

**MABANEE COMPANY S.A.K. (CLOSED) AND
SUBSIDIARIES**



**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION AND INDEPENDENT
AUDITORS' REVIEW REPORT FOR THE PERIOD
FROM 1 JANUARY TO 30 JUNE 2009
(UNAUDITED)**

MABANEE S.A.K. (CLOSED) AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT (UNAUDITED)



For the period from 1 January to 30 June 2009

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Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information

The Board of Directors
Mabanee Company SAK (Closed)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mabanee Company S.A.K. (Closed) ("the Company") and its subsidiaries (together referred to as "the Group") at 30 June 2009 and the related interim condensed consolidated statements of income and comprehensive income for the three month and six month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six month period then ended. The management of the Group is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 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 the 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 Company have occurred during the six month period ended 30 June 2009 that might have had a material effect on the business of the Group or on its financial position, except that the Company holds certain direct investment in shares in violation of its Articles of Association.

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----- 2009
Kuwait

MABANEE COMPANY S.A.K. (CLOSED) AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 June 2009



		30 June 2009 (Unaudited)	31 December 2008 (Audited)	(Restated) 30 June 2008 (Unaudited)
	Notes	KD	KD	KD
ASSETS				
Non-current assets				
Property, plant and equipment		695,798	558,220	559,996
Investment properties	3	163,300,418	157,122,239	149,474,564
Investments in associates		17,447,995	16,366,187	15,423,571
Available for sale investments	4	20,358,859	25,503,740	18,136,032
		<u>201,803,070</u>	<u>199,550,386</u>	<u>183,594,163</u>
Current assets				
Investments carried at fair value through statement of income		-	762,916	25,173,597
Accounts receivable and prepayments	5	9,097,204	6,489,002	23,735,908
Cash and bank balances	6	4,287,643	24,016,539	4,082,142
		<u>13,384,847</u>	<u>31,268,457</u>	<u>52,991,647</u>
TOTAL ASSETS		<u>215,187,917</u>	<u>230,818,843</u>	<u>236,585,810</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		45,919,500	41,745,000	41,745,000
Statutory reserve		8,513,318	8,513,318	7,856,133
General reserve		8,513,318	8,513,318	7,856,133
Treasury shares		(2,300,079)	(2,300,079)	-
Treasury shares reserve		4,634,120	4,634,120	4,634,958
Fair value reserve		168,322	(118,980)	776,239
Retained earnings		42,681,779	36,621,400	45,989,190
Total equity		<u>108,130,278</u>	<u>97,608,097</u>	<u>108,857,653</u>
Non-current liabilities				
Provision for staff indemnity		379,041	283,704	189,789
Other non-current liabilities		9,064,082	9,112,790	12,784,159
Long-term loans	7	14,285,714	40,778,558	35,000,003
		<u>23,728,837</u>	<u>50,175,052</u>	<u>47,973,951</u>
Current liabilities				
Bank overdrafts	6	958,848	3,469,769	7,854,645
Short-term loans	8	67,964,286	62,714,286	52,714,284
Trade and other payables	9	14,405,668	16,851,639	19,185,277
		<u>83,328,802</u>	<u>83,035,694</u>	<u>79,754,206</u>
Total liabilities		<u>107,057,639</u>	<u>133,210,746</u>	<u>127,728,157</u>
TOTAL EQUITY AND LIABILITIES		<u>215,187,917</u>	<u>230,818,843</u>	<u>236,585,810</u>

Mohammad Abdulaziz Al Shaya
Chairman and Managing Director

The accompanying notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

MABANEE COMPANY S.A.K. (CLOSED) AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)



