Interim condensed consolidated financial information and review report

Noor Financial Investment Company – KSC (Closed) and Subsidiaries

Kuwait

31 March 2011 (Unaudited)

Contents

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Report on review of interim condensed consolidated financial information

To the Board of Directors of
Noor Financial Investment Company – KSC (Closed)
Kuwait

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Noor Financial Investment Company KSC (Closed) ("the parent company") and its subsidiaries ("the group")as of 31 March 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the 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).

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violation of the Commercial Companies Law of 1960 or of the articles of association of the parent company, as amended, have occurred during the three-month period ended 31 March 2011 that might have had a material effect on the business or financial position of the parent company. Further, we draw attention to note 12b to the interim condensed consolidated financial information on the matter related to the parent company's capital and its accumulated losses at the end of the year/period.

We further report that, during the course of our review, we have not become aware of any material violations during the three-month period ended 31 March 2011 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.

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Kuwait
21 March 2012

Interim condensed consolidated statement of income

	Note	Three months ended 31 March 2011 (Unaudited)	Three months ended 31 March 2010 (Unaudited)
		KD	KD
Income			
Realised gain on investments at fair value through profit or loss		427,332	352,677
Unrealised (loss)/gain on investments at fair value through profit or loss	3	(3,854,296)	2,938,529
Realised gain on sale of available for sale investments		-	78,528
Dividend income		1,148,921	981,568
Management and placement fees		323,773	437,226
Interest and other income	4	668,863	22,321
Share of results of associates		492,861	229,793
Foreign exchange loss		(108,217)	(137,143)
		(900,763)	4,903,499
Expenses and other charges			
General, administrative and other expenses		1,119,924	1,892,019
Finance costs		2,065,335	2,353,414
Impairment in value of available for sale investments	9c	1,311,746	-
		4,497,005	4,245,433
(Loss)/profit for the period		(5,397,768)	658,066
Attributable to:			
Owners of the parent company		(5,125,485)	694,646
Non-controlling interests		(272,283)	(36,580)
		(5,397,768)	658,066
BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE (FILS)	5	(6.98)	0.95

The notes set out on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended 31 March 2011 (Unaudited) KD	Three months ended 31 March 2010 (Unaudited) KD
(Loss)/profit for the period	(5,397,768)	658,066
Other comprehensive income:		
Exchange differences arising from translation of foreign operations	44,961	558,406
Available for sale investments:		
-Net changes in fair value arising during the period	(4,728,371)	7,385,004
-Transferred to consolidated statement of income on sale	-	(174,346)
-Transferred to consolidated statement of income on impairment	1,311,746	-
Share of other comprehensive income of associates	(96,660)	2,017,848
Total other comprehensive income for the period	(3,468,324)	9,786,912
Total comprehensive income for the period	(8,866,092)	10,444,978
Total comprehensive income attributable to:		
Owners of the parent company	(8,523,799)	10,481,558
Non-controlling interests	(342,293)	(36,580)
	(8,866,092)	10,444,978

The notes set out on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Assets				
Cash and bank balances	6	**17,234,622**	15,095,294	11,352,626
Short-term deposits	6	**844,965**	1,533,264	6,295,225
Murabaha and wakala investments	6	**12,944,206**	14,763,268	1,311,636
Investments at fair value through profit or loss	7	**33,404,712**	39,732,237	43,490,073
Accounts receivable and other assets	8	**30,350,555**	31,768,602	66,772,415
Available for sale investments	9	**90,665,488**	95,051,543	80,595,381
Investment in associates		**46,283,034**	45,911,382	65,686,880
Investment properties	10	**26,043,704**	23,838,977	21,398,576
Equipment		**2,826,105**	3,235,027	4,214,985
Total assets		**260,597,391**	270,929,594	301,117,797
Liabilities and equity				
Liabilities				
Due to banks	6	**3,467,495**	3,450,493	3,495,668
Accounts payable and other liabilities		**3,731,751**	4,706,649	4,694,829
Borrowings	11	**158,956,209**	159,262,241	181,033,596
Provision for end of service indemnity		**398,494**	369,721	270,306
Total liabilities		**166,553,949**	167,789,104	189,494,399
Equity				
Share capital	12	**75,000,000**	75,000,000	75,000,000
Share premium	12	**41,728,788**	41,728,788	41,728,788
Treasury shares		**(5,854,320)**	(5,896,598)	(5,873,287)
Gain on sale of treasury shares		**71,321**	109,397	109,397
Cumulative changes in fair value		**5,080,267**	8,523,542	14,691,545
Foreign currency translation reserve		**(6,420,048)**	(6,465,009)	(4,801,694)
Accumulated losses		**(63,341,025)**	(58,215,540)	(26,897,137)
Total equity attributable to the owners of the parent company		**46,264,983**	54,784,580	93,957,612
Non-controlling interests		**47,778,459**	48,355,910	17,665,786
Total equity		**94,043,442**	103,140,490	111,623,398
Total liabilities and equity		**260,597,391**	270,929,594	301,117,797

