

**Noor Financial Investment Company K.S.C. (Closed) and Subsidiaries  
Kuwait**

**Independent Auditors' Review Report  
and  
Interim Condensed Consolidated Financial Information (Unaudited)**

**30 September 2010**

**Noor Financial Investment Company K.S.C. (Closed) and subsidiaries  
Kuwait**

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## INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NOOR FINANCIAL INVESTMENT COMPANY K.S.C. (CLOSED)

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Noor Financial Investment Company K.S.C. (Closed), Kuwait ("the Parent Company") and its subsidiaries ("the Group") as at 30 September 2010 and the related interim condensed consolidated statements of income and comprehensive income for three month and nine month period then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine 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 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.

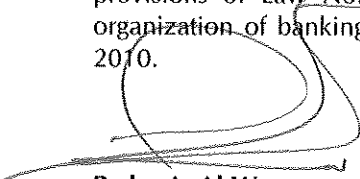
### Conclusion

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.

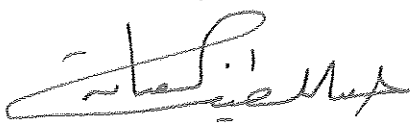
### Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts 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 Parent Company's Articles of Association, as amended, have occurred during the nine month period ended 30 September 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 organization of banking business, and its related regulations, during the nine month period ended 30 September 2010.



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Deloitte & Touche  
Al-Fahad, Al-Wazzan & Co.



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Al-Aiban & Partners

Interim Condensed Consolidated Statement of Income - nine months ended 30 September 2010 (Unaudited)

	Note	Kuwaiti Dinars			
		Three months ended		Nine months ended	
		30 September	30 September	30 September	30 September
		2010	2009	2010	2009
<b>Income</b>					
Realised gain on investments at fair value through profit or loss		1,062,078	1,699,088	2,025,678	5,862,329
Unrealised gain/ (loss) on investments at fair value through profit or loss	4	3,191,970	(1,881,366)	(1,402,575)	1,059,107
Realised gain on sale of available for sale investments		1,196,822	6,588,774	1,192,484	4,516,585
Change in fair value of investment properties	11	-	-	(1,604,571)	(1,490,000)
Dividend income		48,745	53,554	1,871,418	1,632,349
Management and placement fees		603,585	564,589	1,469,955	1,981,670
Interest and other income	5	1,066,476	713,043	1,380,638	3,481,734
Income from financing future trade by customers		49,829	16,017	142,846	98,299
Share of loss of associates		(629,151)	(472,367)	(637,405)	(1,574,649)
Foreign exchange gain/ (loss)		174,590	200,911	(586,243)	(732,455)
		<u>6,764,944</u>	<u>7,482,243</u>	<u>3,852,225</u>	<u>14,834,969</u>
<b>Expenses and other charges</b>					
General, administrative and other expenses		1,870,412	2,926,940	6,068,384	6,020,389
Finance costs		2,438,254	2,303,417	7,065,114	8,626,417
Impairment in value of receivables	9	12,895,324	-	12,895,324	-
Impairment in value of available for sale investments and wakala	7,10	<u>2,398,003</u>	<u>1,998,625</u>	<u>2,398,003</u>	<u>12,160,569</u>
		<u>19,601,993</u>	<u>7,228,982</u>	<u>28,426,825</u>	<u>26,807,375</u>
<b>(Loss)/ profit for the period</b>		<u>(12,837,049)</u>	<u>253,261</u>	<u>(24,574,600)</u>	<u>(11,972,406)</u>
Attributable to:					
Owners of the Parent Company		(11,749,712)	188,134	(23,343,911)	(11,801,456)
Non-controlling interests		(1,087,337)	65,127	(1,230,689)	(170,950)
		<u>(12,837,049)</u>	<u>253,261</u>	<u>(24,574,600)</u>	<u>(11,972,406)</u>
Basic and diluted (loss)/ earnings per share (Fils)	6	<u>(16)</u>	<u>0.26</u>	<u>(32)</u>	<u>(16.07)</u>

The attached notes on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Noor Financial Investment Company K.S.C. (Closed) and Subsidiaries  
Kuwait

Interim Condensed Consolidated Statement of Comprehensive Income – nine months ended 30 September 2010  
(Unaudited)

