THE SECURITIES HOUSE K.S.C. (CLOSED) AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2011

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF THE SECURITIES HOUSE K.S.C. (CLOSED)

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of The Securities House K.S.C. (Closed) (the "parent company") and its subsidiaries (collectively, the "group") as at 30 June 2011 and the related interim condensed consolidated statements of income, interim condensed consolidated statements of comprehensive income for the three month and six month periods then ended,, and the related interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flows for the six months period then ended. The management of the parent company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with basis of presentation set out 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 presentation set out in Note 2.

Emphasis of a Matter
Without qualifying our conclusion, we draw attention to Note 2 to the interim condensed consolidated financial information which states that the group incurred a loss of KD 16,594,591 during the six months period ended 30 June 2011 (year ended 31 December 2010: KD 30,979,026 and six months ended 30 June 2010: KD 15,301,556) and, as of that date, the group has a deficiency of assets of KD 16,788,521 (31 December 2010: equity of KD 6,181,647 and 30 June 2010: equity of KD 21,303,575) and its current liabilities exceeded its current assets by KD 34,200,213 (31 December 2010: KD 41,956,416 and 30 June 2010: KD 40,237,771). These conditions indicate the existence of a material uncertainty about the group's ability to continue as a going concern. However, the interim condensed consolidated financial information have been prepared on a going concern basis because the management of the group is of the opinion that the group will continue in operating activities in the foreseeable future (Note 2). Subsequent to the period ended 30 June 2011, the group reduced its murabaha payable balance by an amount of KD 28,360,782 and was able to generate net profit of KD 49,106,508 for the year ended 31 December 2011 (Note 16).

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF THE SECURITIES HOUSE K.S.C. (CLOSED) (continued)

Report on other legal and regulatory requirements
Furthermore, 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, we have not become aware of any material 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 parent company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, 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 and the organisation of banking business, and its related regulations during the six month period ended 30 June 2011.

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16 April 2012
Kuwait

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 30 June 2011

	Notes	*Three months ended 30 June* 2011 KD	2010 KD	*Six months ended 30 June* 2011 KD	2010 KD
INCOME					
From investment activities					
Realised loss on sale of financial assets at fair value through profit or loss		**(6,301,801)**	(145,643)	**(9,160,409)**	(163,720)
Realised (loss) gain on sale of financial assets available for sale		**(670,640)**	(62,812)	**101,109**	(28,566)
Dividends and return on murabaha receivables		**100,393**	41,364	**239,529**	218,603
Share of results of associates		**(293,285)**	(18,128)	**(268,830)**	647,185
Management fee income		**104,266**	538,446	**181,167**	679,560
Investment services income		**876,598**	62,262	**1,082,134**	307,290
Total income from investment activities		**(6,184,469)**	415,489	**(7,825,300)**	1,660,352
From commercial activities					
Sales of goods and services		**2,304,010**	1,950,908	**4,270,425**	3,912,322
Cost of sales		**(1,347,705)**	(1,198,548)	**(2,622,932)**	(2,392,117)
Gross profit from commercial activities		**956,305**	752,360	**1,647,493**	1,520,205
Other income (loss)		**87,390**	(20,192)	**285,307**	(39,661)
TOTAL (LOSS) INCOME		**(5,140,774)**	1,147,657	**(5,892,500)**	3,140,896
EXPENSES					
Staff costs		**863,451**	782,170	**1,759,390**	1,830,709
Selling and distribution		**271,943**	201,071	**478,746**	391,297
General and administration		**865,258**	883,089	**1,726,390**	1,679,741
TOTAL EXPENSES		**2,000,652**	1,866,330	**3,964,526**	3,901,747
LOSS BEFORE FAIR VALUE ADJUSTMENTS, IMPAIRMENT LOSSES AND MURABAHA PAYABLE COSTS		**(7,141,426)**	(718,673)	**(9,857,026)**	(760,851)
Unrealised loss on financial assets at fair value through profit or loss		**(25,998)**	(4,604,141)	**(1,349,605)**	(4,808,250)
Impairment loss on financial assets available for sale	7	**(110,458)**	(35,832)	**(1,444,735)**	(223,160)
Unrealised loss on investment properties		**(11,690)**	-	**(11,690)**	(35,834)
Murabaha payable costs		**(1,905,291)**	(2,886,636)	**(3,931,535)**	(5,748,107)
Loss from continuing operations		**(9,194,863)**	(8,245,282)	**(16,594,591)**	(11,576,202)
DISCONTINUED OPERATIONS:					
Loss from discontinued operations		-	(3,840,758)	-	(3,725,354)
LOSS FOR THE PERIOD		**(9,194,863)**	(12,086,040)	**(16,594,591)**	(15,301,556)
Attributable to:					
Equity holders of the parent company		**(9,208,939)**	(11,597,727)	**(16,397,844)**	(14,809,848)
Non-controlling interests		**14,076**	(488,313)	**(196,747)**	(491,708)
LOSS FOR THE PERIOD		**(9,194,863)**	(12,086,040)	**(16,594,591)**	(15,301,556)
Basic and diluted loss per share attributable to equity holders of the parent company	4	**(14.4) fils**	(18.2) fils	**(25.7) Fils**	(23.2) fils

