

Interim condensed consolidated financial information and review report  
**Noor Financial Investment Company – KSC (Closed) and Subsidiaries**  
**Kuwait**

30 June 2010 (Unaudited)

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## Review report

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

### Report on review of interim condensed consolidated financial information

#### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Noor Financial Investment Company (A Kuwaiti Closed Shareholding Company) ("the parent company") and its subsidiaries (collectively "the group"), as of 30 June 2010 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. The parent company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation 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

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960 or of the articles of association of the parent company, as amended, have occurred during the six-month period ended 30 June 2010 that might have had a material effect on the business of the group or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No.32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the six-month period ended 30 June 2010.

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Kuwait  
16 August 2010



## Interim condensed consolidated statement of income

	Note	Three months ended		Six months ended	
		30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD
<b>Income</b>					
Realised gain on investments at fair value through profit or loss		610,923	4,775,604	963,600	4,163,241
Unrealised (loss)/gain on investments at fair value through profit or loss	4	(7,533,074)	6,258,969	(4,594,545)	2,940,473
Realised loss on sale of available for sale investments		(82,866)	(1,781,831)	(4,338)	(2,072,189)
Dividend income		841,105	96,022	1,822,673	1,578,795
Change in fair value of investment property	11	(1,604,571)	(1,490,000)	(1,604,571)	(1,490,000)
Management and placement fees		429,144	142,851	866,370	1,417,081
Interest and other income	5	347,615	1,656,740	314,162	2,768,691
Income from financing future trade by customers		37,473	55,495	93,017	82,282
Share of results of associates		(238,046)	(262,138)	(8,254)	(1,102,282)
Foreign exchange (loss)/gain		(623,690)	365,035	(760,833)	(933,366)
		(7,815,987)	9,816,747	(2,912,719)	7,352,726
<b>Expenses and other charges</b>					
General, administrative and other expenses		2,306,183	1,564,797	4,197,972	3,093,449
Finance costs		2,273,447	3,619,183	4,626,860	6,323,000
Impairment in value of wakala and available for sale investments		-	-	-	10,161,944
		4,579,630	5,183,980	8,824,832	19,578,393
<b>(Loss)/profit for the period</b>		<b>(12,395,617)</b>	<b>4,632,767</b>	<b>(11,737,551)</b>	<b>(12,225,667)</b>
<b>Attributable to:</b>					
Owners of the parent company		(12,288,845)	4,634,603	(11,594,199)	(11,989,590)
Non-controlling interests		(106,772)	(1,836)	(143,352)	(236,077)
		(12,395,617)	4,632,767	(11,737,551)	(12,225,667)
<b>BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE (FILS)</b>	6	<b>(17)</b>	<b>6</b>	<b>(16)</b>	<b>(16)</b>

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.


## Interim condensed consolidated statement of comprehensive income

	Three months ended		Six months ended	
	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)
	KD	KD	KD	KD
(Loss)/profit for the period	(12,395,617)	4,632,767	(11,737,551)	(12,225,667)
<b>Other comprehensive income:</b>				
Exchange differences arising from translation of foreign operations	14,672	(126,529)	573,078	982,627
Available for sale investments:				
-Net changes in fair value arising during the period	(10,710,959)	21,772,934	(3,325,955)	12,700,031
-Transferred to consolidated statement of income on sale	(81,058)	(2,305,837)	(255,404)	(2,043,834)
-Transferred to consolidated statement of income on impairment	-	-	-	9,661,944
Share of other comprehensive income of associates	(359,577)	809,333	1,658,271	554,985
Total other comprehensive income for the period	(11,136,922)	20,149,901	(1,350,010)	21,855,753
Total comprehensive income for the period	(23,532,539)	24,782,668	(13,087,561)	9,630,086
Total comprehensive income attributable to:				
Owners of the parent company	(23,425,767)	24,784,504	(12,944,209)	9,866,163
Non-controlling interests	(106,772)	(1,836)	(143,352)	(236,077)
	(23,532,539)	24,782,668	(13,087,561)	9,630,086