	Kuwaiti Dinars			
	Three months ended 30 September		Nine months ended 30 September	
	2010	2009	2010	2009
(Loss)/ profit for the period	(12,837,049)	253,261	(24,574,600)	(11,972,406)
<b>Other comprehensive income</b>				
Exchange differences arising on translation of foreign operations	(791,695)	(1,178,520)	(218,618)	(195,893)
<i>Available for sale investments:</i>				
- Net changes in fair value arising during the period	7,911,857	(6,299,348)	4,585,902	6,400,683
- Transferred to consolidated statement of income on sale	(1,269,010)	5,918,903	(1,524,414)	3,875,069
- Transferred to consolidated statement of Income on impairment	2,398,003	-	2,398,003	9,661,944
Share of other comprehensive income of associates	(1,987,590)	1,531,758	(329,318)	2,086,743
Total other comprehensive income for the period	6,261,565	(27,207)	4,911,555	21,828,546
Total comprehensive income for the period	(6,575,484)	226,054	(19,663,045)	9,856,140
Total comprehensive income attributable to:				
Owners of the Parent Company	(5,488,147)	160,927	(18,432,356)	10,027,090
Non-controlling interests	(1,087,337)	65,127	(1,230,689)	(170,950)
	(6,575,484)	226,054	(19,663,045)	9,856,140

The attached notes on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Financial Position as at 30 September 2010 (Unaudited)**

	Note	Kuwaiti Dinars		
		30 September 2010 (Unaudited)	31 December 2009 (Audited)	30 September 2009 (Unaudited)
<b>ASSETS</b>				
Cash and bank balances	7	13,441,927	6,784,866	17,469,973
Short term deposits	7	-	10,782,923	16,060,002
Murabaha and wakala investments	7	6,783,614	2,700,671	7,677,733
Investments at fair value through profit or loss	8	34,747,488	40,695,963	37,978,393
Accounts receivable and other assets	9	55,180,036	63,514,718	58,126,322
Available for sale investments	10	72,116,264	77,383,089	103,281,911
Investments in associates		63,484,274	62,882,307	52,968,502
Investment properties	11	21,512,721	21,398,576	21,154,788
Equipment		3,500,761	4,401,790	4,310,876
<b>Total assets</b>		<b>270,767,085</b>	<b>290,544,903</b>	<b>319,028,500</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Due to banks	7	3,284,984	4,399,134	7,546,917
Accounts payable and other liabilities		4,213,324	3,653,654	4,000,884
Short term borrowings	12	179,420,390	181,065,360	175,615,850
Provision for end of service indemnity		359,784	248,335	190,262
<b>Total liabilities</b>		<b>187,278,482</b>	<b>189,366,483</b>	<b>187,353,913</b>
<b>Equity</b>				
<b>Equity attributable to owners of the Parent Company</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		10,593,212	5,463,039	19,372,807
Foreign currency translation reserve		(5,578,718)	(5,360,100)	(5,076,168)
Accumulated losses		(50,935,694)	(27,591,783)	(11,801,456)
Equity attributable to the owners of the Parent Company		65,043,698	83,476,054	113,460,081
Non-controlling interests		18,444,905	17,702,366	18,214,506
<b>Total Equity</b>		<b>83,488,603</b>	<b>101,178,420</b>	<b>131,674,587</b>
<b>Total liabilities and equity</b>		<b>270,767,085</b>	<b>290,544,903</b>	<b>319,028,500</b>

The attached notes on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.



Hussam Fawzi Al Kharafi  
Chairman & Managing Director



Naser A. Al-Marri  
Deputy Chairman

Noor Financial Investment Company K.S.C. (Closed) and Subsidiaries  
Kuwait

Interim Condensed Consolidated Statement of Changes in Equity - nine months ended 30 September 2010 (Unaudited)

	Kuwaiti Dinars							Non- controlling interests	Total equity	
	Attributable to the owners of the Parent Company									
	Share capital	Share premium	Treasury shares	Gain on sale of treasury shares	Cumulative changes in fair value	Foreign currency translation reserve	Accumulated losses	Total		
<b>Balance as at 1 January 2010</b>	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
Loss for the period	-	-	-	-	-	-	(23,343,911)	(23,343,911)	(1,230,689)	(24,574,600)
Total other comprehensive income for the period	-	-	-	-	5,130,173	(218,618)	-	4,911,555	-	4,911,555
Total comprehensive income for the period	-	-	-	-	5,130,173	(218,618)	(23,343,911)	(18,432,356)	(1,230,689)	(19,663,045)
<b>Balance as at 30 September 2010</b>	75,000,000	41,728,788	(5,873,287)	109,397	10,593,212	(5,578,718)	(50,935,694)	65,043,698	18,444,905	83,488,603