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Period ended 30 June 2011

	Three months ended 30 June		*Six months ended 30 June*	
	2011 ***KD***	*2010* *KD*	***2011*** ***KD***	*2010* *KD*
Loss for the period	**(9,194,863)**	(12,086,040)	**(16,594,591)**	(15,301,556)
Other comprehensive (loss) income:				
Foreign currency translation adjustment	**(138,070)**	130,001	**38,955**	(474,476)
Cumulative changes in fair values	**(160,228)**	-	**(825,551)**	-
Other comprehensive (loss) income for the period	**(298,298)**	130,001	**(786,596)**	(474,476)
Total comprehensive loss for the period	**(9,493,161)**	(11,956,039)	**(17,381,187)**	(15,776,032)
Attributable to:				
Equity holders of the parent company	**(9,484,549)**	(11,488,442)	**(17,199,507)**	(15,184,354)
Non-controlling interests	**(8,612)**	(467,597)	**(181,680)**	(591,678)
Total comprehensive loss for the period	**(9,493,161)**	(11,956,039)	**(17,381,187)**	(15,776,032)

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 June 2011

	Notes	***30 June 2011 KD***	*(Audited) 31 December 2010 KD*	*30 June 2010 KD*
ASSETS				
Bank balances and cash	5	**7,778,773**	21,698,448	4,776,070
Short-term murabaha investments	5	**10,072,518**	2,860,579	1,755,291
Accounts receivable and prepayments		**7,197,722**	8,869,031	6,968,582
Inventories		**1,657,303**	1,586,243	1,485,850
Murabaha receivables		**2,571,593**	4,068,069	3,710,632
Financial assets at fair value through profit or loss	6	**14,136,784**	76,909,213	86,172,585
Financial assets available for sale	7	**9,503,588**	19,923,832	24,786,086
Investments in associates		**19,923,044**	10,506,292	21,005,802
Investment properties	8	**523,305**	534,995	60,083,357
Property, plant and equipment		**14,935,136**	15,327,456	15,281,829
TOTAL ASSETS		**88,299,766**	162,284,158	226,026,084
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Share capital	9	**68,000,000**	68,000,000	68,000,000
Share premium		**-**	-	26,118,950
Statutory reserve		**-**	-	3,946,731
Cumulative changes in fair value		**-**	825,551	-
Foreign currency translation reserve		**(2,835,738)**	(2,859,626)	(2,676,714)
Employee share purchase plan reserve		**613,456**	607,433	573,438
Treasury shares reserve	10	**11,376,864**	11,376,864	11,376,864
Cumulative changes in equity of associates		**146,326**	146,326	248,634
Accumulated losses		**(73,897,187)**	(57,499,343)	(72,477,154)
Treasury shares	10	**(19,867,108)**	(19,867,108)	(19,867,108)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**(16,463,387)**	730,097	15,243,641
Non-controlling interests		**(325,134)**	5,451,550	6,059,934
Total equity		**(16,788,521)**	6,181,647	21,303,575
LIABILITIES				
Murabaha payables	11	**83,970,658**	131,230,265	167,530,157
Accounts payable and accruals	12	**20,069,478**	23,183,079	35,345,974
Employees' end of service benefits		**1,048,151**	1,689,167	1,846,378
TOTAL LIABILITIES		**105,088,287**	156,102,511	204,722,509
TOTAL EQUITY AND LIABILITIES		**88,299,766**	162,284,158	226,026,084