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of financial position

	Note	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
<b>Assets</b>				
Cash and bank balances	7	13,581,468	6,784,866	8,360,290
Short-term deposits	7	3,547,089	10,782,923	13,278,747
Murabaha and wakala investments	7	9,227,524	2,700,671	9,670,529
Investments at fair value through profit or loss	8	30,257,920	40,695,963	38,015,245
Accounts receivable and other assets	9	63,623,285	63,514,718	58,895,221
Available for sale investments	10	69,208,664	77,383,089	114,361,585
Investment in associates		66,311,028	62,882,307	52,365,197
Investment properties	11	19,794,005	21,398,576	21,154,788
Equipment		3,984,331	4,401,790	510,754
<b>Total assets</b>		<b>279,535,314</b>	<b>290,544,903</b>	<b>316,612,356</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks	7	3,490,880	4,399,134	7,985,575
Accounts payable and other liabilities		5,524,312	3,653,654	4,339,220
Short term borrowings	12	180,156,195	181,065,360	172,660,850
Provision for end of service indemnity		299,840	248,335	178,178
<b>Total liabilities</b>		<b>189,471,227</b>	<b>189,366,483</b>	<b>185,163,823</b>
<b>Equity</b>				
Share capital		75,000,000	75,000,000	75,000,000
Share premium		41,728,788	41,728,788	41,728,788
Treasury shares		(5,873,287)	(5,873,287)	(5,873,287)
Gain on sale of treasury shares		109,397	109,397	109,397
Cumulative changes in fair value		3,539,951	5,463,039	18,221,494
Foreign currency translation reserve		(4,787,022)	(5,360,100)	(3,897,648)
Accumulated losses		(39,185,982)	(27,591,783)	(11,989,590)
<b>Total equity attributable to the owners of the parent company</b>		<b>70,531,845</b>	<b>83,476,054</b>	<b>113,299,154</b>
Non-controlling interests		19,532,242	17,702,366	18,149,379
<b>Total equity</b>		<b>90,064,087</b>	<b>101,178,420</b>	<b>131,448,533</b>
<b>Total liabilities and equity</b>		<b>279,535,314</b>	<b>290,544,903</b>	<b>316,612,356</b>

  
Hussam Fawzi Al-Kharafi  
Chairman

  
Naser A. Al-Matari  
Deputy Chairman & Managing Director

*The notes set out on pages 7 to 15 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	Legal reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub-total KD		
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
Increase in non-controlling interests due to establishment of new subsidiary	-	-	-	-	-	-	-	-	-	-	1,973,228	1,973,228
Transaction with equity holders	-	-	-	-	-	-	-	-	-	-	1,973,228	1,973,228
Loss for the period	-	-	-	-	-	-	-	-	(11,594,199)	(11,594,199)	(143,352)	(11,737,551)
Total other comprehensive income for the period	-	-	-	-	-	-	(1,923,088)	573,078	-	(1,350,010)	-	(1,350,010)
Total comprehensive income for the period	-	-	-	-	-	-	(1,923,088)	573,078	(11,594,199)	(12,944,209)	(143,352)	(13,087,561)
Balance as at 30 June 2010	75,000,000	41,728,788	(5,873,287)	109,397	-	-	3,539,951	(4,787,022)	(39,185,982)	70,531,845	19,532,242	90,064,087
Balance as at 1 January 2009	75,000,000	125,000,000	(5,834,206)	109,397	6,699,281	5,943,481	(2,651,632)	(4,880,275)	(95,913,974)	103,472,072	18,383,349	121,855,421
Dividend paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	-	-	(651,150)	(651,150)
Increase in non-controlling interests on consolidation of subsidiary	-	-	-	-	-	-	-	-	-	-	653,257	653,257
Purchase of treasury shares	-	-	(39,081)	-	-	-	-	-	-	(39,081)	-	(39,081)
Set off of losses	-	(83,271,212)	-	-	(6,699,281)	(5,943,481)	-	-	95,913,974	-	-	-
Transactions with equity holders	-	(83,271,212)	(39,081)	-	(6,699,281)	(5,943,481)	-	-	95,913,974	(39,081)	2,107	(36,974)
Loss for the period	-	-	-	-	-	-	-	-	(11,989,590)	(11,989,590)	(236,077)	(12,225,667)
Total other comprehensive income for the period	-	-	-	-	-	-	20,873,126	982,627	-	21,855,753	-	21,855,753
Total comprehensive income for the period	-	-	-	-	-	-	20,873,126	982,627	(11,989,590)	9,866,163	(236,077)	9,630,086
Balance as at 30 June 2009	75,00,000	41,728,788	(5,873,287)	109,397	-	-	18,221,494	(3,897,648)	(11,989,590)	113,299,154	18,149,379	131,448,533