The attached notes on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Noor Financial Investment Company K.S.C. (Closed) and Subsidiaries  
Kuwait

Interim Condensed Consolidated Statement of Changes in Equity - nine months ended 30 September 2010 (Unaudited)

	Kuwaiti Dinars											
	Share capital	Share premium	Treasury shares	Gain on sale of treasury shares	Legal reserve	Voluntary reserve	Cumulative changes in fair value	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling Interests	Total equity
<b>Balance as at 1 January 2009</b>	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 interest	-	-	-	-	-	-	-	-	-	-	(651,150)	(651,150)
Increase in non-controlling interest on consolidation of previously unconsolidated 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	-	-	-
<b>Transactions with equity holders</b>	-	(83,271,212)	(39,081)	-	(6,699,281)	(5,943,481)	-	-	95,913,974	(39,081)	2,107	(36,974)
Loss for the period	-	-	-	-	-	-	-	-	(11,801,456)	(11,801,456)	(170,950)	(11,972,406)
Total other comprehensive income for the period	-	-	-	-	-	-	22,024,439	(195,893)	-	21,828,546	-	21,828,546
<b>Total comprehensive loss for the period</b>	-	-	-	-	-	-	22,024,439	(195,893)	(11,801,456)	10,027,090	(170,950)	9,856,140
<b>Balance as at 30 September 2009</b>	75,000,000	41,728,788	(5,873,287)	109,397	-	-	19,372,807	(5,076,168)	(11,801,456)	113,460,081	18,214,506	131,674,587

The attached notes on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.



**Interim Condensed Consolidated Statement of Cash Flows - nine months ended 30 September 2010 (Unaudited)**

	Note	Kuwaiti Dinars	
		2010	2009
<b>Operating activities</b>			
Loss for the period		(24,574,600)	(11,972,406)
<i>Adjustments:</i>			
Realised gain on sale of available for sale investments		(1,192,484)	(4,516,585)
Changes in fair value of investment in properties		1,604,571	1,490,000
Dividend income		(1,871,418)	(1,632,349)
Interest income and income from wakala and murabaha investments		(281,730)	(1,710,840)
Share of loss of associates		637,405	1,574,649
Depreciation		987,159	123,467
Provision for end of service indemnity		111,450	53,640
Finance costs		7,065,114	8,626,417
Impairment in value of receivables	9	12,895,324	-
Impairment in value of available for sale investments	10	2,398,003	12,160,569
		<u>(2,221,206)</u>	<u>4,196,562</u>
<i>Changes in operating assets and liabilities:</i>			
Investments at fair value through profit or loss		4,461,167	1,079,027
Accounts receivable and other assets		(4,564,060)	(3,932,525)
Accounts payable and other liabilities		669,083	(678,619)
Net cash (used in)/ from operating activities		<u>(1,655,016)</u>	<u>664,445</u>
<b>Investing activities</b>			
Change in blocked deposits		1,146,123	(690,000)
Placement of wakala investments		(4,082,943)	(4,376,858)
Proceeds from sale of available for sale investments		9,520,457	28,317,608
Investment in associates		(300,000)	(1,525,578)
Acquisition of investment properties		(1,718,716)	(7,009,653)
Purchase of equipment		(258,935)	(3,947,262)
Dividends received		2,017,074	1,632,349
Interest income received		312,637	1,710,840
Net cash from investing activities		<u>6,635,697</u>	<u>14,111,446</u>
<b>Financing activities</b>			
Repayment of short term borrowings (net)		(1,644,971)	(5,508,162)
Investment by non-controlling shareholders of subsidiaries		1,973,228	653,257
Purchase of treasury shares		-	(39,081)
Dividends paid		(72,380)	(651,150)
Finance costs paid		(7,102,147)	(8,348,092)
Net cash used in financing activities		<u>(6,846,270)</u>	<u>(13,893,228)</u>
<i>Net (decrease)/ increase in cash and cash equivalents</i>		<u>(1,865,589)</u>	<u>882,663</u>
Cash and cash equivalents at the beginning of period		12,008,655	23,910,395
<b>Cash and cash equivalents at the end of period</b>	7	<u>10,143,066</u>	<u>24,793,058</u>

The attached notes on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

**Notes to the Interim Condensed Consolidated Financial Information - 30 September 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 and 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 specialized companies or purchasing securities or shares in those companies;
- Act as investment trustees and manage different investment portfolios for others;
- Act as intermediary in borrowing operations in return for commission;

The Parent Company also has the right to participate and subscribe, in any way with other firms which operate in the same field or those which would assist in achieving its objectives in Kuwait and abroad and to purchase those firms or participate in their equity.