Ayman Abdullah Boodai
Chairman and Managing Director

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

Period ended 30 June 2011

	Notes	*Six months ended 30 June* 2011 KD	2010 KD
OPERATING ACTIVITIES			
Loss for the period from continuing operations		**(16,594,591)**	(11,576,202)
Loss for the period from discontinued operations		**-**	(3,725,354)
Adjustments for:			
Realised loss on sale of financial assets at fair value through profit or loss		**9,160,409**	163,720
Unrealised loss on financial assets at fair value through profit or loss		**1,349,605**	4,808,250
Realised (gain) loss on sale of financial assets available for sale		**(101,109)**	28,566
Impairment of financial assets available for sale	7	**1,444,735**	223,160
Dividends and return on murabaha receivables		**(239,529)**	(218,603)
Share in result of associates		**268,830**	(647,185)
Unrealised loss on investment properties		**11,690**	3,610,048
Depreciation		**524,447**	565,952
Employee share purchase plan expense		**7,529**	101
Provision for employees' end of service benefits		**90,517**	100,658
Murabaha payables costs		**3,931,535**	5,748,107
		(145,932)	(918,782)
Operating profit before working capital changes:			
Accounts receivable and prepayments		**1,611,424**	(766,770)
Inventories		**(71,060)**	44,787
Financial assets at fair value through profit or loss		**52,262,415**	2,177,937
Murabaha receivables		**1,496,476**	375,523
Accounts payable and accruals		**244,602**	(202,318)
Cash from operations		**55,397,925**	710,377
Employees' end of service benefits paid		**(731,533)**	(114,623)
Net cash from operating activities		**54,666,392**	595,754
INVESTING ACTIVITIES			
Purchase of financial assets available for sale		**(1,922,938)**	(2,539,353)
Proceeds from sale of financial assets available for sale		**10,174,004**	13,002
Purchase of associates		**(9,771,668)**	-
Dividends and return on murabaha finances received		**299,414**	313,853
Additions to investment properties		**-**	(574,214)
Purchase of property, plant and equipment		**(132,127)**	(524,526)
Net cash used in investing activities		**(1,353,315)**	(3,311,238)
FINANCING ACTIVITIES			
Purchase of treasury shares		**-**	(11,939)
Proceeds from sale of treasury shares		**-**	99,505
Non-controlling interests' share in capital (decrease) increase of a subsidiary		**(5,519,510)**	220,000
Dividends paid to non-controlling interests		**(77,000)**	-
Net repayment of murabaha payables		**(47,259,607)**	(14,498,607)
Net movement on sale and deferred purchase agreements		**(775,000)**	15,000,000
Murabaha payables costs paid		**(6,514,737)**	(4,553,595)
Net cash used in financing activities		**(60,145,854)**	(3,744,636)
DECREASE IN CASH AND CASH EQUIVALENTS		**(6,832,777)**	(6,460,120)
Net foreign exchange difference		**125,041**	(495,820)
Cash and cash equivalents at 1 January		**24,559,027**	13,487,301
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	**17,851,291**	6,531,361

