-	-	-	-	(124,431)	(124,431)
Balance as of 30 June 2011	40,706,523	33,803,510	(5,028,120)	3,507,676	3,409,102	(697,495)	(10,638,044)	65,063,152	7,017,028	72,080,180
Balance as of 1 January 2012	40,706,523	33,803,510	(5,028,120)	3,507,676	3,409,102	(788,873)	(11,593,304)	64,016,514	8,940,702	72,957,216
Net loss of the period	-	-	-	-	-	-	(614,242)	(614,242)	(4,503)	(618,745)
Other comprehensive income items										
Group's share of associate's reserves	-	-	-	-	-	580,487	-	580,487	-	580,487
Transferred to statement of income resulted from sale of the associate share	-	-	-	-	-	54,689	-	54,689	-	54,689
Group's share from the loss resulted from sale of the associate treasury share	-	-	-	-	-		26,474	26,474	-	26,474
Foreign currency translation reserve	-	-	-	-	-	(51,937)	-	(51,937)	(12,231)	(64,168)
Total comprehensive income for the period	-	-	-	-	-	583,239	26,474	609,713	(12,231)	597,482
Amortize accumulated losses (Note 13)	-	(4,676,526)	-	(3,507,676)	(3,409,102)	-	11,593,304	-	-	-
Change in the non-controlling interest in the associate	-	-	-	-	-	-	(93,148)	(93,148)	-	(93,148)
Balance as of 30 June 2012	40,706,523	29,126,984	(5,028,120)	-	-	(205,634)	(680,916)	63,918,837	8,923,968	72,842,805

The accompanying notes 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 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Six months ended 30 June	
	2012	2011
Cash flows from operating activities		
Net loss for the period	(618,745)	(1,757,296)
Adjustments:		
(Gain) /losses from investments	(533,470)	274,955
Group's share of associates' results	(544,283)	1,043,518
Gain from properties	(28,305)	(10,815)
Finance charges	277,214	1,434,381
Losses / (gain) from trading shares in associates	405,208	(206,302)
Reverse contingent provision	-	(736,493)
Provisions	889,810	-
Depreciation and amortization	44,542	17,961
Employees' end of service's indemnity	51,952	(79,506)
Operating losses before changing in the working capital	(56,077)	(19,597)
Investments at fair value through profit or loss	381,675	5,163,200
Properties held for trading	(62,994)	-
Receivables and other debit balances	966,089	2,737,808
Payables and other credit balances	(550,343)	(1,213,606)
Net cash generated from operating activities	678,350	6,667,805
Cash flows from investing activities		
Proceeds from Murabaha and Mudaraba investment	70,000	-
Proceeds from sale of land under development	-	129,478
Proceeds from sale of real estate under development	-	246,994
Paid for lands under development	-	(305,110)
Paid for purchase of investments in associates	(55,666)	-
Proceeds from sale of investments in associates	2,147,107	1,155,000
Paid for purchase of investment properties	(144,489)	(141,455)
Paid for purchase of property and equipment	(54,374)	(24,100)
Net cash generated from investing activities	1,962,578	1,060,807
Cash flows from financing activities		
Murabaha and Wakala payables	(1,187,819)	(5,078,264)
Paid from finance charges	(83,000)	(1,296,188)
Cash dividends of subsidiary	-	(124,431)
Net cash (used in) financing activities	(1,270,819)	(6,498,883)
Net increase in cash and cash equivalent	1,370,109	1,229,729
Cash and cash equivalent at the beginning of the period	2,305,312	602,997
Cash and cash equivalent at the end of the period	3,675,421	1,832,726

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 adopted in Central Bank of Kuwait and Capital Market Authority.

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

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

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

Subsidiaries' management accounts have been used for the consolidation purposes. The total assets of such subsidiaries amounting to KD 76,514,728 as of 30 June 2012 (KD 77,736,950 as of 31 December 2011, 68,949,101 as of 30 June 2011), and their net profits amounting to KD 48,928 for the period ended 30 June 2012 (amount of KD 4,250 for the period ended 30 June 2011).

The interim condensed consolidated financial information was authorized for issuance by the Board of Directors on 26 August 2012.

2. Basis of preparation

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

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

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

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

3. Cash and cash equivalent

	30 June 2012	31 December 2011 (Audited)	30 June 2011
Cash at bank and financial institutions	2,252,146	1,908,185	1,387,668
Cash at portfolios and Kuwait Clearing company	1,489,514	466,404	440,345
Cash on hand	5,429	2,391	4,713
	3,747,089	2,376,980	1,832,726
Less:			
Cash restricted under legal preserve	(71,668)	(71,668)	-
	3,675,421	2,305,312	1,832,726

4. Murabaha and Mudaraba investments

	30 June 2012	31 December 2011 (Audited)	30 June 2011
Murabaha	475,000	475,000	491,500
Mudaraba	12,167,772	12,234,179	12,108,861
	12,642,772	12,709,179	12,600,361
Impairment in value provision	(748,424)	(748,424)	(764,924)
	11,894,348	11,960,755	11,835,437

4.1 This item represents the amounts invested in Murabaha and Mudaraba agreements by local currency. The average effective rate of return on these agreements is 1.6% as of 30 June 2012 (1% as of 31 December 2011 and 6% to 7% as of 30 June 2011). Mudaraba will mature during 2012.

