

**Al Mudon International Real Estate Company  
K.S.C. (Closed) and its 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 AL MUDON INTERNATIONAL REAL ESTATE COMPANY  
K.S.C. (CLOSED)**

**Report on the Interim Condensed Consolidated Financial Information**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Mudon International Real Estate Company K.S.C. (Closed) (the "parent company") and its subsidiaries (together the "group") as at 30 June 2011, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated cash flow statement and interim condensed consolidated statement of changes in equity for the six month period then ended. Management of the parent company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). 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 IAS 34.

**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 account 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.



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LICENCE NO. 68 A  
OF ERNST & YOUNG



DR. SAUD AL-HUMAI  
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MEMBER OF BAKER TILLY INTERNATIONAL

Al Mudon International Real Estate Company K.S.C. (Closed)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(UNAUDITED)

For the period ended 30 June 2011

	Notes	Three months ended 30 June		Six months ended 30 June	
		2011 KD	2010 KD	2011 KD	2010 KD
Share of results of an associate	5	102,021	58,636	208,824	138,601
Net gain on sale of a subsidiary	4	1,263,935	-	1,263,935	-
Dividend income		-	87,700	-	87,700
<b>INCOME</b>		<b>1,365,956</b>	<b>146,336</b>	<b>1,472,759</b>	<b>226,301</b>
General and administrative expenses		87,813	116,847	182,755	194,998
<b>EXPENSES</b>		<b>87,813</b>	<b>116,847</b>	<b>182,755</b>	<b>194,998</b>
<b>PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), ZAKAT AND NATIONAL LABOUR SUPPORT TAX ("NLST")</b>		<b>1,278,143</b>	<b>29,489</b>	<b>1,290,004</b>	<b>31,303</b>
Provision for contribution to KFAS		(11,503)	(243)	(11,610)	(282)
Provision for Zakat		(12,781)	(295)	(12,900)	(338)
Provision for NLST		(31,953)	(676)	(32,250)	(783)
<b>PROFIT FOR THE PERIOD</b>		<b>1,221,906</b>	<b>28,275</b>	<b>1,233,244</b>	<b>29,900</b>
<b>Attributable to:</b>					
Equity holders of the parent company		934,310	28,997	946,905	33,091
Non-controlling interests		287,596	(722)	286,339	(3,191)
		<b>1,221,906</b>	<b>28,275</b>	<b>1,233,244</b>	<b>29,900</b>
<b>Basic and diluted earnings per share attributable to equity holders of the parent company</b>	3	<b>9.34 fils</b>	<b>0.29 fils</b>	<b>9.47 fils</b>	<b>0.33 fils</b>

The attached notes 1 to 8 form part of these interim condensed consolidated financial information.

Al Mudon International Real Estate Company K.S.C. (Closed)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2011

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Profit for the period</b>	<b>1,221,906</b>	28,275	<b>1,233,244</b>	29,900
<b>Other comprehensive income:</b>				
Financial assets available for sale:				
- Net change in fair values	10,014	(43,862)	(64,056)	(27,562)
Foreign currency translation adjustments				
- associates	(70,672)	(103,998)	(282,293)	(87,111)
Foreign currency translation adjustments				
- subsidiaries	(156,883)	65,026	(269,005)	132,140
Other comprehensive (loss) income for the period	(217,541)	(82,834)	(615,354)	17,467
<b>Total comprehensive income (loss) for the period</b>	<b>1,004,365</b>	(54,559)	<b>617,890</b>	47,367
<b>Attributable to:</b>				
Equity holders of the parent company	738,446	(63,587)	369,261	26,698
Non-controlling interests	265,919	9,028	248,629	20,669
	<b>1,004,365</b>	(54,559)	<b>617,890</b>	47,367

The attached notes 1 to 8 form part of these interim condensed consolidated financial information.