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
Period ended 30 June 2011

Attributable to equity holders of the parent company

	Share capital KD	Share premium KD	Statutory reserve KD	Cumulative changes in fair values KD	Foreign currency translation reserve KD	Employee share purchase plan reserve KD	Treasury shares reserve KD	Cumulative changes in equity of associates KD	Accumulated losses KD	Treasury shares KD	Sub total KD	Non-controlling interests KD	Total equity KD
Balance at 1 January 2011	68,000,000	-	-	825,551	(2,859,626)	607,433	11,376,864	146,326	(57,499,343)	(19,867,108)	730,097	5,451,550	6,181,647
Loss for the period	-	-	-	-	-	-	-	-	(16,397,844)	-	(16,397,844)	(196,747)	(16,594,591)
Other comprehensive loss	-	-	-	(825,551)	23,888	-	-	-	-	-	(801,663)	15,067	(786,596)
Total comprehensive loss for the period	-	-	-	(825,551)	23,888	-	-	-	(16,397,844)	-	(17,199,507)	(181,680)	(17,381,187)
Employee share purchase plan expense	-	-	-	-	-	6,023	-	-	-	-	6,023	1,506	7,529
Non-controlling interests' share in capital reduction of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(5,519,510)	(5,519,510)
Dividends paid to non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	(77,000)	(77,000)
Balance at 30 June 2011	**68,000,000**	-	-	-	**(2,835,738)**	**613,456**	**11,376,864**	**146,326**	**(73,897,187)**	**(19,867,108)**	**(16,463,387)**	**(325,134)**	**(16,788,521)**
Balance at 1 January 2010	68,000,000	26,118,950	3,946,731	-	(2,302,208)	573,357	11,681,831	248,634	(57,667,306)	(20,259,641)	30,340,348	6,431,592	36,771,940
Loss for the period	-	-	-	-	-	-	-	-	(14,809,848)	-	(14,809,848)	(491,708)	(15,301,556)
Other comprehensive (loss) income	-	-	-	-	(374,506)	-	-	-	-	-	(374,506)	(99,970)	(474,476)
Total comprehensive (loss) income for the period	-	-	-	-	(374,506)	-	-	-	(14,809,848)	-	(15,184,354)	(591,678)	(15,776,032)
Employee share purchase plan expense	-	-	-	-	-	81	-	-	-	-	81	20	101
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(11,939)	(11,939)	-	(11,939)
Sale of treasury shares (Note 10)	-	-	-	-	-	-	(304,967)	-	-	404,472	99,505	-	99,505
Non-controlling interests share in capital increase of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	220,000	220,000
Balance at 30 June 2010	68,000,000	26,118,950	3,946,731	-	(2,676,714)	573,438	11,376,864	248,634	(72,477,154)	(19,867,108)	15,243,641	6,059,934	21,303,575

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

1 ACTIVITIES

The Securities House K.S.C. (Closed) (the "parent company") is a Kuwaiti Shareholding Company incorporated and registered in Kuwait on 28 March 1982 and is engaged in investment and trading in securities, investment in real estate, finance activities and in portfolio and fund management on behalf of third parties.

The parent company has not yet held the annual general assembly of its shareholders for the year ended 31 December 2010. The shareholders' general assembly has the power to amend the consolidated financial statements for the year ended 31 December 2010.

For details of the subsidiaries, refer to the consolidated financial statements for the year ended 31 December 2010.

The parent company's principal place of business and registered address is 17th floor, Al-Dhow Tower, Khalid Ibn Al-Waleed Street, Sharq, P.O.Box 26972 Safat, 13130, Kuwait.

The interim condensed consolidated financial information of the parent company and its subsidiaries (together, the "group") were approved by the board of directors on 16 April 2012.

2 FUNDAMENTAL ACCOUNTING CONCEPT

For the six months ended 30 June 2011, the group incurred a loss of KD 16,594,591 (31 December 2010: KD 30,979,026 and 30 June 2010: KD 15,301,556) and as of that date, the group has a deficiency of assets of KD 16,788,521 (31 December 2010: equity KD 6,181,647 and 30 June 2010: equity KD 21,303,575) and its current liabilities exceed its current assets by KD 34,200,213 (31 December 2010: KD 41,956,416 and 30 June 2010: KD 40,237,771). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern. However, the interim condensed consolidated financial information have been prepared on a going concern basis because the management of the group is of the opinion that the group will continue in operating activities in the foreseeable future. The group reduced its murabaha payable balance by an amount approximating KD 23 million subsequent to six months ended 30 June 2011 and was able to generate net profit of approximately KD 52 million (unaudited) during the nine months period ended 30 September 2011 (for detail see Note 16)

3 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The interim condensed consolidated financial information of the group have been prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting.