Abdullatif A. Al-Asfour
Chairman & Managing Director

Abdulghani M.S. Behbehani
Deputy Chairman

The notes set out on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to owners of the parent company								Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Gain on sale of treasury shares KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub-total KD	KD	KD
Balance as at 1 January 2011	75,000,000	41,728,788	(5,896,598)	109,397	8,523,542	(6,465,009)	(58,215,540)	54,784,580	48,355,910	103,140,490
Disposal of Treasury shares	-	-	42,278	(38,076)	-	-	-	4,202	-	4,202
Dividend paid to non-controlling interests by subsidiary	-	-	-	-	-	-	-	-	(12,042)	(12,042)
Net change in non-controlling interests	-	-	-	-	-	-	-	-	(223,116)	(223,116)
Transaction with owners	-	-	42,278	(38,076)	-	-	-	4,202	(235,158)	(230,956)
Loss for the period	-	-	-	-	-	-	(5,125,485)	(5,125,485)	(272,283)	(5,397,768)
Total other comprehensive income for the period	-	-	-	-	(3,443,275)	44,961	-	(3,398,314)	(70,010)	(3,468,324)
Total comprehensive income for the period	-	-	-	-	(3,443,275)	44,961	(5,125,485)	(8,523,799)	(342,293)	(8,866,092)
Balance as at 31 March 2011	**75,000,000**	**41,728,788**	**(5,854,320)**	**71,321**	**5,080,267**	**(6,420,048)**	**(63,341,025)**	**46,264,983**	**47,778,459**	**94,043,442**
Balance as at 1 January 2010	75,000,000	41,728,788	(5,873,287)	109,397	5,463,039	(5,360,100)	(27,591,783)	83,476,054	17,702,366	101,178,420
Profit for the period	-	-	-	-	-	-	694,646	694,646	(36,580)	658,066
Total other comprehensive income for the period	-	-	-	-	9,228,506	558,406	-	9,786,912	-	9,786,912
Total comprehensive income for the period	-	-	-	-	9,228,506	558,406	694,646	10,481,558	(36,580)	10,444,978
Balance as at 31 March 2010	75,00,000	41,728,788	(5,873,287)	109,397	14,691,545	(4,801,694)	(26,897,137)	93,957,612	17,665,786	111,623,398