4.2 Mudaraba includes an amount of KD 12,045,430 granted to related party as of 30 June 2012 (KD 12,111,838 as of 31 December 2011 and KD 11,987,772 as of 30 June 2011). The following assets are pledged from these parties to the Group as a guarantee:

	30 June 2012	31 December 2011 (Audited)	30 June 2011
Quoted shares in a portfolio managed by the Group	31,603,883	15,190,395	4,897,852
Quoted shares pledged against Wakala payables	4,149,600	1,856,400	609,700
Local unquoted shares	2,991,262	2,991,262	2,991,262
Foreign unquoted shares	3,732,652	3,732,652	-

5. Investments at fair value through profit or loss

	30 June 2012	31 December 2011 (Audited)	30 June 2011
Held for trading investments	1,323,646	1,209,358	957,974
Investments designated at fair value through profit or loss	4,197,554	5,055,041	6,103,853
	5,521,200	6,264,399	7,061,827
Investments in local shares – quoted	1,323,646	1,209,358	957,974
Investments in local shares – unquoted	2,866,379	3,757,780	4,520,000
Investments in local funds – unquoted	1,331,175	1,297,261	1,583,853
	5,521,200	6,264,399	7,061,827

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

5.2 The Group has pledged investment in associate with carrying value amounted to KD 926,471 as of 30 June 2012 (KD 843,418 as of 31 December 2011 and KD 929,400 as of 30 June 2011) and investments at fair value through profit or loss amounted to KD 679,100 as of 30 June 2012 (KD 628,421 as of 31 December 2011 and KD 770,322 as of 30 June 2011) against payables from purchase of investments amounted to KD 3,977,707 as of 30 June 2012.

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

6. Receivable and other debit balances

	Note	30 June 2012	31 December 2011 (Audited)	30 June 2011
Receivables from selling real estate	6.1	7,113,564	8,889,874	7,262,404
Advance payments for purchase of properties		-	-	14,933,680
Receivable from purchase real estate	6.2	1,807,622	1,814,174	1,814,174
Due from related parties	14	3,592,544	1,812,600	1,704,625
Rig lease debtors		123,425	160,319	-
Contract services' receivables		422,421	384,832	1,493,624
Cash restricted against letters of guarantee		1,425,173	1,313,745	491,210
Accrued rents	7.2	491,210	491,210	590,714
Other debit balances		987,011	1,185,698	948,553
		15,962,970	16,052,452	29,238,984
Less: provision of impairment		(2,859,230)	(2,422,118)	(17,355,798)
		13,103,740	13,630,334	11,883,186

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

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

7. Investment property

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

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

7.3 Investment properties include a plot of land amounted to KD 4,110,120 as of 30 June 2012 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 signed a contract for the settlement of investment properties payable by transferring the investment to a subsidiary, and will result a gain amounted by KD 502,325 that will be recorded in the equity. Subsequently, the ownership of the investment is transferred, currently the ownership of the property is transferred to the group and the pledge are cancelled.

8. Investments in associates

	Ownership %	30 June 2012	Ownership %	31 December 2011 (Audited)	Ownership %	30 June 2011
Ekttitab Holding Co. KSCC	22.02	5,470,285	22.17	4,440,363	22.90	4,640,588
Hits Telecom Co.	38.16	32,715,749	40.10	35,129,535	40.61	40,932,694
Amlak Capital Holding Co.	-	-	-	-	25.24	2,368,132
		38,186,034		39,569,898		47,941,414

8.1 The Group has recorded its shares from Ektitab Holding Company and Hits Telecom based on the unaudit financial statements as of 31 March 2012.

8.2 The balance of investment in Ektitab holding include deferred revenue amounted by KD 188,738 as of 30 June 2012 (188,738 as of 31 December 2011 and KD 194,963 as of 30 June 2011) and balance of investment in Hits Telecom includes deferred revenues amounted by KD 4,130,564 as of 30 June 2012 (KD 4,401,836 as of 31 December 2011 and 30 June 2011).

9. Wakala payables

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

9.2 Wakala payable are guarantee against pledging the following assets:

	30 June 2012	31 December 2011 (Audited)	30 June 2011
Investments in associates	29,149,077	28,299,908	32,517,376
Investments at fair value through profit or loss	933,452	909,000	1,078,048
Land and real estate under development	816,018	739,314	-
Investments property	5,042,022	5,040,819	4,701,345
	35,940,569	34,989,041	38,296,769

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

9.4 Certain Wakala payables matured with an amount of KD 52,819,899 as of 30 June 2012 (KD 17,758,933 as of 31 December 2011, KD 22,083,127 as of 30 June 2011), which were not renewed or paid. There is a legal dispute with certain parties regarding the amounts which should be paid amounted by KD 48,110,496 as of 30 June 2012. Negotiation with other parties for the conditions of renewal or settlement of Wakala payable. The group stopped recording finance cost for due and unpaid Wakala from due date.