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2010 (Unaudited) KD	Six months ended 30 June 2009 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(11,737,551)	(12,225,667)
Adjustments:			
Realised loss on available for sale investments		4,338	2,072,189
Dividend income		(1,822,673)	(1,578,795)
Change in fair value of investment property		1,604,571	1,490,000
Share of results of associate		8,254	1,102,282
Interest income and income from wakala and murabaha investments		(272,177)	(1,115,724)
Depreciation		676,394	131,136
Provision for end of service indemnity		51,505	41,556
Finance costs		4,626,860	6,323,000
Impairment in value of investments		-	10,161,944
		(6,860,479)	6,401,921
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		9,106,800	1,042,175
Accounts receivable and other assets		(108,567)	(4,722,202)
Accounts payable and other liabilities		1,391,448	66,011
<b>Net cash from operating activities</b>		<b>3,529,202</b>	<b>2,787,905</b>
<b>INVESTING ACTIVITIES</b>			
Change in blocked deposits		(2,850,000)	456,087
Purchase of available for sale investments		-	(688,829)
Proceeds from sale of available for sale investments		4,714,344	5,821,397
Increase in wakala investments		(6,526,853)	(3,871,027)
Investment in associates		-	(2,415,756)
Dividend received		1,822,673	1,586,707
Purchase of equipment		(258,935)	(154,812)
Interest income and income from wakala and murabaha investments received		272,177	1,128,587
<b>Net cash (used in)/from investing activities</b>		<b>(2,826,594)</b>	<b>1,862,354</b>
<b>FINANCING ACTIVITIES</b>			
Repayments of short term borrowings (net)		(909,165)	(8,463,162)
Investment by non-controlling shareholders of subsidiaries		1,973,228	653,257
Purchase of treasury shares		-	(39,081)
Dividend paid to non-controlling shareholder by a subsidiary		-	(651,150)
Dividend paid		(62,130)	-
Finance costs paid		(4,085,519)	(6,450,969)
<b>Net cash used in financing activities</b>		<b>(3,083,586)</b>	<b>(14,951,105)</b>
Net decrease in cash and cash equivalents		(2,380,978)	(10,300,846)
Cash and cash equivalents at beginning of the period		12,008,655	23,910,395
<b>Cash and cash equivalents at end of the period</b>	7	<b>9,627,677</b>	<b>13,609,549</b>

The notes set out on pages 7 to 15 form an integral part of this interim consolidated financial information.



## Notes to the interim condensed consolidated financial information 30 June 2010 (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 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 10<sup>th</sup> and 11<sup>th</sup> 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 16 August 2010.

The annual consolidated financial statements for the year ended 31 December 2009 were approved by the shareholders at the Annual General Meeting on 20 May 2010.

### **2 Basis of presentation and significant 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 2009, except for adoption of new and revised standards and interpretations discussed below.

The annual consolidated financial statements for the year ended 31 December 2009 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 presentation and significant accounting policies (continued)**

### **Adoption of new and revised International Financial Reporting Standards**

During the period, the Group adopted the following new standards, revisions and amendments to International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2010.

IFRS 3 Business Combinations (Revised 2008)

IAS 27 Consolidated and Separate Financial Statements (Revised 2008)

IAS 28 Investments in Associates (Revised 2008) and

IFRIC17 Distribution of Non Cash Assets to Owners

### **IFRS 3 Business Combinations (Revised 2008) and IAS 27 Consolidated and Separate Financial Statements (Revised 2008)**

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after 1 July 2009. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well.

