

**Al Mudon International Real Estate Company  
K.S.C. (Closed) and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)**

**31 MARCH 2011**

**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 31 March 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 three 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 three month period ended 31 March 2011 that might have had a material effect on the business of the parent company or on its financial position.



WALEED A. AL OSAIMI  
LICENCE NO. 68 A  
OF ERNST & YOUNG



DR. SAUD AL-HUMAIDI  
LICENSE NO. 51 A  
DR. SAUD AL-HUMAIDI & PARTNERS  
MEMBER OF BAKER TILLY INTERNATIONAL

12 May 2011

Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(UNAUDITED)

For the period ended 31 March 2011

	Notes	<i>Three months ended 31 March</i>	
		<b>2011</b> <b>KD</b>	<b>2010</b> <b>KD</b>
Share of results of an associate	4	<b>106,803</b>	79,965
<b>INCOME</b>		<b>106,803</b>	79,965
General and administrative expenses		<b>94,942</b>	78,151
<b>EXPENSES</b>		<b>94,942</b>	78,151
<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>11,861</b>	1,814
Contribution to KFAS		<b>(107)</b>	(39)
Zakat		<b>(119)</b>	(43)
NLST		<b>(297)</b>	(107)
<b>PROFIT FOR THE PERIOD</b>		<b>11,338</b>	1,625
<b>Attributable to:</b>			
Equity holders of the parent company		<b>12,595</b>	4,094
Non-controlling interests		<b>(1,257)</b>	(2,469)
		<b>11,338</b>	1,625
<b>Basic and diluted earnings per share attributable to equity holders of the parent company</b>	3	<b>0.13 fils</b>	0.04 fils

The attached notes 1 to 6 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 31 March 2011

	<i>Three months ended 31 March</i>	
	<i>2011</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>
<b>Profit for the period</b>	<b>11,338</b>	<b>1,625</b>
<b>Other comprehensive income:</b>		
Financial assets available for sale:		
- Net change in fair values	(74,070)	16,300
Foreign currency translation adjustments - associates	(211,621)	16,887
Foreign currency translation adjustments - subsidiaries	(112,122)	67,114
Other comprehensive (loss) income for the period	(397,813)	100,301
<b>Total comprehensive (loss) income for the period</b>	<b>(386,475)</b>	<b>101,926</b>
<b>Attributable to:</b>		
Equity holders of the parent company	(369,185)	90,285
Non-controlling interests	(17,290)	11,641
	<b>(386,475)</b>	<b>101,926</b>

The attached notes 1 to 6 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 31 March 2011

		(Audited)	
	31 March	31 December	31 March
	2011	2010	2010
Note	KD	KD	KD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	9,237,489	9,349,815	9,623,996
Investment in an associate	4 6,047,257	6,152,075	5,998,515
Financial assets available for sale	4,821,153	4,895,223	5,162,247
<b>Total non-current assets</b>	<b>20,105,899</b>	<b>20,397,113</b>	<b>20,784,758</b>
<b>Current assets</b>			
Other assets	1,617,640	1,662,946	1,263,815
Bank balances and cash	2,512	22,859	50,865
<b>Total current assets</b>	<b>1,620,152</b>	<b>1,685,805</b>	<b>1,314,680</b>
<b>TOTAL ASSETS</b>	<b>21,726,051</b>	<b>22,082,918</b>	<b>22,099,438</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	10,000,000	10,000,000	10,000,000
Statutory reserve	1,234,658	1,234,658	1,202,220
Voluntary reserve	1,278,395	1,278,395	1,245,957
Cumulative changes in fair values	(479,890)	(405,820)	(206,533)
Foreign currency translation reserve	(236,281)	71,429	618,776
Retained earnings	4,292,686	4,280,091	4,038,837
<b>Equity attributable to equity holders of the parent company</b>	<b>16,089,568</b>	<b>16,458,753</b>	<b>16,899,257</b>
Non-controlling interests	1,318,189	1,335,479	1,376,534
<b>Total equity</b>	<b>17,407,757</b>	<b>17,794,232</b>	<b>18,275,791</b>
<b>Non-current liabilities</b>			
Employees' end of service benefits	7,994	6,344	1,255
<b>Current liabilities</b>			
Other liabilities	4,310,300	4,282,342	3,822,392
<b>Total liabilities</b>	<b>4,318,294</b>	<b>4,288,686</b>	<b>3,823,647</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21,726,051</b>	<b>22,082,918</b>	<b>22,099,438</b>

Adnan Yaqoub Bou Rhama  
Chairman

Omar Ali Alzumai  
Vice chairman

The attached notes 1 to 6 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 31 March 2011

	<i>Three months ended 31 March</i>	
	<i>2011</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period before KFAS, Zakat and NLST	11,861	1,814
Adjustments for:		
Share of results of an associate	(106,803)	(79,965)
Provision for employees' end of service benefits	1,650	-
	<u>(93,292)</u>	<u>(78,151)</u>
Changes in operating assets and liabilities:		
Other assets	45,306	(681)
Other liabilities	38,741	8,525
	<u>(9,245)</u>	<u>(70,307)</u>
Net cash used in operating activities		
<b>FINANCING ACTIVITIES</b>		
Net movement in amount due to the ultimate parent company	(11,306)	94,745
Net cash (used in) from financing activities	<u>(11,306)</u>	<u>94,745</u>
<b>(DECREASE) INCREASE IN BANK BALANCES AND CASH</b>	<b>(20,551)</b>	<b>24,438</b>
Net foreign exchange difference	204	376
Bank balances and cash at 1 January	22,859	26,051
<b>BANK BALANCES AND CASH AT 31 MARCH</b>	<b><u>2,512</u></b>	<b><u>50,865</u></b>