9.5 In addition to the past due Murabaha mentioned above, Wakala payables are mature as follows:-

	30 June 2012	31 December 2011 (Audited)	30 June 2011
Short term installments	727,555	27,013,025	1,230,856
Long term installments	3,765,960	13,535,061	35,768,499
	4,493,515	40,548,086	36,999,355

10. Other reserves

	Employees stock option plan	Groups shares in associates reserve	Foreign currency translation reserve	Total
Balance as of 1 January 2011	490,500	(829,577)	49,427	(289,650)
Group's share in associate's reserve	-	(292,161)	-	(292,161)
Foreign currency translation reserve	-	-	(115,684)	(115,684)
Balance as of 30 June 2011	490,500	(1,121,738)	(66,257)	(697,495)
Balance as of 1 January 2012	490,500	(1,274,623)	(4,750)	(788,873)
Group's share in associate's reserve	-	580,487	-	580,487
Transferred to the statement of income on sale of investments in associate	-	54,689	-	54,689
Foreign currency translation reserve	-	-	(51,937)	(51,937)
Balance as of 30 June 2012	490,500	(639,447)	(56,687)	(205,634)

11. (Loss) / gain from investment

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
(Losses) / gains from sale of investments at fair value through profit or loss	(26,465)	(17,093)	221,482	390,899
Change in fair value of investments at fair value through profit or loss	(263,777)	(340,507)	308,396	(665,854)
Murabaha revenue	3,592	-	3,592	-
	(286,650)	(357,600)	533,470	(274,955)

12. 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	
	2012	2011	2012	2011
Net loss for the period attributable to shareholders of the Parent Company	(28,558)	(1,167,071)	(614,242)	(1,597,043)
Weighted average number of issued and outstanding shares during the period (share)	384,163,606	384,163,606	384,163,606	384,163,606
Loss per share (fils)	(0.07)	(3.04)	(1.60)	(4.16)

13. Amortization of accumulated losses

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

14. Related parties' transactions

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

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
Transactions				
Murabaha and Mudaraba income	3,592	-	3,592	-
High and executive management remunerations	38,817	38,817	77,634	77,634

	30 June 2012	31 December 2011 (Audited)	30 June 2011
Financial position			
Investments in Murabaha and Mudaraba	11,894,348	11,960,755	11,835,437
Receivables and other debit balances	3,592,544	1,812,600	1,704,625
Payables and other credit balances	475,162	780,076	1,152,554

The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 35,974,142 as of 30 June 2012 (KD 18,175,778 as of 31 December 2011 and KD 7,624,089 as of 30 June 2011) which is recognized as off consolidated balance sheet items.

The Parent Company has provided a joint security against a Murabaha payable granted to a related party of KD 2,298,011 as of 30 June 2012. The related party pledged a portfolio with a fair value KD 1,116,865 as of 30 June 2012 against Wakala payable granted to the Group.

Land and real estate held for trading and part of investment properties amounted to KD 1,054,778 as of 30 June 2012 (KD 2,096,513 as of 31 December 2011) are recorded in the name of related parties and there is a letter of assignment for the Group.

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

15. Contingent liabilities

During the previous years, a primary verdict has been issued in favor of a third party in the lawsuit filed to claim for exercising resale of shares in foreign investments during the subsequent period an initial verdict has been issued in favour of that party to oblige the Group to pay a compensation of US$ 10 million against redeeming these shares. The Group has appealed the verdict. The Group's management believes that no necessary to provide any provision for this matter now due to the difficulty to expect any outcomes resulted from these verdicts.

There are mutual lawsuits between the Group and certain portfolios' managers regarding the liquidation of such accounts, which hare amounted to KD 6,085,732. The Group's management believes that no necessity to provide any provisions for this matter since there is off balance sheet items are pledged in favor of the Group and can be used to cover the outcomes of these verdicts as the fair value of these guarantees is exceeded the claims amounts.

16. Segment distribution

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

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

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

	Real Estate		Investment finance		Total	
	2012	2011	2012	2011	2012	2011
Segment revenue	434,364	169,536	735,188	(1,017,338)	1,169,552	(847,802)
Segment results	434,364	169,536	457,974	(2,451,719)	892,338	(2,282,183)
Segment assets	71,956,776	63,293,413	55,601,582	66,838,678	127,558,358	130,132,091
Segment liabilities	4,451,296	2,791,878	61,830,935	63,481,616	66,282,231	66,273,494

	2012	2011
Total segment result	892,338	(2,282,183)
Total profit of oil service and other	582,894	596,518
Other income	96,847	904,514
Provisions	(889,810)	-
General and administrative expenses	(1,301,014)	(976,145)
Net loss for the period	(618,745)	(1,757,296)
Total segment assets	127,558,358	130,132,091
Cash and cash equivalent	3,747,089	1,832,726
Receivables and other debit balances	6,538,676	4,710,824
Property and equipment	5,340,064	5,534,907
Total assets	143,184,187	142,210,548

17. **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 64,830,555 as of 30 June 2012 (KD 32,007,464 as of 31 December 2011 and KD 20,997,202 as of 30 June 2011).