The annual consolidated financial statements for the year ended 31 December 2010 were prepared in accordance with the regulations by the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK"). These regulations require adoption of all International Financial Reporting Standards ("IFRS") except for the IAS 39 requirement for collective impairment provision, which has been replaced by the CBK's requirement for a minimum general provision.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

The interim condensed consolidated financial information does not include all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2011. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2010.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional currency of the parent company.

Changes in accounting policy and disclosures

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2010, except for the adoption of the following new and amended International Accounting Standards Board ("IASB") Standards during the period:

IAS 24: Related party (Revised) (effective 1 January 2011)

The amendment clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The adoption of this revised standard did not have any impact on the Group's financial position or performance.

IAS 32: Financial instruments: presentation – classification of rights issues (Amendment) (effective 1 February 2010)

The amendment has revised the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment did not have any impact on the Group's financial position or performance.

IAS 34 Interim Financial Reporting (Amendment) (effective 1 January 2011)

The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed consolidated financial information. Adoption of this amendment did not have any material impact on the financial position or performance of the Group.

4 BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Basic and diluted loss per share is computed by dividing loss attributable to equity holders of the parent company by the weighted average number of shares (net of treasury shares) outstanding during the period as follows:

	Three months ended 30 June		*Six months ended 30 June*	
	2011 KD	*2010 KD*	***2011 KD***	*2010 KD*
Loss for the period from continuing operations attributable to the equity holders of the Parent Company	**(9,208,939)**	(7,756,971)	**(16,397,844)**	(11,084,494)
Loss for the period from discontinued Operations	**-**	(3,840,758)	**-**	(3,725,354)
Loss for the period from attributable to the equity holders of the Parent Company	**(9,208,939)**	(11,597,729)	**(16,397,844)**	(14,809,848)
	Shares	*Shares*	***Shares***	*Shares*
Weighted average number of shares outstanding during the period (net of treasury shares)	**637,720,000**	637,720,000	**637,720,000**	637,352,818
Basic and diluted (loss) earnings per share	**(14.4) fils**	(18.2) fils	**(25.7) fils**	(23.2) fils
Basic and diluted (loss) earnings per share for continuing operations	**(14.4) fils**	12.2 fils	**(25.7) fils**	17.4 fils

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as shown in the interim condensed consolidated statement of cash flows are reconciled to the related items in the interim condensed consolidated statement of financial position as follows:

	30 June 2011 KD	*(Audited) 31 December 2010 KD*	*30 June 2010 KD*
Bank balances and cash	**7,778,773**	21,698,448	4,776,070
Short-term murabaha investments with original maturity up to six months	**10,072,518**	2,860,579	1,755,291
	17,851,291	24,559,027	6,531,361

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2011 KD	(Audited) 31 December 2010 KD	30 June 2010 KD
Quoted local equities:			
Carrying value before fair value adjustment	**1,584,652**	4,573,220	4,767,860
Fair value adjustment during the period/year	**(863,911)**	487,138	(760,651)
	720,741	5,060,358	4,007,209
Unquoted local equities:			
Carrying value before fair value adjustment	**8,712,106**	26,373,888	29,802,863
Fair value adjustment during the period/year	**6,745**	699,553	(1,081,395)
	8,718,851	27,073,441	28,721,468
Unquoted equities in the Middle East:			
Carrying value before fair value adjustment	**3,372,972**	54,129,391	54,129,391
Fair value adjustment during the period/year	**(647,153)**	(11,477,769)	(2,596,652)
	2,725,819	42,651,622	51,532,739
Unquoted foreign equities:			
Carrying value before fair value adjustment	**1,816,659**	1,993,521	2,280,721
Fair value adjustment during the period/year	**154,714**	130,271	(369,552)
	1,971,373	2,123,792	1,911,169
	14,136,784	76,909,213	86,172,585

The valuation of financial assets in unquoted securities involves the exercise of judgment and is based on information available on recent arm's length market transactions, current fair value of another instrument that is substantially the same, the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; earnings multiple technique, or other valuation models.