The notes set out on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2011 (Unaudited) KD	Three months ended 31 March 2010 (Unaudited) KD
OPERATING ACTIVITIES			
(Loss)/profit for the period		**(5,397,768)**	658,066
Adjustments:			
Realised gain on sale of available for sale investments		**-**	(78,528)
Dividend income		**(1,148,921)**	(981,568)
Share of results of associates		**(492,861)**	(229,793)
Interest income and income from murabaha and wakala investments		**(76,155)**	(114,404)
Effect of discounting on receivable		**(199,981)**	-
Depreciation		**137,244**	342,659
Provision for end of service indemnity		**28,767**	21,971
Finance costs		**2,065,335**	2,353,414
Impairment in value of available for sale investments		**1,311,746**	-
		(3,772,594)	1,971,817
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		**6,327,525**	(2,794,110)
Accounts receivable and other assets		**1,693,659**	(3,290,097)
Accounts payable and other liabilities		**(712,947)**	972,702
Net cash from/(used in) operating activities		**3,535,643**	(3,139,688)
INVESTING ACTIVITIES			
Change in blocked deposits		**-**	(2,850,000)
Proceeds from redemption/sale of available for sale investments		**164,481**	4,078,371
Decrease in wakala investments		**1,819,062**	1,389,035
Acquisition of available for sale investment		**(436,786)**	-
Acquisition of investment property		**(2,204,727)**	-
Net change in non-controlling interests		**(223,116)**	-
Dividend received		**1,133,715**	988,686
Net disposal/(purchase) of equipment		**271,678**	(155,855)
Interest income		**15,234**	139,685
Net cash from investing activities		**539,541**	3,589,922
FINANCING ACTIVITIES			
Repayments of short term borrowings (net)		**(306,032)**	(160,000)
Proceeds from disposal of treasury shares		**4,202**	-
Dividend paid		**(29,766)**	-
Finance costs paid		**(2,309,561)**	(2,156,706)
Net cash used in financing activities		**(2,641,157)**	(2,316,706)
Net increase/(decrease) in cash and cash equivalents		**1,434,027**	(1,866,472)
Cash and cash equivalents at beginning of the period		**13,168,065**	12,008,655
Cash and cash equivalents at end of the period	6	**14,602,092**	10,142,183

The notes set out on pages 7 to 16 form an integral part of this interim consolidated financial information.

Notes to the interim condensed consolidated financial information

31 March 2011 (Unaudited)

1 Incorporation and activities

Noor Financial Investment Company – KSC (Closed) ("the parent company") was incorporated in Kuwait on 1 February 1997 and during May 2006 its shares were listed on the Kuwait Stock Exchange. The parent company and its subsidiaries are together referred to as "the group". The parent company is regulated by the Central Bank of Kuwait and from 13 September 2011, also by the Capital Market Authority, as an investment company. The parent company is a subsidiary of National Industries Group Holding – SAK, ("ultimate parent company").

The principal objectives of the parent company are as follows:

- Investment in various economic sectors through participating in establishing specialised companies or purchasing securities or shares in those companies;
- Act as investment trustees and manage different investment portfolios for others; and
- Act as intermediary in borrowing operations in return for commission;

Further, the parent company has the right to participate and subscribe, in any way, with other firms which operate in the same field or those which would assist it in achieving its objectives in Kuwait and abroad and to purchase those firms or participate in their equity.

The address of the parent company's registered office is 10th and 11th Floor, Mohammed Abdul Mohsin Al-Kharafi Complex, Building 6, Block – 14, Qibla, Kuwait (PO Box 3311, Safat 13034, State of Kuwait).

The Board of Directors of the parent company approved this interim condensed consolidated financial information for issue on 21 March 2012.

The annual consolidated financial statements for the year ended 31 December 2010 were approved by the shareholders of the parent company at the Annual General Meeting (AGM) on 24 November 2011.

2 Basis of preparation and significant of accounting policies

Basis of presentation

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting. The accounting policies used in preparation of the 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 adoption of new and revised standards and interpretations discussed below.

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

2 Basis of preparation and significant of accounting policies (continued)

This interim condensed consolidated financial information does not contain all the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards. 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 interim period are not indicative of the results that may be expected for the year ending 31 December 2011. For further details, refer to the annual consolidated financial statements and its related disclosures for the year ended 31 December 2010.

Adoption of new and revised International Financial Reporting Standards

During the period, the group adopted the following new standards, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the group's financial statements for the annual period beginning on 1 January 2011. Certain other amendments to standards have been made and certain new standards and interpretations have been issued but they are not expected to have a material impact on the group's financial statements.