The Parent Company's registered office is at 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 Parent Company's Board of Directors approved and authorised this interim consolidated financial information for issue on 01 December 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**

**2.1 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.

**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

**Notes to the Interim Condensed Consolidated Financial Information - 30 September 2010 (Unaudited)**

**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**

This Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its owners. 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:*

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 its 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 annual 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 annual consolidated financial statements and notes thereto for the year ended 31 December 2009.

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

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2010 (Unaudited)

3. New subsidiary

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

	Country of incorporation	Ownership percentage	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/ (loss) on investments at fair value through profit or loss

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

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

5. Interest and other income

	Kuwaiti Dinar			
	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2010	2009	2010	2009
Interest income and income from wakala and Murabaha investments	9,553	394,199	281,730	1,710,840
Realised gain on dealing in foreign currencies	845,503	2,654	1,135,535	709,184
Net loss from transportation business (see note below)	(105,834)	-	(812,676)	-
Other income	317,254	316,190	776,049	1,061,710
	<u>1,066,476</u>	<u>713,043</u>	<u>1,380,638</u>	<u>3,481,734</u>

Net loss from transportation business relates to a foreign subsidiary.

	Kuwaiti Dinar			
	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2010	2009	2010	2009
Revenue from services	311,662	-	971,371	-
Less: Direct operating costs	(417,496)	-	(1,784,047)	-
	<u>(105,834)</u>	<u>-</u>	<u>(812,676)</u>	<u>-</u>

6. Basic and diluted (loss)/ earnings per share

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

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2010	2009	2010	2009
	(Loss)/ profit for the period attributable to the owners of parent company(KD)	(11,749,712)	188,134	(23,343,911)
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)	(15,523,662)
	<u>734,390,789</u>	<u>734,390,789</u>	<u>734,390,789</u>	<u>734,476,338</u>
Basic and diluted (loss)/earnings per share (Fils)	(16)	0.26	(32)	(16.07)

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2010 (Unaudited)

7. Cash and cash equivalents, murabaha and wakala investments

*Cash and cash equivalents*

	Kuwaiti Dinars		
	30 September 2010 (Unaudited)	31 December 2009 (Audited)	30 September 2009 (Unaudited)
Cash and bank balances	13,441,927	6,784,866	17,469,973
Short term deposits	-	10,782,923	16,060,002
Due to banks	(3,284,984)	(4,399,134)	(7,546,917)
	10,156,943	13,168,655	25,983,058
Less: Blocked balances	(13,877)	(1,160,000)	(1,190,000)
Cash and cash equivalents as per cash flow statement	10,143,066	12,008,655	24,793,058

*Murabaha and Wakala investments*

	Kuwaiti Dinars		
	30 September 2010 (Unaudited)	31 December 2009 (Audited)	30 September 2009 (Unaudited)
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)	(4,984,125)
	-	-	4,984,127
Placed with a local Islamic bank	6,783,614	2,700,671	2,693,606
	6,783,614	2,700,671	7,677,733

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

8. Investments at fair value through profit or loss

	Kuwaiti Dinars		
	30 September 2010 (Unaudited)	31 December 2009 (Audited)	30 September 2009 (Unaudited)
<i>Held for trading</i>			
Quoted shares	31,553,305	40,206,550	33,901,670
<i>Designated on initial recognition</i>			
Local funds	3,194,183	489,413	4,076,723
	34,747,488	40,695,963	37,978,393

Quoted shares with a fair value of KD 14,446,290 (31 December 2009: KD 16,769,583 and 30 September 2009: KD 11,403,713) are secured against bank loans (Note 12).