The changes by IFRS 3 (Revised) and IAS 27 (Revised) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The change in accounting policy is applied prospectively.

### **IAS 28 Investments in Associates (Revised 2008)**

The revised standard introduces changes to the accounting requirements for the loss of significant influence of an associate and for changes in the Group's interest in associates. Consequently, when significant influence is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognized in the consolidated statement of income. These changes will be applicable for future acquisitions and disposals.

### **IFRIC 17 Distributions of Non-Cash Assets to Owners**

The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. This interpretation will be applicable for future non-cash distributions made to the owners.

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 consolidated financial information.

Following revised standards have been issued but not yet effective and have not been adopted by the Group in the current period:



## 2 Significant accounting policies (continued)

### IFRS 9 Financial Instruments (effective from 1 January 2013)

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.

IAS 24 (Revised) "Related party disclosures" (effective for annual periods beginning from 1 January 2011)

IAS 32 Financial Instruments: Presentation (effective for annual period beginning from 1 February 2010)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual period beginning 1 July 2010)

This interim condensed consolidated financial information does not contain all the information and disclosures required for complete consolidated financial statements prepared in accordance with IFRS. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2010. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2009.

The subsidiaries are consolidated based on management accounts for the period.

## 3 New subsidiaries

During the current period, the Parent Company incorporated the following subsidiaries which are consolidated:

Name	Country of incorporation	Ownership	Principal activity
Noor Capital Market KSCC	Kuwait	100%	Online trading in equities and foreign exchange
Noor Real Estate Income Fund	Kuwait	65.6%	Real estate investments

## 4 Unrealised 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 value.

## 5 Interest and other income

	Three months ended		Six months ended	
	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD
Interest income and income from wakala and murabaha investments	157,792	974,153	272,177	1,115,724
Realised gain on dealing in foreign currencies	290,032	213,058	290,032	907,447
Net loss from transportation business (refer note 5a)	(351,341)	-	(706,842)	-
Other income	251,132	469,529	458,795	745,520
	347,615	1,656,740	314,162	2,768,691



## 5 Interest and other income (continued)

(a) Net loss from transportation business (related to a foreign subsidiary)

	Three months ended		Six months ended	
	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD
Revenue from services	200,003	-	659,709	-
Less: Direct operating cost	(551,344)	-	(1,366,551)	-
	(351,341)	-	(706,842)	-

## 6 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		Six months ended	
	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)
(Loss)/profit for the period attributable to the owners of the parent company (KD)	(12,288,845)	4,634,603	(11,594,199)	(11,989,590)
Weighted average number of shares outstanding during the period	750,000,000	750,000,000	750,000,000	750,000,000
Less: Weighted average number of treasury shares outstanding during the period	(15,609,211)	(15,609,211)	(15,609,211)	(15,480,178)
	734,390,789	734,390,789	734,390,789	734,519,822
Basic and diluted (loss)/earnings per share (Fils)	(17)	6	(16)	(16)

## 7 Cash and cash equivalents and murabaha and wakala investments

a. Cash and cash equivalents

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Cash and bank balances	13,581,468	6,784,866	8,360,290
Short-term deposits	3,547,089	10,782,923	13,278,747
Due to banks	(3,490,880)	(4,399,134)	(7,985,575)
	13,637,677	13,168,655	13,653,462
Blocked balances	(4,010,000)	(1,160,000)	(43,913)
Cash and cash equivalent as per cash flow statement	9,627,677	12,008,655	13,609,549

## 7 Cash and cash equivalents and murabaha and wakala investments (continued)

### b. Murabaha and wakala investments

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Placed with a local islamic investment company	9,968,250	9,968,250	9,968,252
Less: Impairment in value	(9,968,250)	(9,968,250)	(2,985,500)
	-	-	6,982,752
Placed with a local islamic banks	9,227,524	2,700,671	2,687,777
	9,227,524	2,700,671	9,670,529

No profit was recognised on impaired wakala investments during the current period.