For the period from 1 January to 30 June 2009

	Notes	Three month period ended 30 June		Six month period ended 30 June	
		(Restated)		(Restated)	
		2009	2008	2009	2008
		KD	KD	KD	KD
Investment properties revenue	10 a	8,902,433	4,941,100	17,756,558	13,794,264
Investment properties expenses	10 b	(1,655,298)	(932,991)	(3,245,837)	(1,822,170)
Depreciation		(770,493)	(505,467)	(1,515,910)	(1,003,762)
Finance costs		(1,234,720)	(1,463,236)	(3,015,089)	(2,715,739)
Profit from operations		5,241,922	2,039,406	9,979,722	8,252,593
Net gain from financial investments	10 c	852,615	1,527,260	416,163	7,148,724
Other income		51,700	(25,027)	180,748	43,966
Foreign exchange gain		4,895	65,212	850,816	65,212
General and administrative expenses		(439,592)	(312,422)	(828,716)	(622,694)
Share of results from associate		-	-	83,982	-
Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		5,711,540	3,294,429	10,682,715	14,887,801
Contribution to KFAS		(51,403)	(52,055)	(96,144)	(133,990)
Contribution to NLST		(143,898)	(131,856)	(251,209)	(339,373)
Contribution to Zakat		(57,559)	(52,742)	(100,483)	(135,749)
Profit for the period		5,458,680	3,057,776	10,234,879	14,278,689
Basic and diluted earnings per share	11	11.94 fils	6.66 fils	22.38 fils	31.10 fils

The accompanying notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

MABANEE COMPANY S.A.K. (CLOSED) AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)



For the period from 1 January to 30 June 2009

	Three month period ended 30 June		Six month period ended 30 June	
	2009	(Restated) 2008	2009	(Restated) 2008
	KD	KD	KD	KD
Profit for the period	5,458,680	3,057,776	10,234,879	14,278,689
Other comprehensive income:				
Change in fair value of available for sale investments	360,681	1,045,854	(563,672)	1,693,114
Transfer to consolidated statement of income on sale of available for sale investments	160,484	(111,324)	160,484	(111,324)
Transfer to consolidated statement of income on impairment of available for sale investments	-	-	690,490	-
Other comprehensive income for the period	521,165	934,530	287,302	1,581,790
Total comprehensive income for the period	5,979,845	3,992,306	10,522,181	15,860,479

The accompanying notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

MABANEE COMPANY S.A.K. (CLOSED) AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period from 1 January to 30 June 2009

	Share capital	Statutory reserve	General reserve	Treasury shares	Treasury shares reserve	Fair value reserve	Retained earnings	Total
	KD	KD	KD	KD	KD	KD	KD	KD
At 1 January 2009	41,745,000	8,513,318	8,513,318	(2,300,079)	4,634,120	(118,980)	36,621,400	97,608,097
Total comprehensive income for the period	-	-	-	-	-	287,302	10,234,879	10,522,181
Issue of bonus shares (Note 13)	4,174,500	-	-	-	-	-	(4,174,500)	-
At 30 June 2009	<u>45,919,500</u>	<u>8,513,318</u>	<u>8,513,318</u>	<u>(2,300,079)</u>	<u>4,634,120</u>	<u>168,322</u>	<u>42,681,779</u>	<u>108,130,278</u>
At 1 January 2008 (as previously stated)	36,300,000	7,499,291	7,499,291	-	4,634,958	(805,551)	34,423,915	89,551,904
Adjustment arising from prior year restatement (Notes 2 and 15)	-	356,842	356,842	-	-	-	2,731,586	3,445,270
At 1 January 2008 (as restated)	36,300,000	7,856,133	7,856,133	-	4,634,958	(805,551)	37,155,501	92,997,174
Total comprehensive income for the period (as restated)	-	-	-	-	-	1,581,790	14,278,689	15,860,479
Issue of bonus shares (Note 13)	5,445,000	-	-	-	-	-	(5,445,000)	-
At 30 June 2008 (as restated)	<u>41,745,000</u>	<u>7,856,133</u>	<u>7,856,133</u>	<u>-</u>	<u>4,634,958</u>	<u>776,239</u>	<u>45,989,190</u>	<u>108,857,653</u>

The accompanying notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

MABANEE COMPANY S.A.K. (CLOSED) AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)