Standard or Interpretation	*Effective for annual periods beginning*
Annual Improvements 2010	1 July 2010 and 1 January 2011
IAS 24 Related Party Disclosures- amendment	1 January 2011

Annual Improvements 2010

The IASB issued in May 2010 Improvements to IFRS. Most of these amendments became effective in annual periods beginning on or after 1 July 2010 and 1 January 2011. The 2010 Improvements amended certain provisions of IFRS 3, clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The adoption did not have any impact on the financial position or performance of the group.

IAS 24 Related Party Disclosures (Revised)

The amended standard clarifies 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 did not have any impact on the financial position or performance of the group.

The following revised standards and interpretations have been issued but not yet effective and have not been adopted by the group in the current period:

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 7 Financial Instruments: Disclosures - amendment	1 July 2011
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2013
IAS 12 Income Taxes - amendment	1 January 2012

IFRS 7 Financial Instruments: Disclosures

The amendments to IFRS 7 Financial Instruments: Disclosures resulted as a part of comprehensive review of off balance sheet activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this amendment is not expected to have any significant impact on the financial position or performance of the group.

2 Basis of preparation and significant of accounting policies (continued)

IFRS 9 Financial Instruments (effective from 1 January 2013)
The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Although early application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided during December 2009, to postpone this allowed early application until further notice.

Management has yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of IFRS 9 have been published and they can comprehensively assess the impact of all changes.

IAS 12 Income Taxes
The amendment to IAS 12 provides a practical solution to the issues arising in measurement of deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that recovery of the carrying amount will, normally be, through sale. As a result of the amendments, SIC-21 Income Taxes—Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendment is not relevant to the operations of the group.

3 Unrealised (loss)/gain on investments at fair value through profit or loss

This represents the difference between closing market value and carrying value at the beginning of the period or the cost of investments acquired during the period.

Local funds are valued on the basis of their net asset values.

4 Interest and other income

	Three months ended 31 March 2011 (Unaudited) KD	Three months ended 31 March 2010 (Unaudited) KD
Interest income	62,822	109,253
Income from murahaba and wakala investments	13,333	5,151
Net loss from transportation business (refer note 4a)	(71,068)	(355,270)
Income from financing future trade by customers	121,654	55,544
Effect of discounting on receivables (refer note 8)	199,981	-
Other income	342,141	207,643
	668,863	22,321

4 Interest and other income (continued)

(a) Loss from transportation business (related to a foreign subsidiary)

	Three months ended 31 March 2011 (Unaudited) KD	Three months ended 31 March 2010 (Unaudited) KD
Revenue from services	**163,084**	459,408
Less: Direct operating costs	**(234,152)**	(814,678)
	(71,068)	(355,270)

5 Basic & diluted (loss)/earnings per share

Basic and diluted (loss)/earnings per share is calculated by dividing the (loss)/profit for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	Three months ended 31 March 2011 (Unaudited)	Three months ended 31 March 2010 (Unaudited)
(Loss)/profit for the period attributable to the owners of the Parent Company (KD)	**(5,125,485)**	694,646
Weighted average number of shares outstanding during the period	**750,000,000**	750,000,000
Less: Weighted average number of treasury shares outstanding during the period	**(15,580,241)**	(15,609,211)
	734,419,759	734,390,789
Basic and diluted (loss)/earning per share (Fils)	**(6.98)**	0.95

6 Cash and cash equivalents and murabaha and wakala investments

a. Cash and cash equivalents for the purpose of the interim condensed consolidated statement of cash flows are made up as follows:

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Cash and bank balances	**17,234,622**	15,095,294	11,352,626
Short-term deposits	**844,965**	1,533,264	6,295,225
Due to banks	**(3,467,495)**	(3,450,493)	(3,495,668)
	14,612,092	13,178,065	14,152,183
Blocked balances	**(10,000)**	(10,000)	(4,010,000)
Cash and cash equivalent as per cash flow statement	**14,602,092**	13,168,065	10,142,183

6 Cash and cash equivalents and murabaha and wakala investments (continued)

b. Murabaha and wakala investments

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Due from local islamic investment company/ due from related parties	**14,968,250**	14,968,250	9,968,250
Less: Provision for impairment in value	**(14,968,250)**	(14,968,250)	(9,968,250)
	-	-	-
Placed with a local islamic bank	**12,944,206**	14,763,268	1,311,636
	12,944,206	14,763,268	1,311,636