## 8 Investments at fair value through profit or loss

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
<b>Held for trading :</b>			
Quoted shares	27,347,542	40,206,550	31,919,095
<b>Designated on initial recognition :</b>			
Local funds	2,910,378	489,413	6,096,150
	30,257,920	40,695,963	38,015,245

Quoted shares with a fair value of KD14,133,629 (31 December 2009: KD16,769,583 and 30 June 2009: KD5,491,467) are secured against bank loans (refer note 12).

## 9 Accounts receivable and other assets

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
<b>Financial assets:</b>			
Due from Ultimate Parent Company	17,172,027	18,254,415	16,623,328
Due from an associate	15,481	-	12,171
Due from other related parties	767,633	340,567	1,938,937
Due from Kuwait Clearing Company	1,087,705	2,071,881	712,891
Due from Kuwait Clearing Company (future trade)	1,065,016	1,060,843	633,765
Due from Investment Brokerage Companies	7,319,691	2,759,916	2,318,325
Due on sale of investments - related party	25,005,500	25,005,500	25,003,834
Accrued income	3,090,026	2,943,092	2,329,123
Advance payments to acquire investments	4,449,339	7,205,998	5,671,131
Other financial assets	1,705,313	1,653,494	2,478,710
	61,677,731	61,295,706	57,722,215
<b>Non-financial assets</b>			
Advance payments to acquire properties	1,549,803	1,549,803	880,934
Other assets	395,751	669,209	292,072
	1,945,554	2,219,012	1,173,006
	63,623,285	63,514,718	58,895,221



## **10 Available for sale investments**

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Quoted shares	51,504,554	56,411,589	71,098,925
Unquoted shares	13,935,509	15,330,241	17,294,541
Funds:			
Local	-	2,194,180	12,334,461
Foreign	3,768,601	3,447,079	13,633,658
	<b>69,208,664</b>	<b>77,383,089</b>	<b>114,361,585</b>

- a Available for sale investments include a number of investments in unquoted shares, local and foreign funds where their fair values cannot be reliably determined and as a result investments with a carrying value of KD3,391,691 (31 December 2009: KD4,418,384 and 30 June 2009: KD20,815,849) are carried at cost. The group's management is not aware of any circumstance that would indicate impairment in value of these investments.
- b Quoted shares with a fair value of KD13,295,052 (31 December 2009: KD13,931,168 and 30 June 2009: KD20,023,985) are secured against a bank loan (refer note 12).
- c Certain quoted and unquoted shares are held in the name of ultimate parent company with letters of assignment in the parent company's favour.

## **11 Investment properties**

The movement in investment properties is as follows:

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Fair value as at 1 January	21,398,576	22,644,788	22,644,788
Addition during the period/year	-	802,143	-
Change in fair value	(1,604,571)	(2,048,355)	(1,490,000)
	<b>19,794,005</b>	<b>21,398,576</b>	<b>21,154,788</b>

Investment properties comprise of land and buildings in the following countries:

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Kuwait	5,600,000	7,350,000	8,510,000
Saudi Arabia	13,826,407	13,630,348	12,644,788
Jordan	367,598	418,228	-
	<b>19,794,005</b>	<b>21,398,576</b>	<b>21,154,788</b>

The property in Saudi Arabia is held through a special purpose entity (SPE) created specifically for this purpose and co-owned by the Parent Company with joint owners. The registered owner of the property has issued a letter confirming the co-ownership.