For the period from 1 January to 30 June 2009

	Note	Six month period ended 30 June	
		2009	(Restated) 2008
		KD	KD
OPERATING ACTIVITIES			
Profit before contribution to KFAS, NLST and Zakat		10,682,715	14,887,801
Adjustments for:			
Depreciation		1,515,910	1,019,121
Provision for staff indemnity		96,103	86,551
Net gain from investments		(416,163)	(7,148,724)
Share of results from associate		(83,982)	-
Gain on sale of property, plant and equipment		-	(2,136)
Finance costs		3,015,089	2,715,739
		<u>14,809,672</u>	<u>11,558,352</u>
Movements in working capital			
Accounts receivable and prepayments		(2,608,202)	(19,018,535)
Trade and other payables		(2,787,520)	(3,344,472)
Other non-current liabilities		(48,708)	3,953,915
Cash generated from operations		<u>9,365,242</u>	<u>(6,850,740)</u>
Staff indemnity paid		(766)	(1,887)
Finance costs paid		(2,841,433)	(2,715,739)
KFAS, NLST and Zakat paid		(279,943)	(625,606)
Net cash generated from operating activities		<u>6,243,100</u>	<u>(10,193,972)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(195,650)	(236,060)
Proceeds from sale of property, plant and equipment		476	32,000
Additions to investment properties		(7,636,493)	(21,391,829)
Purchase of shares in an associate		(997,826)	-
Purchase of available for sale investments		(10,558,097)	(8,425,255)
Proceeds from sale of available for sale investments		15,742,691	6,849,871
Purchase of investments carried at fair value through statement of income		-	(409,428)
Proceeds from sale of investments carried at fair value through statement of income		771,595	7,688,137
Dividend received on available for sale investments		625,477	866,340
Dividend received on investments carried at fair value through statement of income		29,596	577,366
Net cash used in investing activities		<u>(2,218,231)</u>	<u>(14,448,858)</u>
FINANCING ACTIVITIES			
Term loans repaid		(21,242,844)	(13,507,142)
Term loans obtained		-	37,000,000
Net cash (used in) / generated from financing activities		<u>(21,242,844)</u>	<u>23,492,858</u>
Net decrease in cash and cash equivalents		<u>(17,217,975)</u>	<u>(1,149,972)</u>
Cash and cash equivalents at beginning of the period		20,546,770	(2,622,531)
Cash and cash equivalents at end of the period	6	<u>3,328,795</u>	<u>(3,772,503)</u>

The accompanying notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

MABANEE COMPANY S.A.K. (CLOSED) AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)



For the period from 1 January to 30 June 2009

1. ESTABLISHMENT AND PRINCIPAL ACTIVITIES

Mabaneer Company S.A.K. (Closed) (“the Company”) is a Kuwaiti Shareholding Company established and registered in Kuwait in 1964. The Company and its subsidiaries (together referred to as “the Group”) are engaged in the manufacture and erection of pre-cast buildings, other construction work and the installation of sanitary, mechanical, electrical and other equipment that relates to the construction industry. It is also engaged in real estate investment and surplus funds are invested in portfolios managed by specialised firms. The Company is listed on the Kuwait Stock Exchange.

The Company is an associated company of Alshaya United Company W.L.L.

The registered address of the Company is P.O. Box 5132, Safat 13052, Kuwait.

This interim consolidated financial information were authorised for issue by the Board of Directors on 5 August 2009.

2. BASIS OF PRESENTATION

This interim condensed consolidated financial information of the Group is prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the International Financial Reporting Standards. For more details, please refer to the annual audited consolidated financial statements for the year ended 31 December 2008. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the period are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

During the period, the Group has adopted the following standards effective for the annual periods beginning on or after 1 January 2009:

IAS 1 ‘Presentation of Financial Statements’ (Revised):

The revised standard has introduced a number of terminology changes and has resulted in a number of changes in presentation and disclosure. The revised standard requires only owner changes in equity to be presented in the statement of changes in equity. All non owner changes in equity (i.e. comprehensive income) are required to be presented separately from owner changes in equity in a performance statement (consolidated statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. The revised standard has had no impact on the reported results or financial position of the Group.