Unquoted equities include entities in which the group has more than 20% equity interest over which the group does not exercise significant influence.

Of the financial assets above, assets amounting to KD 8,848,158 (31 December 2010: KD 52,024,619 and 30 June 2010: KD 23,960,267) are pledged as security against murabaha payable facilities amounting to KD 52,393,029 (31 December 2010: KD 80,534,409 and 30 June 2010: 116,178,063) (Note 11).

7 FINANCIAL ASSETS AVAILABLE FOR SALE

	30 June 2011 KD	*(Audited) 31 December 2010 KD*	*30 June 2010 KD*
Unquoted local equities:			
Carrying value before fair value adjustment	**309,375**	1,525,000	1,525,000
Cumulative changes in fair value	**-**	250,000	-
	309,375	1,775,000	1,525,000
Unquoted equities in the Middle East:			
Carrying value before fair value adjustment	**1,077,000**	3,806,280	5,647,030
Impairment in value during the period/year	**(252,420)**	-	(81,960)
	824,580	3,806,280	5,565,070
Unquoted foreign equities:			
Carrying value before fair value adjustment	**9,722,176**	14,524,641	17,837,216
Cumulative changes in fair values	**(160,228)**	575,551	(141,200)
Impairment in value during the period/year	**(1,192,315)**	(757,640)	-
	8,369,633	14,342,552	17,696,016
	9,503,588	19,923,832	24,786,086

Included in the financial assets above are unquoted equities amounting to KD 9,503,588 (31 December 2010: KD 16,564,954 and 30 June 2010: 24,786,086) which are carried at cost after recognition of impairment since their fair value cannot be reliably measured due to the unpredictable nature of their future cash flows and the lack of other suitable methods for arriving at a reliable fair value for these assets.

At period end, the group performed an impairment test to its financial assets available for sale which resulted in the recognition of an impairment loss of KD 1,444,735 (31 December 2010: KD 597,412 and 30 June 2010: KD 223,160) in the interim condensed consolidated income statement to account for the adverse circumstances affecting certain assets, thus reducing the value of these assets to their recoverable amount. The assessment model used was based on market observable inputs. The management believes that there is no objective evidence or circumstances that indicate any further impairment in the value of these assets and that there is no need to recognise any additional impairment in its value.

Of the financial assets above, assets amounting to KD 548,260 (31 December 2010: KD 7,498,024 and 30 June 2010: 225,000 are pledged as security against murabaha payable facilities amounting to KD 52,393,029 (31 December 2010: KD 80,534,409 and 30 June 2010: 116,178,063) (Note 11).

8 INVESTMENT PROPERTIES

	30 June 2011 KD	*(Audited) 31 December 2010 KD*	*30 June 2010 KD*
At beginning of the period/year	**534,995**	63,119,191	63,119,191
Additions	-	30,738,412	574,214
Disposals	-	(37,600,705)	-
Discontinued operations (Note 6)	-	(55,637,707)	-
Unrealised loss*	**(11,690)**	(84,196)	(3,610,048)
At end of the period/year	**523,305**	534,995	60,083,357

These represent a piece of land owned by a subsidiary company. These properties are stated at fair value, which have been determined based on recent valuations performed by accredited independent valuers who are industry specialists in valuing these types of investment properties.

Investment properties related to a subsidiary company amounting to KD Nil (31 December 2010: KD Nil and 30 June 2010: KD 59,500,000) is pledged as security against a murabaha payable facility amounting to KD Nil (31 December 2010: two murabaha facilities of KD 9,500,000 and 30 June 2010: a murabaha facility of KD 7,250,000) (Note 11).

* Unrealised loss for the period ended 30 June 2010 amounting to KD 35,834 relates to continuous operations and the remaining amount of KD 3,574,214 relates to discontinued operations.

