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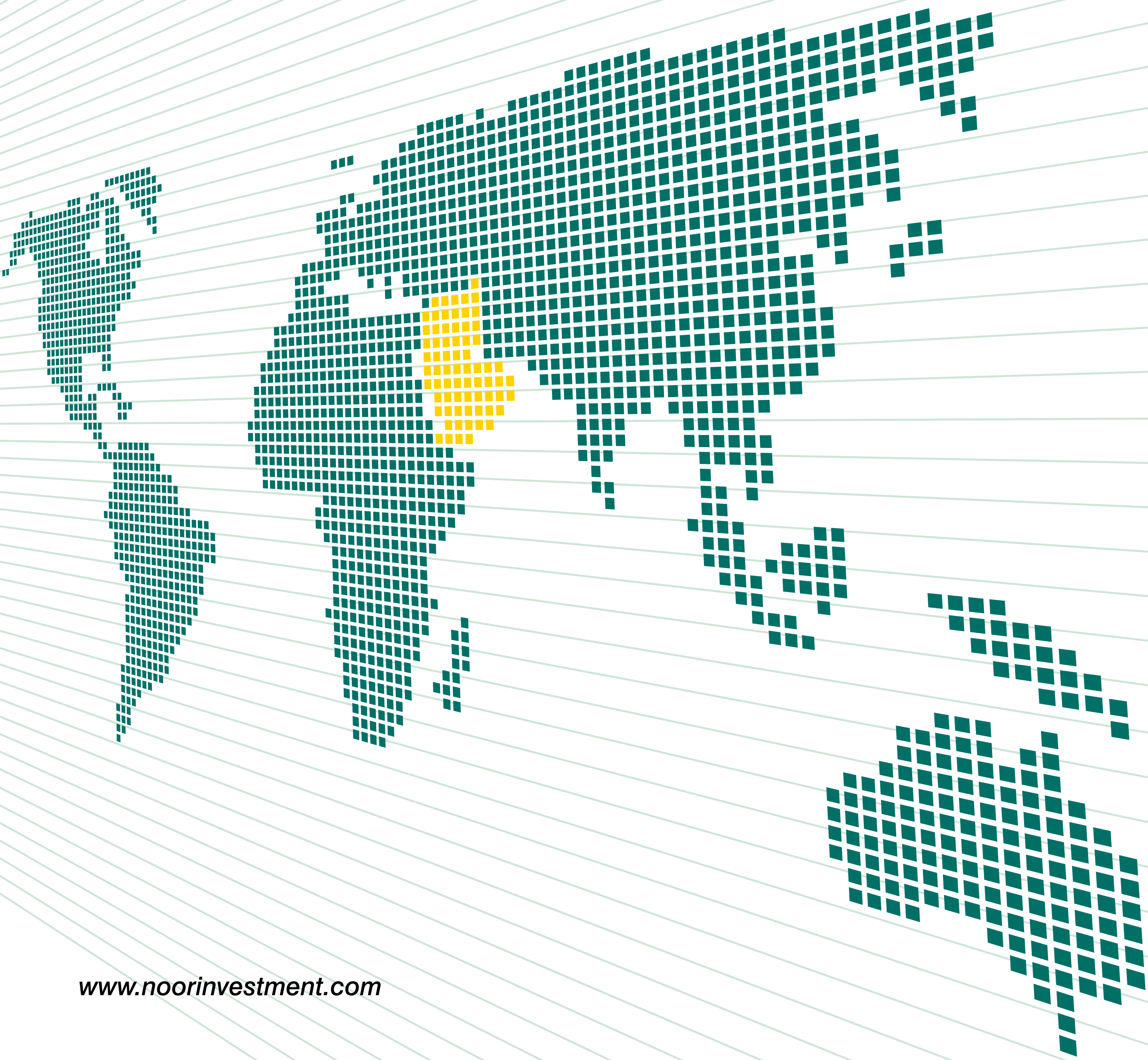
NOOR

Noor Financial Investment Co. شركة نــور للإستثمار المالي

Annual Report

2009



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نــــور

NOOR

Noor Financial Investment Co. شركة نـــور للإستثمار المالي

Annual Report

2009

His Highness
Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait

His Highness
Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
Crown Prince of the State of Kuwait

His Highness
Sheikh Naser Mohammad Al-Ahmad Al-Sabah
The Prime Minister of the State of Kuwait

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Board Members

Hussam F. Al-Kharafi
Chairman

Naser A. Al-Marri
Deputy Chairman & Managing Director

Sheikh Khalifa A. Al-Sabah
Board Member

Abdullatif A. Al-Asfour
Board Member

Abdulghani M. Behbehani
Board Member

Chairman's Message

Dear Shareholders

Market Performance and Outlook

2009 was a year where we focused on retaining our selective investments, raising liquidity and re-focusing our vision towards making international connections and relationships. Our local portfolio outperformed the Kuwait benchmark by about 10% and our international portfolio returned almost 27%. We realized gains in international investments and remained liquid throughout the year, which helped meet our obligations without any delay. We feel proud about our situation given the difficult financial and investment environment.