## 12 Short term borrowings

	Effective interest/ cost rate p.a %	Security	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
<b>Loans from local banks and other institutions</b>					
Loan payable – Kuwaiti Dinar	5.5-6.25	Unsecured	<b>59,500,000</b>	59,500,000	60,200,000
Loan payable – Kuwaiti Dinar	5.5-6.25	Secured	<b>23,540,000</b>	23,700,000	20,000,000
Loan payable – US Dollars	4.33-5.71	Unsecured	<b>29,130,000</b>	28,720,000	28,745,000
Wakala payables – Kuwaiti Dinar	3.00-8.00	Unsecured	<b>63,715,850</b>	63,715,850	63,715,850
Loans payable – JD	3.90-5.90	Secured	<b>4,270,345</b>	5,429,510	-
			<b>180,156,195</b>	181,065,360	172,660,850

Loans amounting to KD23,540,000 (31 December 2009: KD23,700,000, 30 June 2009: KD20,000,000) are secured by investments (Note: 8 and 10) and KD4,270,345 (31 December 2009: KD5,429,510 and 30 June 2009: KD Nil) are secured by equipment of a subsidiary Noor Jordan Kuwait Transport Company JSCC.

All borrowings are repayable within one year.

## 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.

Segmental information for the period ended 30 June 2010 and 30 June 2009 are as follows:

	Domestic & GCC KD	International KD	Total KD
<b>Three months ended 30 June 2010 (unaudited)</b>			
Income	(7,198,575)	(617,412)	(7,815,987)
Loss for the period	(10,619,617)	(1,776,000)	(12,395,617)
Share of results of associates	(854,921)	616,875	(238,046)
<b>Three months ended 30 June 2009 (unaudited)</b>			
Income	8,211,908	1,604,839	9,816,747
Profit for the period	3,077,423	1,555,344	4,632,767
Share of results of associates	(1,126,311)	864,173	(262,138)

### 13 Segment analysis (continued)

	Domestic & GCC KD	International KD	Total KD
<b>Six months ended 30 June 2010 (unaudited)</b>			
Income	(3,146,373)	233,654	(2,912,719)
Loss for the period	(10,154,804)	(1,582,747)	(11,737,551)
Share of results of associates	(1,284,972)	1,276,718	(8,254)
Total assets	200,581,973	78,953,341	279,535,314
Total liabilities	(184,027,467)	(5,443,760)	(189,471,227)
<b>Net assets</b>	<b>16,554,506</b>	<b>73,509,581</b>	<b>90,064,087</b>
<b>Six months ended 30 June 2009 (unaudited)</b>			
Income	6,240,897	1,111,829	7,352,726
Loss for the period	(12,677,697)	452,030	(12,225,667)
Impairment in value of investment	9,559,691	602,253	10,161,944
Share of results of associates	(1,869,101)	766,819	(1,102,282)
Total assets	237,961,402	78,650,954	316,612,356
Total liabilities	(164,367,491)	(20,796,332)	(185,163,823)
<b>Net assets</b>	<b>73,593,911</b>	<b>57,854,622</b>	<b>131,448,533</b>

### 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:

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
<b>Interim condensed consolidated statement of financial position</b>			
Due from Ultimate Parent Company and other related parties included in accounts receivables and other assets (refer note 9)	42,960,641	43,600,482	43,578,270
Due to other related parties included in accounts payable and other liabilities	8,507	28,241	95,825
Short term borrowing	19,715,850	19,715,850	-



## 14 Related party transactions (continued)

	Three months ended		Six months ended	
	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)
	KD	KD	KD	KD
<b>Interim condensed consolidated statement of income</b>				
Management and placement fees				
- earned from ultimate parent company	141,055	32,777	282,748	242,253
- earned from other related parties	107,173	34,753	446,790	405,217
Finance cost	147,193	-	317,343	-
<b>Compensation of key management personnel of the group</b>				
Short term employee benefits	26,325	26,325	52,650	52,650
End of service benefits	1,222	1,208	2,444	2,430

## 15 Capital commitments

At the balance sheet date the Group had capital commitments of KD169,295 (31 December 2009: KD166,912 and 30 June 2009: KD167,058) towards available for sale investments.

## 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 30 June 2010 amounted to KD314,696,274 (31 December 2009: KD338,757,236 and 30 June 2009: KD356,227,946) of which assets managed on behalf of its ultimate parent company and other related parties amounted to KD274,402,040 (31 December 2009: KD292,450,981 and 30 June 2009: KD290,556,904).

## 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 and equity.