9 SHARE CAPITAL

The authorised, issued and paid capital of the parent company are as follows:

	30 June 2011 KD	*(Audited) 31 December 2010 KD*	*30 June 2010 KD*
Authorised issued and paid up:			
Shares of 100 fils each	**68,000,000**	68,000,000	68,000,000

10 TREASURY SHARES

	30 June 2011	*(Audited) 31 December 2010*	*30 June 2010*
Number of shares held	**42,280,000**	42,280,000	42,280,000
Percentage of shares held	**6.2%**	6.2%	6.2%
Market value KD *	**5,496,400**	5,496,400	5,496,400

* On 01 April 2010, the shares of the parent company were suspended from trading in Kuwait Stock Exchange. Accordingly, the market value of the treasury shares was determined using the last transaction price.

11 MURABAHA PAYABLES

	30 June 2011 KD	*(Audited) 31 December 2010 KD*	*30 June 2010 KD*
Maturity within 1 year	**83,682,537**	130,734,694	160,336,917
Maturity above 1 year	**288,121**	495,571	7,193,240
	83,970,658	131,230,265	167,530,157

Murabaha payables represent the value of assets purchased on a deferred settlement basis.

Of the Murabaha payables facility related to a subsidiary company amounting to KD Nil (31 December 2010: two murabaha payables of KD 9,500,000 and 30 June 2010: one murabaha payable of KD 7,250,000) is secured against investment properties valued at KD Nil (31 December 2010: KD Nil and 30 June 2010: KD 59,500,000 (Note 8).

Murabaha payables amounting to KD 52,393,029 (31 December 2010: 80,534,409 and 30 June 2010: KD 116,178,063) are secured against financial assets valued at KD 9,396,418 (31 December 2010: 59,522,643 and 30 June 2010: KD 24,185,267) (Notes 6 and 7).

12 ACCOUNTS PAYABLE AND ACCRUALS

At 30 June 2011, accounts payable and accrual includes advance from customers and amount payable under sale and deferred purchase agreement amounting to KD 136,970 (31 December 2010: KD 118,903 and 30 June 2010: KD 117,512) and KD 7,128,355 (31 December 2010: KD 7,922,863 and 30 June 2010: KD 15,285,822) respectively.

13 RELATED PARTY TRANSACTIONS

These represent transactions with certain parties (major shareholders, directors and executive officers of the parent company, close members of their families and entities controlled, jointly controlled or significantly influenced by such parties) entered into by the group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the group's management.

Related party transactions and balances consist of the following:

Interim condensed consolidated statement of income:	*Other related parties Six months ended 30 June*	
	2011 KD	*2010 KD*
Dividends	**84,925**	57,398
Management fee income - managed funds	**128,195**	85,553
Restructuring and arranging fees	**29,760**	31,052
Rent expense	**(90,117)**	(128,034)

	Six months ended 30 June	
	2011 KD	*2010 KD*
Key management compensation:		
Salaries and other short term benefits	**351,450**	548,151
Employees' end of services and share purchase plan benefits	**77,664**	82,677
	429,114	630,828

13 RELATED PARTY TRANSACTIONS (continued)

Interim condensed consolidated statement of financial position:	***30 June 2011 KD***	*(Audited) 31 December 2010 KD*	*30 June 2010 KD*
Accounts receivable and prepayments:			
Accrued management fees - managed funds	**57,580**	908,824	376,390
Accrued dividends - managed funds	**37,094**	100,729	481,304

Assets amounting to KD 4,680,175 (31 December 2010: KD 8,463,519 and 30 June 2010: KD 8,466,646) are being managed on behalf of related parties.

14 SEGMENTAL ANALYSIS

For management purposes the group is organised into three major business segments:

Proprietary investment management	:	Investing of group funds in securities and real estate, financing corporate and individual customers, and managing the group's liquidity requirements.
Asset management and advisory services	:	Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related investment services.
Commercial trading activities	:	Selling and distribution of manufactured and imported goods and services.