For 2010, we are focused on continuing to invest in our region in Kuwait, Saudi Arabia, Abu Dhabi and Qatar and internationally in the high growth emerging economies on a selective basis.

Private Equity Fundraising and Outlook

It was a tough year to raise funds anywhere in the world, including the Middle East. According to Preqin studies, globally private equity fundraising was down to USD 246 billion raised in 2009 (-61%) from USD 637 billion the previous year, this was the lowest level since 2004. In Q4 2009, an aggregate of USD35 billion was raised by 75 funds in the period. USD 19 billion was raised in North America, USD 11 billion in Europe, and USD 5 billion for Asia and rest of the world-focused funds. Capital structuring has become more conservative with leverage becoming more difficult. Buyout deal volumes plunged on an aggregate global basis to USD 76 billion (-60%) from USD190 billion in previous year.

The silver lining is that vintage years during a recessionary environment provide superior returns. These factors certainly bode well for the private equity industry in 2010 as the global economy comes out of a recession. Noor expects to exploit this opportunity.

Noor's Performance

The financial turmoil of 2008, although abating, still made itself felt in 2009. Throughout an arduous business environment, Noor recorded income of KD 8.8 million. Nevertheless, Noor adopted a conservative policy and took KD 18 million as provision for impairment which resulted in a loss of KD 28.8 million for 2009. The increase in operating assets correspondingly resulted in escalated general and administrative expenses, which is part of Noors' strategy to expand beyond financial markets investment. It is imperative to state that due to reclassification of assets, the unrealized gains KD 5.4 million from available for sale investments are booked in the balance sheet, thus the comprehensive loss for the year stood at KD 21 million. The loss per share for the year 2009 was 38 fils, while the book value declined to 111 fils per share.

We believe that the market conditions will unwind in coming years and losses stemming from impairment will be recovered. Noor's principal long-term strategy of diversifying its revenue streams into operating assets will, in management's estimation, commence generating consistent cash flows for the company in the coming years.

Noor Liquidity Profile

With the economic downturn in 2008, Noor focused on preserving its liquidity status. Noor's Treasury has successfully managed to deploy its current liquidity pool in various treasury products from where steady returns were generated. Noor has serviced all of its debt obligations on time and retained all its lines with counterparties around the world.

2010 Strategy and Initiatives

Continuing with our five-year business plan initiated last year, Noor managed existing investments and solidified partnerships to build businesses with international expertise to operate in Kuwait and the GCC. We hope to reap the benefits of these efforts in the coming years and implement our strategic theme to connect globally and act locally. The 2010 initiatives will focus on setting up ventures in Kuwait in alignment with the Government vision and budget.

Some initial achievements in 2009 that will contribute to 2010 growth include the establishment of Noor Capital Markets, a brokerage firm offering trading in such securities and derivatives as equities, forex and commodities, with offices in Kuwait and soon to open in other locations in the region, and the launching of our Noor Real Estate Income Fund, which closed in January 2010. We will also be offering products to give clients access to the Indian and Chinese markets. Noor is working on partnerships with reputed organizations globally to fulfill the growing demand locally for international expertise and skills in the areas of financial services, energy and infrastructure. We expect these products and partnerships to generate extraordinary returns in the years to come.

We thank you for your continued support.

Hussam F. Al-Kharafi
Chairman

Noor Financial Investment Co. شـركـة نـــور للإسـتـثـمار المالي

Noor Financial Investment Company KSC (Closed)
and Subsidiaries
Kuwait

Consolidated Financial Statements
and Independent Auditors' Report
31 December 2009

Noor Financial Investment Company KSC (Closed)
and Subsidiaries
Kuwait

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Independent Auditors' Report to the Shareholders

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Noor Financial Investment Company KSC (Closed) ("the Parent Company") and subsidiaries ("the Group") which comprise the consolidated statement of financial position as at 31 December 2009, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The Parent Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards adopted for use by the State of Kuwait. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Noor Financial Investment Company KSC (Closed) and Subsidiaries
Kuwait

Independent Auditors' Report to the Shareholders (Continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as applied in the State of Kuwait.