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2010 (Unaudited)

9. Accounts receivable and other assets

	Kuwaiti Dinars		
	30 September 2010 (Unaudited)	31 December 2009 (Audited)	30 September 2009 (Unaudited)
<i>Financial assets</i>			
Due from Ultimate Parent Company	17,295,727	18,254,415	18,110,745
Due from an associate	19,271	-	12,627
Due from other related parties	919,243	340,567	296,150
Due from Kuwait Clearing Company	3,057,386	2,071,881	-
Due from Kuwait Clearing Company (future trade)	1,825,518	1,060,843	1,124,528
Due from investment brokerage companies	8,707,983	2,759,916	-
Due from sale of investments – related parties	25,005,500	25,005,500	24,981,719
Accrued income	3,710,946	2,943,092	2,860,211
Advance payments to acquire investments	4,297,713	7,205,998	7,699,999
Other financial assets	1,003,287	1,653,494	1,441,046
	<u>65,842,574</u>	<u>61,295,706</u>	<u>56,527,025</u>
Less : Impairment	12,895,324	-	-
	<u>52,947,250</u>	<u>61,295,706</u>	<u>56,527,025</u>
<i>Non financial assets</i>			
Advance payments to acquire properties	1,549,803	1,549,803	801,540
Other assets	682,983	669,209	797,757
	<u>2,232,786</u>	<u>2,219,012</u>	<u>1,599,297</u>
	<u>55,180,036</u>	<u>63,514,718</u>	<u>58,126,322</u>

During the period, the Group recognized an impairment loss of KD 2,320,017 (31 December 2009: Nil and 30 September 2009: Nil) for certain project under process and a 25% impairment provision on the balance due from related parties amounting to KD 575,307 based on Central Bank of Kuwait instruction.

10. Available for sale investments

	Kuwaiti Dinars		
	30 September 2010 (Unaudited)	31 December 2009 (Audited)	30 September 2009 (Unaudited)
Quoted shares	56,660,107	56,411,589	69,610,914
Unquoted shares	11,862,620	15,330,241	17,627,654
Funds:			
Local	-	2,194,180	12,591,384
Foreign	3,593,537	3,447,079	3,451,959
	<u>72,116,264</u>	<u>77,383,089</u>	<u>103,281,911</u>

- 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 KD 3,391,691 (31 December 2009: KD 4,418,384 and 30 September 2009: KD 21,079,613) are carried at cost. The Group's management is not aware of any circumstance that would indicate impairment in value of these investments.
- Quoted shares with a fair value of KD 16,163,991 (31 December 2009: KD 13,931,168 and 30 September 2009: 16,765,312) are secured against bank loans (refer note 12).
- Certain quoted and unquoted shares are held in the name of the Ultimate Parent Company with letters of assignment in the Parent Company's favour.
- During the period, the Group recognized an impairment loss of KD 2,398,003 (31 December 2009: KD 8,482,625 and 30 September 2009 : KD 9,661,944) for certain local quoted and unquoted shares as the market value of these shares at the reporting date declined significantly below their costs.

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2010 (Unaudited)

**11. Investment properties**

The movement in investment properties is as follows:

	Kuwaiti Dinars		
	30 September 2010 (Unaudited)	31 December 2009 (Audited)	30 September 2009 (Unaudited)
Fair value as at 1 January	21,398,576	22,644,788	22,644,788
Additions during the period/ year	1,718,716	802,143	-
Change in fair value	(1,604,571)	(2,048,355)	(1,490,000)
	<u>21,512,721</u>	<u>21,398,576</u>	<u>21,154,788</u>

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

	Kuwaiti Dinars		
	30 September 2010 (Unaudited)	31 December 2009 (Audited)	30 September 2009 (Unaudited)
Kuwait	7,326,667	7,350,000	8,510,000
Saudi Arabia	13,826,407	13,630,348	12,644,788
Jordan	359,647	418,228	-
	<u>21,512,721</u>	<u>21,398,576</u>	<u>21,154,788</u>

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 per annum %	Security	Kuwaiti Dinars		
			30 September 2010 (Unaudited)	31 December 2009 (Audited)	30 September 2009 (Unaudited)
Loans from local banks and other institutions					
Loans payable - KD	5.00 – 6.25	Unsecured	59,500,000	59,500,000	63,200,000
Loans payable - KD	5.00 – 6.25	Secured	23,540,000	23,700,000	20,000,000
Loans payable - USD	4.33 – 5.71	Unsecured	28,480,000	28,720,000	28,700,000
Wakala payable – KD	3.00 – 8.00	Unsecured	63,715,850	63,715,850	63,715,850
Loans payable – JD	3.90 – 5.90	Secured	4,184,540	5,429,510	-
			<u>179,420,390</u>	<u>181,065,360</u>	<u>175,615,850</u>