No profit was recognised on impaired wakala investments during the current period. Wakala investments of KD9,968,250 and KD5,000,000 (31 December 2010: KD14,968,250 and 31 March 2010: KD9,968,250) placed with a local Islamic investment company matured in October 2008 and November 2008 respectively. The investee company defaulted on settlement of these balances on the maturity date. Of the above KD5,000,000 relates to a subsidiary acquired during the previous year. Full provision has been made for these receivables in accordance with the Central Bank of Kuwait credit provision rules.

c In 2008 and 2009 the Group violated Articles 148 and 151 of the Commercial Companies Law of 1960 when it assumed the financial and legal obligations on these wakala investments of KD9,968,250 that the Group had placed with the above investment company in a fiduciary capacity under a wakala agreement with certain related parties, despite having no such obligation under the wakala agreement. The regulator has notified the Group of the above violation of Articles 148 and 151 of the Commercial Companies Law of 1960 and Article of Association of the Parent Company. Accordingly, the Group is initiating legal proceedings against the parties to recover KD9,968,250 including profits thereon.

7 Investments at fair value through profit or loss

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Held for trading :			
Quoted shares	**30,518,682**	36,548,987	40,243,158
Designated on initial recognition :			
Local funds	**2,886,030**	3,183,250	3,246,915
	33,404,712	39,732,237	43,490,073

Quoted shares with a fair value of KD15,601,944 (31 December 2010: KD17,457,613 and 31 March 2010: KD17,618,806) are secured against bank loans (refer note 11).

8 Accounts receivable and other assets

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Financial assets:			
Due from Ultimate Parent Company (net)*	**11,612,520**	11,313,176	18,638,161
Due from an associate	**-**	-	10,117
Due from other related parties	**583,728**	2,926,219	435,422
Due from Investment Brokerage Companies	**9,575,697**	9,370,645	2,399,977
Due from Kuwait Clearing Company	**-**	-	1,235,694
Due from Kuwait Clearing Company (future trade)	**4,006,522**	2,749,895	1,017,150
Due on sale of investments - related party (net of provision)	**-**	-	25,005,500
Advance payments to acquire investments (net of provision)	**481,516**	1,393,420	11,955,997
Accrued income	**2,488,998**	2,532,316	3,849,692
Other financial assets	**431,380**	431,381	1,648,618
	29,180,361	30,717,052	66,196,328
Non-financial assets			
Other assets	**1,170,194**	1,051,550	576,087
	1,170,194	1,051,550	576,087
	30,350,555	31,768,602	66,772,415

* Net of discount of KD1,553,190 at 31 March 2011 (KD1,753,171 at 31 December 2010 and KD Nil at 31 March 2010).

Due from the Ultimate Parent Company represents management fee and other receivables paid by the Parent Company for the purpose of acquiring certain investment on behalf of the Parent Company. As this transaction could not be concluded, the Ultimate Parent Company has agreed to repay KD17,250,000 over twenty six months and has provided collateral in the form of shares of an unlisted local entity whose fair value as of 31 December 2010 approximated the amount due. Based on an effective interest rate of 5.5% per annum a notional charge of KD1,753,171 was recognised in the previous year's consolidated statement of income, to give effect to the deferred payment terms. At 31 March 2011 the cumulative notional charge reduced to KD1,553,190 and the difference of KD199,981 has been released to the statement of income and recognised under other income.

Further during the previous year the group has recognised an impairment provision of 25% on the balance due from the ultimate Parent Company amounting to KD4,323,932 based on Central Bank of Kuwait's instructions.