Report on Other Legal and Regulatory Requirements

In our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, and by the Parent Company's Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violation of the Commercial Companies Law, or of the Parent Company's Articles of Association, as amended, have occurred during the year ended 31 December 2009 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 audit we have not become aware of any material violation of the provisions of Law 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations during the year ended 31 December 2009.

Bader A. Al-Wazzan
Licence No. 62-A
PricewaterhouseCoopers

Abdullatif M. Al-Aiban (CPA)
License No. 94-A
of Grant Thornton - Al-Qatami, Al-Aiban & Partners

Kuwait
31 March 2010

Noor Financial Investment Company KSC (Closed) and Subsidiaries
Kuwait

Consolidated Statement of Income - Year ended 31 December 2009

	Note	Kuwaiti Dinars	
		Year ended 31 December	
		2009	**2008**
Income			
Realised gain/ (loss) on investments at fair value through profit or loss		**5,761,434**	(538,726)
Unrealised loss on investments at fair value through profit or loss	6	**(4,596,103)**	(42,568,546)
Realised gain on sale of available for sale investments		**4,092,005**	8,607,945
Dividend income		**1,663,933**	6,401,886
Change in fair value of investment properties	17	**(2,048,355)**	5,696,976
Management and placement fees		**2,783,050**	9,178,783
Income from financing future trade by customers		**107,988**	8,209,797
Interest and other income	7	**3,678,288**	1,614,090
Share of loss of associates	16	**(1,718,004)**	(816,571)
Foreign exchange loss		**(915,267)**	(924,522)
		8,808,969	(5,138,888)
Expenses and other charges			
General, administrative and other expenses	8	**7,694,124**	5,186,292
Finance costs	10	**11,322,723**	13,677,474
Impairment in value of investments	12(b) &15(d)	**18,595,445**	105,063,445
		37,612,292	123,927,211
Loss for the year		**(28,803,323)**	(129,066,099)
Attributable to:			
Owners of the Parent Company		**(27,591,783)**	(129,043,872)
Non-controlling interests		**(1,211,540)**	(22,227)
		(28,803,323)	(129,066,099)
Basic and diluted loss per share	11	**(38) Fils**	(185) Fils

The notes 1 to 31 form an integral part of these consolidated financial statements.

Noor Financial Investment Company KSC (Closed) and Subsidiaries
Kuwait

Consolidated Statement of Comprehensive Income - Year ended 31 December 2009

	Kuwaiti Dinars	
	Year ended 31 December	
	2009	**2008**
Loss for the year	**(28,803,323)**	(129,066,099)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**(479,825)**	(3,767,866)
Available for sale investments:		
Net changes in fair value arising during the year	**(3,461,106)**	(96,372,793)
Transferred to consolidated statement of income on sale	**(1,811,919)**	(2,661,984)
Transferred to consolidated statement of income on impairment	**9,661,944**	95,517,945
Share of other comprehensive income/ (loss) of associates	**3,725,752**	(1,551,440)
Total other comprehensive income/ (loss) for the year	**7,634,846**	(8,836,138)
Total comprehensive loss for the year	**(21,168,477)**	(137,902,237)
Total comprehensive loss attributable to:		
Owners of the Parent Company	**(19,956,937)**	(137,880,010)
Non-controlling interests	**(1,211,540)**	(22,227)
	(21,168,477)	(137,902,237)

The notes 1 to 31 form an integral part of these consolidated financial statements.