IAS 23 Borrowing costs (Revised)

The revised Standard has eliminated the previously available option to expense all borrowing costs when incurred. However, the revised Standard has had no impact on the previously or currently reported results or financial position of the Group as the Group’s existing policy also is to capitalise the borrowing costs on qualifying assets.

IAS 40 Investment property (Revised):

The revised Standard has included the treatment of property under construction or development for future use as investment property which was previously within scope of IAS 16. The Group has adopted the amendments to IAS 40. As a result, the Group has reclassified projects under development with a carrying amount of KD 19,330,320 (31 December 2008: KD 11,725,308 and 30 June 2008: KD 49,806,344) from “property, plant and equipment” to “investment properties”. The revised Standard has had no impact on the previously or currently reported results of the Group.

IFRS 8 ‘Operating segments’:

The new standard which replaced IAS 14 ‘Segment reporting’ requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision - maker.

MABANEE COMPANY S.A.K. (CLOSED) AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)



For the period from 1 January to 30 June 2009

2. BASIS OF PRESENTATION (CONTINUED)

Changes in accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the previous periods, except as discussed in the following paragraph:

Arrangement fees:

During the quarter ended 31 December 2008, the Group's management changed the accounting policy for the treatment of arrangement fees received from investors. Until the period ended 30 September 2008, the Group recognised arrangement fees over the contract term. The Group has changed the policy and the arrangement fees are now recognised when due. The management believes that the new treatment is preferable as it most faithfully represents the nature of the fees, which is non refundable, charged on signing of the investment agreement and for which no further services are required to be performed by the Group. The change in accounting policy has been accounted for retrospectively; resulting in the restatement of the profit for the period ended 30 June 2008 by KD 1,819,988 and equity at 30 June 2008 by KD 5,265,258, which include restatement of equity of KD 3,445,270 for periods prior to 1 January 2008.

3. INVESTMENT PROPERTIES

	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
	KD	KD	KD
Cost			
At beginning of the period	161,402,807	130,827,381	130,827,381
Additions	7,636,493	30,575,426	21,391,829
	<u>169,039,300</u>	<u>161,402,807</u>	<u>152,219,210</u>
Accumulated depreciation			
At beginning of the period	4,280,568	1,760,144	1,760,144
Charge for the period	1,458,314	2,520,424	984,502
	<u>5,738,882</u>	<u>4,280,568</u>	<u>2,744,646</u>
Carrying amount	<u>163,300,418</u>	<u>157,122,239</u>	<u>149,474,564</u>
Annual depreciation rates	<u>2% – 3.33%</u>	<u>2% – 3.33%</u>	<u>2% – 3.33%</u>

The balance includes KD 19,330,320 (31 December 2008: KD 11,725,308 and 30 June 2008: KD 49,806,344), which represents costs incurred in the construction of "The Avenues" commercial complex, which is being constructed in phases. During the period ended 30 June 2009, borrowing costs of KD 189,649 relating to phases under construction of "The Avenues" complex has been capitalised within the total costs (31 December 2008: KD 384,847 and 30 June 2008: KD 384,847).

The fair value of the investment properties at the statement of financial position date was not materially different from the fair value at 31 December 2008, which was KD 342,721,140 (30 June 2008: KD 258,938,200).

MABANEE COMPANY S.A.K. (CLOSED) AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)



For the period from 1 January to 30 June 2009

4. AVAILABLE FOR SALE INVESTMENTS

	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
	KD	KD	KD
Quoted local equities	13,648,123	18,965,626	12,322,275
Unquoted local equities	1,083,651	1,058,424	1,463,808
Unquoted international equities	5,627,085	5,479,690	4,349,949
	<u>20,358,859</u>	<u>25,503,740</u>	<u>18,136,032</u>

At 30 June 2009, certain investments amounting to KD 5,800,002 (31 December 2008: KD 4,602,685; 30 June 2008: KD 3,900,647) were carried at cost, due to the lack of an active market or other reliable measures of their fair value. Management is not aware of any indication of impairment of these investments.