The attached notes 1 to 6 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 31 March 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 (loss) for the period	-	-	-	-	-	12,595	12,595	(1,257)	11,338
Other comprehensive loss for the period	-	-	-	(74,070)	(307,710)	-	(381,780)	(16,033)	(397,813)
Total comprehensive income for the period	-	-	-	(74,070)	(307,710)	12,595	(369,185)	(17,290)	(386,860)
<b>Balance at 31 March 2011</b>	<b>10,000,000</b>	<b>1,234,658</b>	<b>1,278,395</b>	<b>(479,890)</b>	<b>(236,281)</b>	<b>4,292,686</b>	<b>16,089,568</b>	<b>1,318,189</b>	<b>17,407,757</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	-	-	-	-	-	4,094	4,094	(2,469)	1,625
Other comprehensive income for the period	-	-	-	16,300	69,891	-	86,191	14,110	100,301
Total comprehensive income for the period	-	-	-	16,300	69,891	4,094	90,285	11,641	101,926
<b>Balance at 31 March 2010</b>	<b>10,000,000</b>	<b>1,202,220</b>	<b>1,245,957</b>	<b>(206,533)</b>	<b>618,776</b>	<b>4,038,837</b>	<b>16,899,257</b>	<b>1,376,534</b>	<b>18,275,791</b>

The attached notes 1 to 6 form part of these interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 31 March 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 31 March 2011 were authorised for issue by the Board of Directors on 12 May 2011. The Annual General Assembly Meeting of shareholders for the year ended 31 December 2010 has not yet been held.

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 31 March 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>31 March</i>	
	<i>2011</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>
Profit for the period attributable to the equity holders of the parent company	<b>12,595</b>	4,094
	<b>Share</b>	Share
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	<b>100,000,000</b>	100,000,000
<b>Basic and diluted earnings per share</b>	<b>0.13 fils</b>	0.04 fils

**4 INVESTMENT IN AN ASSOCIATE**

	<i>31 March</i>	<i>(Audited)</i>	
		<i>31 December</i>	<i>31 March</i>
	<i>2011</i>	<i>2010</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 associate	<b>106,803</b>	539,710	79,965
Foreign exchange translation adjustment	<b>(211,621)</b>	(289,298)	16,887
	<b>6,047,257</b>	<b>6,152,075</b>	<b>5,998,515</b>

**5 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2011

**5 RELATED PARTY TRANSACTIONS (continued)**

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>Three months ended 31 March</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	28,607	-	37,360	65,967	31,793

				<i>(Audited)</i>		
				<i>31 March 2011</i> <i>KD</i>	<i>31 December 2010</i> <i>KD</i>	<i>31 March 2010</i> <i>KD</i>
<b>Interim condensed consolidated statement of financial position</b>						
Other assets	-	22,246	391,009	413,255	458,680	58,30
Other liabilities	3,552,714	-	232,707	3,785,421	3,766,695	3,622,80

**Key management personnel compensation**

	<i>Three months ended 31 March</i>	
	<i>2011</i> <i>KD</i>	<i>2010</i> <i>KD</i>
Salaries and short-term employee benefits	50,122	16,040
	<u>50,122</u>	<u>16,040</u>

Financial assets available for sale amounting to KD 4,821,153 (31 December 2010: KD 4,895,223 and 31 March 2011: KD 5,162,247) are managed by a related party.

**6 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.

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>Three months ended 31 March 2011</i>	<i>Kuwait</i> <i>KD</i>	<i>International</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Share of results of associates	-	106,803	106,803
Total segment revenue	-	106,803	106,803
Segment (loss) profit before contribution to KFAS, Zakat and NLST	(86,155)	98,016	11,861

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 31 March 2011

6 SEGMENTAL INFORMATION (continued)

	<i>Kuwait KD</i>	<i>International KD</i>	<i>Total KD</i>
<b>As at 31 March 2011</b>			
Segment assets	1,619,724	14,059,070	15,678,794
Investment in an associate	-	6,047,257	6,047,257
Total segment assets	<u>1,619,724</u>	<u>20,106,327</u>	<u>21,726,051</u>
Segment liabilities	<u>4,120,649</u>	<u>19,809</u>	4,140,458
Unallocated liabilities			<u>177,836</u>
Total liabilities			<u>4,318,294</u>
 <i>Three months ended 31 March 2010</i>			
	<i>Kuwait KD</i>	<i>International KD</i>	<i>Total KD</i>
Share of results of associates	-	79,965	79,965
Total segment revenue	<u>-</u>	<u>79,965</u>	<u>79,965</u>
Segment (loss) profit before contribution to KFAS, Zakat and NLST	<u>(61,072)</u>	<u>62,886</u>	<u>1,814</u>
	<i>Kuwait KD</i>	<i>International KD</i>	<i>Total KD</i>
<b>As at 31 March 2010</b>			
Segment assets	1,301,152	14,799,771	16,100,923
Investment in an associate	-	5,998,515	5,998,515
Total segment assets	<u>1,301,152</u>	<u>20,798,286</u>	<u>22,099,438</u>
Segment liabilities	<u>3,635,007</u>	<u>11,411</u>	3,646,418
Unallocated liabilities			<u>177,229</u>
Total liabilities			<u>3,823,647</u>