9 Available for sale investments

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Quoted shares	**66,263,007**	70,341,814	63,400,329
Unquoted shares	**18,034,177**	19,383,872	13,742,489
Funds:			
Foreign	**6,368,304**	5,325,857	3,452,563
	90,665,488	95,051,543	80,595,381

a Available for sale investments include investments in unquoted local shares, and foreign funds where their fair values cannot be reliably determined and as a result investments with a carrying value of KD1,081,697 (31 December 2010: KD732,833 and 31 March 2010: KD2,830,632) are carried at cost or cost less impairment. The group's management is not aware of any circumstance that would indicate impairment/further impairment in value of these investments.

9 Available for sale investments (continued)

b Quoted shares with a fair value of KD14,444,143 (31 December 2010: KD16,090,151 and 31 March 2010: KD15,745,698) are secured against a bank loan (refer note 11).

c During the period, the Group recognised an impairment loss of KD1,311,746 (31 March 2010: Nil) for certain local and foreign quoted shares, as the market value of these shares at reporting date declined significantly below their cost.

10 Investment properties

Investment properties comprise land and building in the following countries:

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Kuwait	**11,598,125**	9,353,000	7,350,000
Saudi Arabia	**14,105,434**	14,105,434	13,630,348
Jordan	**340,145**	380,543	418,228
	26,043,704	23,838,977	21,398,576

a) During the period the Group acquired a local real estate, for a consideration of KD2,245,125.

b) Subsequent to the reporting date the group disposed two of its investments properties located in Saudi Arabia for a consideration of KD14,105,434, which resulted in a net gain of KD47,204. The consideration due on sale of one of the properties amounting to KD12,404,655 is due in instalments over a period of 2 years. In October 2011, the group received an amount of KD4,134,455 and the remaining installments are due in November 2012 and November 2013.

11 Borrowings

	Effective interest/ profit rate p.a %	**Security**	**31 March 2011 (Unaudited) KD**	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Loans from local banks and financial institutions					
Loan payable – Kuwaiti Dinar	5.00-5.50	Unsecured	**87,574,000**	59,500,000	59,500,000
Loan payable – Kuwaiti Dinar	5.00	Secured	**23,540,000**	23,540,000	23,540,000
Loan payable – US Dollars*	4.33-5.71	Unsecured	**-**	28,100,000	28,920,000
Wakala payables – Kuwaiti Dinar	3.00-6.50	Unsecured	**44,000,000**	44,000,000	44,000,000
Loans payable – JOD	3.90-8.75	Secured	**3,842,209**	4,122,241	5,357,746
			158,956,209	159,262,241	161,317,746
Loan from financial institution					
Wakala payable – Kuwaiti Dinar			**-**	-	19,715,850
			158,956,209	159,262,241	181,033,596

11 Borrowings (continued)

The above loans are due as follows:

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Short term loan due within one year	**157,073,831**	157,160,316	178,871,734
Current portion of long term-loan due within one year	**253,132**	138,000	-
Due after more than one year	**1,629,246**	1,963,925	2,161,862
	158,956,209	159,262,241	181,033,596

* During the current period the US Dollar loan was converted to a Kuwait Dinar loan.

Loans amounting to KD 23,540,000 (31 December 2010: KD23,540,000 and 31 March 2010: KD23,540,000) are secured by investments (Note: 7 and 9) and KD3,842,209 (31 December 2010: KD4,122,241 and 31 March 2010: KD5,357,746) are secured by equipment of a subsidiary, Noor Jordan Kuwait Transport Company JSCC.

Events after the reporting date

In August 2011, the Group restructured its financing arrangements with a local bank and accordingly the existing loan of KD 62,500,000 was converted into a secured long term loan maturing in year 2017.

In October 2011, the group also restructured its financing arrangement with another local bank and accordingly the existing loan and overdraft of KD10,993,000 was converted into secured long term loan maturing in the year 2016.

12 Share capital and share premium

a. The authorised, issued and paid up share capital of the Parent Company comprise of 750,000,000 shares of 100 Fils each. (31 December 2010 and 31 March 2010: 750,000,000 of 100 Fils each).

b. Although the accumulated losses attributable to the parent company as at 31 December 2010 and 31 March 2011 exceeded 75% of it paid up capital, shareholders at the Annual General Meeting held on 24 November 2011 approved to set off part of the accumulated losses of KD35,832,190 against the balance in the share premium account.