Al Mudon International Real Estate Company K.S.C. (Closed)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(UNAUDITED)

At 30 June 2011

		<i>(Audited)</i>	
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2011</i>	<i>2010</i>	<i>2010</i>
<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	4	-	9,349,815
Investment in an associate	5	6,078,606	6,152,075
Financial assets available for sale		4,831,167	4,895,223
<b>Total non-current assets</b>		<b>10,909,773</b>	<b>20,397,113</b>
<b>Current assets</b>			
Other assets		1,620,784	1,662,946
Cash and cash equivalents	6	11,092,794	22,859
<b>Total current assets</b>		<b>12,713,578</b>	<b>1,685,805</b>
<b>TOTAL ASSETS</b>		<b>23,623,351</b>	<b>22,082,918</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		10,000,000	10,000,000
Statutory reserve		1,234,658	1,234,658
Voluntary reserve		1,278,395	1,278,395
Cumulative changes in fair values		(469,876)	(405,820)
Foreign currency translation reserve		(442,159)	71,429
Retained earnings		5,226,996	4,280,091
<b>Equity attributable to equity holders of the parent company</b>		<b>16,828,014</b>	<b>16,458,753</b>
Non-controlling interests		1,584,108	1,335,479
<b>Total equity</b>		<b>18,412,122</b>	<b>17,794,232</b>
<b>Non-current liabilities</b>			
Employees' end of service benefits		9,644	6,344
<b>Current liabilities</b>			
Other liabilities		5,201,585	4,282,342
<b>Total liabilities</b>		<b>5,211,229</b>	<b>4,288,686</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23,623,351</b>	<b>22,082,918</b>

Adnan Yaqoub Bou Rhama  
Chairman

Omar Ali Alzumai  
Vice chairman

The attached notes 1 to 8 form part of these interim condensed consolidated financial information.

Al Mudon International Real Estate Company K.S.C. (Closed)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

For the period ended 30 June 2011

	Notes	Six months ended 30 June	
		2011 KD	2010 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period before contribution to KFAS, Zakat and NLST		1,290,004	31,303
Adjustments for:			
Share of results of an associate		(208,824)	(138,601)
Provision for employees' end of service benefits		3,300	2,510
Dividend income		-	(87,700)
		<u>1,084,480</u>	<u>(192,488)</u>
Changes in operating assets and liabilities:			
Other assets		42,162	(5,701)
Other liabilities		451,307	27,537
		<u>1,577,949</u>	<u>(170,652)</u>
<b>INVESTING ACTIVITIES</b>			
Dividend received		-	87,700
Net proceeds from sale of a subsidiary	4	9,349,815	-
		<u>9,349,815</u>	<u>87,700</u>
<b>FINANCING ACTIVITIES</b>			
Net movement in amount due to the ultimate parent company		411,176	140,084
		<u>411,176</u>	<u>140,084</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		11,338,940	57,132
Net foreign exchange difference		(269,005)	(4,676)
Cash and cash equivalents at 1 January		22,859	26,051
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	6	<u><u>11,092,794</u></u>	<u><u>78,507</u></u>

The attached notes 1 to 8 form part of these interim condensed consolidated financial information.

Al Mudon International Real Estate Company K.S.C. (Closed)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2011

	Attributable to equity holders of the parent company								
	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair values KD	Foreign currency translation reserve KD	Retained earnings KD	Sub total KD	Non- controlling interests KD	Total KD
Balance at 1 January 2011	10,000,000	1,234,658	1,278,395	(405,820)	71,429	4,280,091	16,458,753	1,335,479	17,794,232
Profit for the period	-	-	-	-	-	946,905	946,905	286,339	1,233,244
Other comprehensive loss for the period	-	-	-	(64,056)	(513,588)	-	(577,644)	(37,710)	(615,354)
Total comprehensive income for the period	-	-	-	(64,056)	(513,588)	946,905	369,261	248,629	617,890
<b>Balance at 30 June 2011</b>	<b>10,000,000</b>	<b>1,234,658</b>	<b>1,278,395</b>	<b>(469,876)</b>	<b>(442,159)</b>	<b>5,226,996</b>	<b>16,828,014</b>	<b>1,584,108</b>	<b>18,412,122</b>
Balance at 1 January 2010	10,000,000	1,202,220	1,245,957	(222,833)	548,885	4,034,743	16,808,972	1,364,893	18,173,865
Profit (loss) for the period	-	-	-	-	-	33,091	33,091	(3,191)	29,900
Other comprehensive (loss) income for the period	-	-	-	(27,562)	21,169	-	(6,393)	23,860	17,467
Total comprehensive (loss) income for the period	-	-	-	(27,562)	21,169	33,091	26,698	20,669	47,367
<b>Balance at 30 June 2010</b>	<b>10,000,000</b>	<b>1,202,220</b>	<b>1,245,957</b>	<b>(250,395)</b>	<b>570,054</b>	<b>4,067,834</b>	<b>16,835,670</b>	<b>1,385,562</b>	<b>18,221,232</b>