The following table presents segment revenue, segment profit or loss and total assets information regarding the group's business segment for the six month period ended 30 June:

	Proprietary investment management Six months ended 30 June		*Asset management and advisory services* Six months ended 30 June		*Commercial trading activities* Six months ended 30 June		*Total*		*Discontinued operations*		*Total*	
	2011 KD	*2010 KD*	**2011 KD**	*2010 KD*	**2011 KD**	*2010 KD*	**2011 KD**	*2010 KD*	**2011 KD**	*2010 KD*	**2011 KD**	*2010 KD*
Segment (loss) revenue	(10,062,298)	(8,663,370)	1,263,301	986,850	4,333,823	4,614,184	**(4,465,174)**	(3,062,336)	-	693,294	**(4,465,174)**	(2,369,042)
Segment results	(13,682,285)	(7,154,926)	1,263,147	973,108	482,293	518,993	**(11,936,845)**	(5,661,834)	-	(3,725,354)	**(11,936,845)**	(9,387,188)
Unallocated expenses							**(260,634)**	(321,738)	-	-	**(260,634)**	(321,738)
Share of results of associates							**(268,830)**	647,185	-	-	**(268,830)**	647,185
Murabaha payable costs							**(3,931,535)**	(5,748,107)	-	-	**(3,931,535)**	(5,748,107)
Loss attributable to equity holders of the parent company							**(16,397,844)**	(11,084,494)	-	(3,725,354)	**(16,397,844)**	(14,809,848)

15 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

At 30 June 2011, the group's bankers have given bank guarantees amounting to KD 289,953 (31 December 2010: KD 289,953 and 30 June 2010: KD 185,914). At 30 June 2011, the group has an amount of KD 19,500 (31 December 2010: KD 19,500 and 30 June 2010: KD 311,135 in respect of capital commitments for purchase of investments and assets.

16 SUBSEQUENT EVENT

Subsequent to 30 June 2011, the management of the parent company has managed to reduce its murabaha facilities balance by an amount of KD 28,360,782 and has recorded a net profit amounting to KD 49,106,508 for the year ended 31 December 2011 mainly due to the following:

16.1 The capital increase of a subsidiary company (Gatehouse Bank plc)

Before the end of the year 2010, the management of Gatehouse bank plc (the "bank") have prepared a business plan for its first phase of the expansion of the bank's activities and aimed to increase the paid up share capital of GBP 50 million to GBP 150 million through the issuance of 10 billion shares at the nominal value of GBP 0.01 per share amounting of GBP 100 million.

In October 2010, the bank has assigned an independent consultant to review and enhance the bank's business plan, and assess the fair value of the bank's shares after the capital increase, which was estimated to be GBP 0.0239 per share.

During July 2011, the group sold 4,686,400,000 out of its 9,094,400,000 (equivalent to 29.7% of the bank's total issued share capital after the capital increase) priority rights to subscribe in the capital increase to a strategic investor. The group realised a net gain of KD 13.3 million from the sale. Subsequently during the same month, the group subscribed to the capital increase and paid an amount of KD 19.7 million (equivalent to GBP 44.1 million) in exchange of 4,408,000,000 shares.

Moreover, during the third quarter of 2011, in the group's efforts to reduce its debts and increase shareholders' value, the group sold 1,316,600,000 shares (equivalent to 8.3% of the total issued share capital after the capital increase) of the bank's shares to its creditors against settlement of certain outstanding murabaha payables amounting to KD 13.9 million. The sale price was set based on the fair valuation as determined by the independent consultant as mentioned above. Accordingly, a realised gain on sale of KD 9.4 million is recorded in the consolidated income statement subsequent to the reporting date. The management of the parent company is negotiating with its creditors to settle its debts through the sale of bank's equity securities.

As a result of the above transactions, the group's ownership percentage has decreased from 80% to 49%. From the date of loss of control, the investment in the bank is treated as an associate of the group and is accounted for in accordance with IAS 28: Investments in associates. The retained portion of the investment in Gatehouse Bank plc has been measured at fair value at the date that control is lost in accordance with IAS 27, as a result, a gain on change of fair valuation of the retained investment in the former subsidiary of an amount approximating KD 55 million is recorded in the consolidated income statement subsequent to the reporting date.