5. ACCOUNTS RECEIVABLES AND PREPAYMENTS

	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
	KD	KD	KD
Trade receivables	4,967,544	3,516,835	1,320,504
Advances to contractors	-	199,507	1,755,753
Other receivables	2,957,523	815,268	1,181,310
Prepaid expenses	228,248	1,277,984	264,828
Current account with an associate (Note 12)	943,889	679,408	19,213,513
	<u>9,097,204</u>	<u>6,489,002</u>	<u>23,735,908</u>

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows include the following statement of financial position amounts:

	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
	KD	KD	KD
Cash and current accounts	4,287,643	4,298,242	4,082,142
Short-term deposits	-	19,718,297	-
Cash and bank balances	4,287,643	24,016,539	4,082,142
Bank overdrafts	(958,848)	(3,469,769)	(7,854,645)
	<u>3,328,795</u>	<u>20,546,770</u>	<u>(3,772,503)</u>

The average interest rate charged on bank overdrafts on 30 June 2009 is 2% to 3.5% (31 December 2008: 1% to 2.25%; 30 June 2008: 1.25% to 2.25%) over CBK discount rate per annum.

MABANEE COMPANY S.A.K. (CLOSED) AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)



For the period from 1 January to 30 June 2009

7. LONG-TERM LOANS

Long-term loans include the following loans payable to local banks:

	30 June 2009 (Unaudited) KD	31 December 2008 (Audited) KD	30 June 2008 (Unaudited) KD
a) Unsecured KD loan to the Company carries interest at a rate of 2% per annum over the Central Bank of Kuwait discount rate. The balance is transferred to short-term loans since it is repayable on 31 January 2010. (see Note 8-f)	-	18,800,000	-
b) Unsecured KD loan to the Company carries interest at a rate of 3.5% per annum over the Central Bank of Kuwait discount rate. The balance is transferred to short term loans since it is repayable on 3 September 2009 (see Note 8-d).	-	-	15,000,000
c) Unsecured KD loan in the books of the subsidiaries carries interest at a rate of 3.5% per annum over the Central Bank of Kuwait discount rate. The balance is repayable in 21 equal quarterly instalments with last instalment due on 18 November 2012. The total available facility is KD 30,000,000 (see Note 8-g).	14,285,714	17,142,857	20,000,003
d) Unsecured KD loan to the Company carries interest at a rate of 1.25% per annum over the Central Bank of Kuwait discount rate. The balance has been repaid on 3 February 2009.	-	4,835,701	-
	<u>14,285,714</u>	<u>40,778,558</u>	<u>35,000,003</u>

MABANEE COMPANY S.A.K. (CLOSED) AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)



For the period from 1 January to 30 June 2009

8. SHORT-TERM LOANS

Short-term loans include the following loans payable to local banks:

	30 June 2009 (Unaudited) KD	31 December 2008 (Audited) KD	30 June 2008 (Unaudited) KD
a) Unsecured loan to the Company carries interest at a rate of 3.5% per annum over the Central Bank of Kuwait discount rate. The balance was paid on 22 April 2009.	-	5,000,000	4,000,000
b) Unsecured loan to the Company carries interest at a rate of 2.25% per annum over the Central Bank of Kuwait discount rate. The balance is repayable on 31 October 2009 with option to renew for additional periods. The total available facility is KD 3,000,000.	3,000,000	3,000,000	3,000,000
c) Unsecured loan to the Company carries interest at a rate of 3% per annum over the Central Bank of Kuwait discount rate. The balance is repayable on 20 August 2009 with option to renew for additional periods.	17,450,000	26,000,000	36,000,000
d) Unsecured KD loan to the Company carries interest at a rate of 3.5% per annum over the Central Bank of Kuwait discount rate. The balance is repayable on 3 September 2009. The total available facility is KD 15,000,000 (see Note 7-b).	15,000,000	15,000,000	-
e) Unsecured loan to the Company carries interest at a rate of 2.25% per annum over the Central Bank of Kuwait discount rate. The balance is repayable on 1 August 2009 with option to renew for additional periods. The total available facility is KD 8,000,000.	8,000,000	8,000,000	4,000,000
f) Unsecured KD loan to the Company carries interest at a rate of 2% per annum over the Central Bank of Kuwait discount rate. The balance is repayable on 31 January 2010. The total available facility is KD 20,000,000 (see Note 7-a).	18,800,000	-	-
g) Short-term portion of long-term loan (see Note 7-c).	5,714,286	5,714,286	5,714,284
	<u>67,964,286</u>	<u>62,714,286</u>	<u>52,714,284</u>