Loans amounting to KD 23,540,000 (31 December 2009: KD 23,700,000, 30 September 2009: KD 20,000,000) are secured by investments (Note: 8 and 10) and KD 4,184,540 (31 December 2009: KD 5,429,510 and 30 September 2009: KD Nil) are secured by equipment of 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

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2010 (Unaudited)

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 periods ended 30 September 2010 and 30 September 2009 are as follows:

**Three months ended 30 September 2010 (unaudited)**

	Kuwaiti Dinars		
	Domestic & GCC	International	Total
Income	4,729,069	2,035,875	6,764,944
Loss for the period	(11,792,567)	(1,044,482)	(12,837,049)
Share of (loss)/ profit of associates	(1,146,907)	517,756	(629,151)

**Three months ended 30 September 2009 (unaudited)**

	Kuwaiti Dinars		
	Domestic & GCC	International	Total
Income	2,432,702	5,049,541	7,482,243
(Loss)/profit for the period	(2,114,039)	2,367,300	253,261
Share of loss of associates	(1,075,651)	603,284	(472,367)

**Nine months ended 30 September 2010 (unaudited)**

	Kuwaiti Dinars		
	Domestic & GCC	International	Total
Income	1,582,700	2,269,525	3,852,225
Loss for the period	(21,885,071)	(2,689,529)	(24,574,600)
Share of (loss)/ profit of associates	(2,431,879)	1,794,474	(637,405)
Total assets	203,375,887	67,391,198	270,767,085
Total liabilities	182,530,400	4,748,082	187,278,482
Net assets	20,845,487	62,643,116	83,488,603

**Nine months ended 30 September 2009 (unaudited)**

	Kuwaiti Dinars		
	Domestic & GCC	International	Total
Income	9,117,027	5,717,942	14,834,969
Loss for the period	(13,916,617)	1,944,211	(11,972,406)
Share of loss of associates	(2,944,753)	1,370,104	(1,574,649)
Total assets	216,960,020	102,068,480	319,028,500
Total liabilities	183,088,157	4,265,756	187,353,913
Net assets	33,871,863	97,802,724	131,674,587

**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, 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.



Notes to the Interim Condensed Consolidated Financial Information - 30 September 2010 (Unaudited)

Significant related party transactions and balances included in this consolidated financial information are as follows:

	Kuwaiti Dinars		
	30 September 2010 (Unaudited)	31 December 2009 (Audited)	30 September 2009 (Unaudited)
<b>Interim condensed consolidated statement of financial position</b>			
Due from Ultimate Parent Company and other related parties included in accounts receivable and other assets (note: 9) (net)	32,664,434	43,600,482	43,401,241
Due to other related parties included in accounts payable and other liabilities	8,507	28,241	115,060
Short term borrowings	19,715,850	19,715,850	19,715,850

	Kuwaiti Dinars			
	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2010	2009	2010	2009
<b>Interim condensed consolidated statement of income</b>				
<i>Management and placement fees</i>				
- earned from Ultimate Parent Company	147,670	74,807	430,418	844,525
- earned from other related parties	216,631	161,540	663,421	566,758
Finance cost	149,084	56,716	466,427	56,716
Provision	10,575,307	-	10,575,307	
<i>Key management compensation</i>				
Short term employee benefits	26,235	26,325	78,975	78,975
End of service benefits	10,306	1,289	12,750	3,719
	<u>36,541</u>	<u>27,614</u>	<u>91,725</u>	<u>82,694</u>

**15. Capital commitments**

At the statement of financial position date, the Group had capital commitments of KD 165,518 towards available for sale investments (31 December 2009: KD 166,912 and 30 September 2009: KD 166,796).

**16. Fiduciary assets**

The Group 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 statement of financial position. Assets under management at 30 September 2010 amounted to KD 316,147,972 (31 December 2009: KD 338,757,236 and 30 September 2009: KD 328,280,762) of which assets managed on behalf of Ultimate Parent Company and other related parties amounted to KD 268,865,605 (31 December 2009: KD 292,450,981 and 30 September 2009: KD 263,696,786).

**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.