Noor Financial Investment Company KSC (Closed) and Subsidiaries
Kuwait

Consolidated Statement of Financial Position as at 31 December 2009

	Notes	Kuwaiti Dinars As at 31 December 2009	2008
ASSETS			
Cash and bank balances	12	**6,784,866**	10,025,498
Short term deposits	12	**10,782,923**	20,363,456
Wakala investments	12	**2,700,671**	5,799,500
Investments at fair value through profit or loss	13	**40,695,963**	39,057,420
Accounts receivable and other assets	14	**63,514,718**	53,180,893
Available for sale investments	15	**77,383,089**	109,797,529
Investments in unconsolidated subsidiaries		**-**	1,012,904
Investments in associates	16	**62,882,307**	51,126,723
Investment properties	17	**21,398,576**	22,644,788
Equipment		**4,401,790**	487,080
Total assets		**290,544,903**	313,495,791
LIABILITIES AND EQUITY			
Liabilities			
Due to banks	12	**4,399,134**	5,978,559
Accounts payable and other liabilities	18	**3,653,654**	4,401,178
Short term borrowings	19	**181,065,360**	181,124,012
Provision for end of service indemnity		**248,335**	136,621
Total liabilities		**189,366,483**	191,640,370
Equity			
Equity attributable to the owners of the Parent Company			
Share capital	20	**75,000,000**	75,000,000
Share premium	20	**41,728,788**	125,000,000
Treasury shares	21	**(5,873,287)**	(5,834,206)
Gain on sale of treasury shares		**109,397**	109,397
Legal reserve	22	**-**	6,699,281
Voluntary reserve	22	**-**	5,943,481
Cumulative changes in fair value		**5,463,039**	(2,651,632)
Foreign currency translation reserve		**(5,360,100)**	(4,880,275)
Accumulated losses		**(27,591,783)**	(95,913,974)
Total equity attributable to the owners of the Parent Company		**83,476,054**	103,472,072
Non-controlling interests		**17,702,366**	18,383,349
Total equity		**101,178,420**	121,855,421
Total liabilities and equity		**290,544,903**	313,495,791

Hussam F. Al-Kharafi
Chairman

Naser A. Al-Marri
Deputy Chairman & Managing Director

The notes 1 to 31 form an integral part of these consolidated financial statements.

Noor Financial Investment Company KSC (Closed) and Subsidiaries
Kuwait

Consolidated Statement of Changes in Equity - Year ended 31 December 2009

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 interest	Total
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 interest by a subsidiary	-	-	-	-	-	-	-	-	-	-	(651,943)	(651,943)
Purchase of treasury shares	-	-	(39,081)	-	-	-	-	-	-	(39,081)	-	(39,081)
Set off of losses (note 20b)	-	(83,271,212)	-	-	(6,699,281)	(5,943,481)	-	-	95,913,974	-	-	-
Investment by non-controlling interest holders	-	-	-	-	-	-	-	-	-	-	1,182,500	1,182,500
Transactions with owners	-	(83,271,212)	(39,081)	-	(6,699,281)	(5,943,481)	-	-	95,913,974	(39,081)	530,557	491,476
Loss for the year	-	-	-	-	-	-	-	-	(27,591,783)	(27,591,783)	(1,211,540)	(28,803,323)
Total other comprehensive Income for the year	-	-	-	-	-	-	8,114,671	(479,825)	-	7,634,846	-	7,634,846
Total comprehensive Income for the year	-	-	-	-	-	-	8,114,671	(479,825)	(27,591,783)	(19,956,937)	(1,211,540)	(21,168,477)
Balance as at 31 December 2009	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

The notes 1 to 31 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity - Year ended 31 December 2009

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	Retained earnings/ (accumulated losses)	Total	Non-controlling interest	Total
Balance as at 1 January 2008	50,000,000	50,000,000	-	-	6,699,281	5,943,481	2,416,640	(1,112,409)	58,129,898	172,076,891	13,505,576	185,582,467
Cash dividend	-	-	-	-	-	-	-	-	(25,000,000)	(25,000,000)	-	(25,000,000)
Issue of right shares (note 20a)	25,000,000	75,000,000	-	-	-	-	-	-	-	100,000,000	-	100,000,000
Purchase of treasury shares	-	-	(7,027,609)	-	-	-	-	-	-	(7,027,609)	-	(7,027,609)
Sale of treasury shares	-	-	1,193,403	-	-	-	-	-	-	1,193,403	-	1,193,403
Gain on sale of treasury shares	-	-	-	109,397	-	-	-	-	-	109,397	-	109,397
Investment by non-controlling interest holders	-	-	-	-	-	-	-	-	-		4,900,000	4,900,000
Transactions with owners	25,000,000	75,000,000	(5,834,206)	109,397	-	-	-	-	(25,000,000)	69,275,191	4,900,000	74,175,191
Loss for the year	-	-	-	-	-	-	-	-	(129,043,872)	(129,043,872)	(22,227)	(129,066,099)
Total other comprehensive loss for the year	-	-	-	-	-	-	(5,068,272)	(3,767,866)	-	(8,836,138)	-	(8,836,138)
Total comprehensive Loss for the year	-	-	-	-	-	-	(5,068,272)	(3,767,866)	(129,043,872)	(137,880,010)	(22,227)	(137,902,237)
Balance as at 31 December 2008	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

The notes 1 to 31 form an integral part of these consolidated financial statements.