MABANEE COMPANY S.A.K. (CLOSED) AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)



For the period from 1 January to 30 June 2009

9. TRADE AND OTHER PAYABLES

	30 June 2009 (Unaudited)	31 December 2008 (Audited)	(Restated) 30 June 2008 (Unaudited)
	KD	KD	KD
Trade suppliers	1,059,470	591,800	270,809
Retentions payable	4,485,572	5,184,649	6,152,996
Payable to sub-contractors	2,854,464	3,168,290	3,720,592
Rent received in advance (Note 12)	4,429,314	4,919,281	4,178,582
Payable to KFAS, NLST and Zakat	532,614	364,721	732,256
Other payables	1,044,234	2,622,898	4,130,042
	<u>14,405,668</u>	<u>16,851,639</u>	<u>19,185,277</u>

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For the period from 1 January to 30 June 2009

10. SEGMENT REPORTING

The Group is organised into functional divisions in order to manage its various lines of business. For the purpose of segment reporting, the Group's management uses the following business segments:

- Construction and real estate investment: Includes real estate development, Group's properties, projects leasing and the construction activity for self or others.
- Financial investments: Includes investments in portfolios, shares and financial instruments in and outside Kuwait managed by self or by specialised firms.

Segment reporting information for the six month period ended 30 June is as follows:

	<u>Construction and real estate investment</u>		<u>Financial investments</u>		<u>Unallocated</u>		<u>Total</u>	
	(Restated)		(Restated)		(Restated)		(Restated)	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>KD</u>	<u>KD</u>	<u>KD</u>	<u>KD</u>	<u>KD</u>	<u>KD</u>	<u>KD</u>	<u>KD</u>
Segment revenue	<u>17,756,558</u>	<u>13,794,264</u>	<u>416,163</u>	<u>7,148,724</u>	<u>1,115,546</u>	<u>109,178</u>	<u>19,288,267</u>	<u>21,052,166</u>
Segment results	<u>10,004,370</u>	<u>8,252,593</u>	<u>380,182</u>	<u>7,118,826</u>	<u>(149,673)</u>	<u>(1,092,730)</u>	<u>10,234,879</u>	<u>14,278,689</u>

MABANEE COMPANY S.A.K. (CLOSED) AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)



For the period from 1 January to 30 June 2009

10. a INVESTMENT PROPERTIES REVENUE

Details of revenue relating to construction and real estate investment are:

	Three month period ended 30 June		Six month period ended 30 June	
	2009	(Restated) 2008	2009	(Restated) 2008
	KD	KD	KD	KD
Rental income	7,719,198	4,696,221	15,175,659	10,361,311
Arrangement fees	463,450	(172,250)	1,463,700	2,655,250
Advertising services	420,455	299,481	772,549	625,048
Others	299,330	117,648	344,650	152,655
	<u>8,902,433</u>	<u>4,941,100</u>	<u>17,756,558</u>	<u>13,794,264</u>

10. b INVESTMENT PROPERTIES EXPENSES

Details of expenses relating to construction and real estate investment are:

	Three month period ended 30 June		Six month period ended 30 June	
	2009	(Restated) 2008	2009	(Restated) 2008
	KD	KD	KD	KD
Land Rent	495,133	30,748	1,002,900	341,959
Repair and maintenance	409,139	40,241	664,343	145,986
General and administrative expenses	290,150	299,003	569,950	469,420
Others	460,876	562,999	1,008,644	864,805
	<u>1,655,298</u>	<u>932,991</u>	<u>3,245,837</u>	<u>1,822,170</u>