The attached notes 1 to 8 form part of these interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2011

**1 CORPORATE INFORMATION AND ACTIVITIES**

The interim condensed consolidated financial information of Al Mudon International Real Estate Company K.S.C. (Closed), (the “parent company”) and its subsidiaries (the “group”) for the period ended 30 June 2011 were authorised for issue by the Board of Directors on 15 August 2011.

The parent company is a closed shareholding company incorporated and registered in the State of Kuwait in 1996. The parent company’s office is at 6th Floor, Kuwait Chamber Of Commerce & Industry Building, Al Shuhada Street, Murgab, State of Kuwait. The parent company is listed on Kuwait Stock Exchange.

The principal activities of the parent company comprise investments in real estates and securities. All activities are conducted in accordance with Islamic shareea’a, as approved by the group’s Shareea’a Supervisory Board.

The parent company is a subsidiary of Watheeqa Holding Group K.S.C. (Closed) (the “ultimate parent company”).

**2 SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The interim condensed consolidated financial information of the group has been prepared in accordance with International Accounting Standard (“IAS”) 34: Interim Financial Reporting.

The interim condensed consolidated financial information does not include all of the information and disclosures required for complete consolidated 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 prepared in Kuwaiti Dinars (“KD”), which is also 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 and International Financial Reporting Interpretations Committee (“IFRIC”) Interpretations, relevant to the group, 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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2011

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****Changes in accounting policy and disclosures (continued)**

*IFRIC Interpretation 14: Prepayments of a minimum funding requirement (Amendment) (effective 1 January 2011)*

The amendment is effective with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment did not have any impact on the group's financial position or performance.

*IFRIC Interpretation 19: Extinguishing financial liabilities with equity instruments (effective 1 July 2010)*

The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation did not have any impact on the group's financial position or performance.

**3 BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period attributable to the equity holders of the parent company	<b>934,310</b>	28,997	<b>946,905</b>	33,091
	<b>Share</b>	<b>Share</b>	<b>Share</b>	<b>Share</b>
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	<b>100,000,000</b>	100,000,000	<b>100,000,000</b>	100,000,000
<b>Basic and diluted earnings per share</b>	<b>9.34 fils</b>	0.29 fils	<b>9.47 fils</b>	0.33 fils

**4 SALE OF A SUBSIDIARY**

During the period, the group sold its' entire 85.7% effective equity interest in, Palais Noura SAL ("PN"), a subsidiary held through Leaders Business Group (Holding) S.A.L. (direct subsidiary of the parent company) for a cash consideration of KD 11,245,153 resulting in a gain of KD 1,263,935, net of related expected transaction cost based on management expectation. PN was a special purpose entity with the only underlying asset being a land which was classified as an investment property.

**5 INVESTMENT IN AN ASSOCIATE**

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2011</i>	<i>31 December</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Opening balance	<b>6,152,075</b>	5,049,977	5,049,977
Additions	-	851,686	851,686
Share of results of an associate	<b>208,824</b>	539,710	138,601
Foreign exchange translation adjustment	<b>(282,293)</b>	(289,298)	(87,111)
	<b>6,078,606</b>	6,152,075	5,953,153

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2011

**6 CASH AND CASH EQUIVALENTS**

Included in cash and cash equivalents is an amount of KD 11,086,893 invested in a discretionary portfolio which is managed by a subsidiary of the ultimate parent company. Since the portfolio manager has not invested in any of the underlying investments therefore the amount has been classified as cash and cash equivalents.