Noor Financial Investment Company KSC (Closed) and Subsidiaries
Kuwait

Consolidated Statement of Cash Flows - Year ended 31 December 2009

	Note	Kuwaiti Dinars Year ended 31 December 2009	 2008
OPERATING ACTIVITIES			
Loss for the year		**(28,803,323)**	(129,066,099)
Adjustments:			
Realised gain on sale of available for sale investments		**(4,092,005)**	(8,607,945)
Dividend income		**(1,663,933)**	(6,401,886)
Changes in fair value of investment in properties		**2,048,355**	(5,696,976)
Interest income		**(2,002,935)**	(1,047,797)
Depreciation		**961,541**	167,739
Provision for end of service indemnity		**111,713**	6,703
Finance costs		**11,322,723**	13,677,474
Share of loss of associate		**1,718,004**	816,571
Impairment in value of investments		**18,595,445**	105,063,445
		(1,804,415)	(31,088,771)
Changes in operating assets and liabilities:			
Investments at fair value through statement of income		**(1,638,543)**	(33,281,800)
Accounts receivable and other assets		**(11,117,499)**	13,933,041
Accounts payable and other liabilities		**(1,079,048)**	(6,267,636)
Cash used in operations		**(15,639,505)**	(56,705,166)
KFAS and NLST paid		**-**	(1,309,549)
Directors remuneration paid		**-**	(75,000)
Net cash used in operating activities		**(15,639,505)**	(58,089,715)
INVESTING ACTIVITIES			
Change in blocked deposits		**(660,000)**	1,007,500
Wakala investments placed		**(4,383,920)**	(8,285,000)
Purchase of available for sale investments		**(7,009,653)**	(19,811,437)
Proceeds from sale of available for sale investments		**31,083,306**	45,819,584
Investment in unconsolidated subsidiaries		**-**	(186,059)
Investment in associates		**(2,789,665)**	(34,816,805)
Acquisition of investment properties		**(802,143)**	(16,947,812)
Purchase of equipment		**(4,876,252)**	(281,425)
Dividend income received		**1,671,052**	2,124,626
Interest income received		**2,063,415**	1,016,411
Net cash from/ (used in) investing activities		**14,296,140**	(30,360,417)
FINANCING ACTIVITIES			
Repayment of/ proceeds from short term borrowings (net)		**(58,652)**	50,626,717
Proceeds from increase of capital - rights shares		**-**	100,000,000
Purchase of treasury shares		**(39,081)**	(7,027,609)
Proceeds from disposal of treasury shares		**-**	1,302,800
Investment by non-controlling interest holders of subsidiaries		**1,182,500**	4,900,000
Dividend paid		**(651,943)**	(24,912,879)
Finance costs paid		**(10,991,199)**	(13,223,778)
Net cash (used in)/ from financing activities		**(10,558,375)**	111,665,251
Net (decrease)/ increase in cash and cash equivalents		**(11,901,740)**	23,215,119
Cash and cash equivalents at beginning of the year		**23,910,395**	695,276
Cash and cash equivalents at end of the year	12	**12,008,655**	23,910,395

The notes 1 to 31 form an integral part of these consolidated financial statements.

1. Incorporation and activities

Noor Financial Investment Company KSC (Closed) ("the Parent Company") was incorporated in Kuwait on 1 February 1997 and in May 2006 its shares were listed on the Kuwait Stock Exchange. The Parent Company and its subsidiaries (Note 5) 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 ("the 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;

The Parent Company also has the right to participate and subscribe, in any way in 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 Floors, 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 these consolidated financial statements for issuance on 31 March 2010. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2. New and revised International Financial Reporting Standards and Interpretations

During the year, the Group has adopted the following International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) effective for annual periods beginning or after 1 January 2009.

IAS 1 'Presentation of Financial Statements' (Revised):

The revised standard separates owner and non-owner changes in shareholders' equity. The statement of changes in shareholders' equity includes only details of transactions with owners, with non-owner changes in shareholders' equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two linked statements.

Amendments to IFRS 7 'Improving Disclosures about Financial Instruments':

Amendments to IFRS 7, issued in March 2009, require enhanced disclosure about fair value measurements and liquidity risk of derivatives. In particular, the amendment requires disclosures of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendments results in additional disclosures but does not have an impact on the financial position or the comprehensive income of the Group.