13 Segment analysis

The Group is organized into segments that engage in business activities which earns revenue and incurs expenses. These segments are regularly reviewed by the Chief Operating Decision Maker (CODM) for resource allocation and performance assessment. For the purposes of segment reporting the management has grouped the business units into the following operating segments:

Domestic & GCC investments - Comprising of investment activities in the State of Kuwait and GCC
International investments - Comprising of investment activities outside the GCC and Kuwait

Segment results include operating revenue and expenses directly attributable to a segment. Net operating income includes operating revenue directly attributable to a segment. Segment results include revenue and expense directly attributable to each reporting segment as the Group does not have any inter segment charges. Segment assets comprise those operating assets that are directly attributable to the segment.

13 Segment analysis (continued)

Segmental information for the period ended 31 March 2011 and 31 March 2010 are as follows:

	Domestic & GCC KD	International KD	Total KD
Three months ended 31 March 2011 (unaudited)			
Income	**(1,430,429)**	**529,666**	**(900,763)**
Loss for the period	**(4,523,080)**	**(874,688)**	**(5,397,768)**
Share of results of associates	**(535,422)**	**1,028,283**	**492,861**
Impairment in value of available for sale investments	**(1,311,746)**	**-**	**(1,311,746)**
Total assets	**165,847,978**	**94,749,413**	**260,597,391**
Total liabilities	**159,147,748**	**7,406,201**	**166,553,949**
Net assets	**6,700,230**	**87,343,212**	**94,043,442**
Three months ended 31 March 2010 (unaudited)			
Income	4,052,202	851,297	4,903,499
Profit for the period	464,813	193,253	658,066
Share of results of associates	(430,050)	659,843	229,793
Total assets	224,981,567	76,136,230	301,117,797
Total liabilities	182,943,751	6,550,648	189,494,399
Net assets	42,037,816	69,585,582	111,623,398

14 Related party transactions

Related parties represent the ultimate parent company, associates, directors and key management personnel of the group, and other related parties such as subsidiaries of the ultimate parent company (fellow subsidiaries), major shareholders and companies in which directors and key management personnel of the group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the group's management.

Details of significant related party transactions and balances are as follows:

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Interim condensed consolidated statement of financial position			
Due from Ultimate Parent Company and other related parties included in accounts receivables and other assets (refer note 8)	**15,136,551**	15,874,033	45,256,840
Due from other related parties on sale of subsidiary	**-**	1,328,638	-
Due to other related parties included in accounts payable and other liabilities	**-**	-	6,866
Short term borrowing	**-**	-	19,715,850

14 Related party transactions (continued)

	Three months ended 31 March 2011 (Unaudited)	Three months ended 31 March 2010 (Unaudited)
	KD	KD
Interim condensed consolidated statement of income		
Management and placement fees		
- earned from ultimate parent company	148,583	146,428
- earned from other related parties	107,431	112,450
Finance costs	-	170,150
Effect of discount on accounts receivable	199,981	-
Compensation of key management personnel of the group		
Short term employee benefits	15,600	26,325
End of service benefits	2,567	1,222
	18,167	27,547

15 Capital commitments

At the reporting date the Group had capital commitments of KD713,881 (31 December 2010: KD543,809 and 31 March 2010: KD168,075) towards available for sale investments and investment property.

16 Fiduciary assets

The group company manages mutual funds and portfolios on behalf of its ultimate parent company, other related parties and outsiders, and maintains securities in fiduciary accounts which are not reflected in the group's consolidated statements of financial position. Assets under management at 31 March 2011 amounted to KD254,404,166 (31 December 2010: KD246,777,202 and 31 March 2010: KD337,270,527) of which assets managed on behalf of its ultimate parent company and other related parties amounted to KD190,609,568 (31 December 2010: KD195,576,672 and 31 March 2010: KD290,482,554).

17 Comparative information

Certain comparative amounts for the previous period have been reclassified to be consistent with the presentation for the current period. Such classifications did not affect previously reported results, total assets or equity.