10. c FINANCIAL INVESTMENTS

Details of net gain from financial investments are:

	Three month period ended 30 June		Six month period ended 30 June	
	2009	(Restated) 2008	2009	(Restated) 2008
	KD	KD	KD	KD
Dividend income from investments carried at fair value through statement of income	-	148,864	29,596	577,366
Dividend income from available for sale investments	-	450,619	625,477	866,340
Gain on sale of investments carried at fair value through statement of income	-	39,490	8,679	762,964
Gain on sale of available for sale investments	852,615	2,315,127	442,901	2,315,127
(Loss) / gain on revaluation of investments carried at fair value through statement of income	-	(1,426,840)	-	2,626,927
Impairment loss on available for sale investments	-	-	(690,490)	-
	<u>852,615</u>	<u>1,527,260</u>	<u>416,163</u>	<u>7,148,724</u>

MABANEE COMPANY S.A.K. (CLOSED) AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)



For the period from 1 January to 30 June 2009

11. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are computed by dividing profit for the period by the weighted average number of shares outstanding during the period. There are no potential dilutive ordinary shares. The information necessary to calculate basic earning per share based on the weighted average number of share outstanding during the period is as follows:

	Three month period ended 30 June		Six month period ended 30 June	
	2009	(Restated) 2008	2009	(Restated) 2008
	KD	KD	KD	KD
Profit for the period	5,458,680	3,057,776	10,234,879	14,278,689
	Shares	Shares	Shares	Shares
Number of authorised, issued and fully paid up shares outstanding during the period	459,195,000	459,195,000	459,195,000	459,195,000
Weighted average number of treasury shares outstanding during the period	(1,960,750)	-	(1,960,750)	-
Weighted average number of outstanding shares during the period	457,234,250	459,195,000	457,234,250	459,195,000
Basic and diluted earnings per share	11.94 fils	6.66 fils	22.38 fils	31.10 fils

The basic and diluted earnings per share for the three and six month periods ended 30 June 2008 were 8.93 fils and 29.84 fils respectively before restatement of comparative figures (Notes 2 and 15) and issuance of bonus shares (Note 13).

12. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

a) Balances with related parties included in the interim condensed consolidated statement of financial position as follows:

	30 June	31 December	(Restated)
	2009	2008	30 June
	(Unaudited)	(Audited)	(Unaudited)
	KD	KD	KD
Trade and other receivables			
Current account with an associate (Note 5)	943,889	679,408	19,213,513
Trade and other payables			
Rent received in advance (Note 9)	614,842	614,542	1,505,854

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)



For the period from 1 January to 30 June 2009

12. RELATED PARTY TRANSACTIONS (CONTINUED)

- b) Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	Six month period ended 30 June	
	2009	2008
	KD	KD
Rental income	2,459,664	1,960,139

c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	Six month period ended 30 June	
	2009	2008
	KD	KD
Salaries and other short-term benefits	314,948	130,231
Termination benefits	49,355	58,438
	364,303	188,669

13. ANNUAL GENERAL ASSEMBLY

The Annual General Assembly held on 10 May 2009 approved the annual audited consolidated financial statements for the year ended 31 December 2008 and the proposed distribution of bonus shares of 10% (2007: bonus shares of 15%) of the paid-up capital at 31 December 2008 to the shareholders on record as of the date of the general assembly.

14. COMMITMENTS AND CONTINGENT LIABILITIES

- a) At the statement of financial position date there was a capital commitment amounting to KD 111,316 in respect of uncalled capital of investments (31 December 2008: KD 106,714 and 30 June 2008: KD 513,862).
- b) The Group's management has approved future capital expenditure amounting to KD 18,010,018 (31 December 2008: KD 24,468,749 and 30 June 2008: KD 32,708,157).

15. COMPARATIVE INFORMATION

Prior period amounts have been restated and reclassified to conform to the changes in accounting policies as disclosed in Note 2 for the treatment of investment property and arrangement fees received from investors.