**7 RELATED PARTY TRANSACTIONS**

These represent transactions with certain parties (major shareholders, associate, directors and executive officers of the group, close members of their families and entities over which they exercise control or over which they are able to exercise significant influence) entered into by the group in the ordinary course of business. The terms of these transactions are approved by the group's management.

The transactions and balances with related parties included in the interim condensed consolidated financial information are as follows:

	<i>Ultimate parent company</i> <i>KD</i>	<i>Associate</i> <i>KD</i>	<i>Other related parties</i> <i>KD</i>	<i>Six months ended 30 June</i>	
				<i>2011</i> <i>KD</i>	<i>2010</i> <i>KD</i>
<b>Interim condensed consolidated statement of income</b>					
General and administrative expenses	56,523	-	87,615	144,138	95,752
				<i>(Audited)</i>	
			<i>30 June 2011</i> <i>KD</i>	<i>31 December 2010</i> <i>KD</i>	<i>30 June 2010</i> <i>KD</i>
<b>Interim condensed consolidated statement of financial position</b>					
Cash and cash equivalents			11,092,794	-	-
Other assets			418,973	458,680	60,431
Other liabilities			3,975,198	3,766,695	3,685,755

**Key management personnel compensation**

	<i>Three months ended 30 June</i>	
	<i>2011</i> <i>KD</i>	<i>2010</i> <i>KD</i>
Salaries and short-term employee benefits	47,186	35,555
Leave and termination benefits	3,300	2,515
	<u>50,486</u>	<u>38,070</u>

Financial assets available for sale amounting to KD 4,831,167 (31 December 2010: KD 4,895,223 and 30 June 2010: KD 5,118,385) are managed by a related party.

**8 SEGMENTAL INFORMATION**

The group operates in primarily two business regions a) Kuwait and b) International. The group does not have material inter-segment transactions. The segment information is presented on the same basis as that used for internal reporting purposes by the chief operating decision – maker.

Management monitors operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segmental return on investments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2011

**8 SEGMENTAL INFORMATION (continued)**

The following table presents the total revenue, profit before contribution to KFAS, Zakat and NLST for the period and total assets information regarding the group's segment.

<i>Six months ended 30 June 2011</i>	<i>Kuwait KD</i>	<i>International KD</i>	<i>Total KD</i>
Share of results of associates	-	208,824	208,824
Net gain on sale of a subsidiary	-	1,263,935	1,263,935
Total segment revenue	-	1,472,759	1,472,759
Segment (loss) profit before contribution to KFAS, Zakat and NLST	(177,460)	1,467,464	1,290,004
	<i>Kuwait KD</i>	<i>International KD</i>	<i>Total KD</i>
<b>As at 30 June 2011</b>			
Segment assets	17,544,745	-	17,544,745
Investment in an associate	-	6,078,606	6,078,606
Total segment assets	17,544,745	6,078,606	23,623,351
Segment liabilities	5,145,251	9,218	5,154,469
Unallocated liabilities			56,760
Total liabilities			5,211,229
<i>Six months ended 30 June 2010</i>	<i>Kuwait KD</i>	<i>International KD</i>	<i>Total KD</i>
Share of results of associates	-	138,601	138,601
Dividend income	87,700	-	87,700
Total segment revenue	-	138,601	226,301
Segment (loss) profit before contribution to KFAS, Zakat and NLST	(172,681)	203,984	31,303

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2011

**8 SEGMENTAL INFORMATION (continued)**

	<i>Kuwait KD</i>	<i>International KD</i>	<i>Total KD</i>
As at 30 June 2010			
Segment assets	6,465,727	9,694,074	16,159,801
Investment in an associate	-	5,953,153	5,953,153
Total segment assets	<u>6,465,727</u>	<u>15,647,227</u>	<u>22,112,954</u>
Segment liabilities	<u>8,797</u>	<u>3,699,439</u>	3,708,236
Unallocated liabilities			<u>183,486</u>
Total liabilities			<u>3,891,722</u>