IFRS 8 'Operating segments':

The standard requires disclosure of information about the Group's operating segments based on financial information regularly available to and evaluated by the Chief Operating Decision Maker (CODM) and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 'Segment reporting'.

The following IASB Standards and International Financial Reporting Interpretation Committee (IFRIC) Interpretation have been issued but are not yet effective and have not been early adopted by the Group:

Management anticipates that all of the pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not relevant to the group's operations and therefore not expected to have a material impact on the group's financial statements.

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

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3 (Revised 2008) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, for future business combinations, the reported results in the period that an acquisition occurs and future reported results. IAS 27 (Revised 2008) requires that a change in the ownership interest of a subsidiary that does not result in loss of control is accounted for as an equity transaction.

IFRS 9 Financial Instruments (effective from 1 January 2013)

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety by the end of 2010, with the replacement standard to be effective for annual periods beginning 1 January 2013. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

Phase 1: Classification and Measurement
Phase 2: Impairment methodology
Phase 3: Hedge accounting.

In addition, a separate project is dealing with derecognition.

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

IAS 24 (Revised) "Related party disclosures"

The revised standard was issued in November 2009 and becomes effective for annual periods beginning on or after 1 January 2011. The revised standard simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities.

IAS 27 Consolidated and Separate Financial Statements (Revised) (effective for annual periods beginning on or after 1 July 2009)

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. 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. The changes in IAS 27 will affect future acquisitions or loss of control and transactions with non-controlling interests.

IAS 28 Investments in Associates (Revised) (effective for annual periods beginning on or after 1 July 2009)

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. These changes will be applicable for future acquisitions and disposals.

IFRIC 17 Distribution of on-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009).

The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

The application of these Standards/ Interpretations will be made in the consolidated financial statements when these standards and interpretations become effective and are not expected to have a material impact on the consolidated financial statements of the Group.

3. Significant accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2008 except as noted in note 2 above. The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

Basis of preparation

The consolidated financial statements have been 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.

The consolidated financial statements are prepared under the historical cost basis of measurement modified to include the measurement at fair value of investments at fair value through profit or loss, available for sale investments and investment properties.

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Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company for the year ended 31 December 2009, and the financial statements of its subsidiaries prepared to that date, using consistent accounting policies.

Subsidiaries are those enterprises controlled by the Group and are fully consolidated from the date on which control is transferred to the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any significant intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Non-controlling interests represents the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from the equity attributable to the owners of the Parent Company.

Business combinations

Acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, plus any costs directly attributable to the business combination. The acquirer's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date.

Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquirer at the date of the acquisition. Any excess, at the date of acquisition, of the Group's share in the fair value of the identifiable net assets acquired over the acquisition cost is recognised as negative goodwill in the consolidated statement of income.

Goodwill

Goodwill arising on the acquisition of a subsidiary is recognised as a separate asset in the consolidated statement of financial position. Goodwill arising on the acquisition of an associate is included within the carrying amount of the investment. Goodwill, which represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired at the date of acquisition, is measured at cost less impairment losses. Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill is allocated to cash generating units.

Recognition of income

Income is recognised to the extent it is probable that the economic benefits will flow to the Group and the income can be reliably measured. The following specific recognition criteria must also be met before

income is recognised:

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised using the effective interest method.

Fee income

Management fees relating to portfolio management services and other fee income are recognised as revenue as the services are provided.

Finance cost

Finance costs are calculated and recognised on a time proportion basis taking into account the principal loan balance outstanding and the interest rate applicable.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances, and short-term deposits maturing within three months from the date of inception net of balances due to banks and blocked deposits.

Financial instruments

Classification

The Group classifies financial assets upon initial recognition into the following categories:

i. Investments at fair value through profit or loss
ii. Loans and receivables
iii. Available for sale investments

Investments at fair value through profit or loss are either "held for trading" or "designated" as such on initial recognition.

The Group classifies investments as trading if they are acquired principally for the purpose of selling or are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking.

Investments are classified as designated at fair value through profit or loss at inception if they have readily available reliable fair values and the changes in fair values are reported as part of the statement of income in the management accounts, according to a documented investment strategy.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables are classified under "accounts receivable and other assets", "short term deposits", "wakala investments" and "cash and bank balances" in the consolidated statement of financial position.

Financial assets which are not classified as above are classified as available for sale investments.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of these financial instruments at initial recognition.

Measurement

Investments at fair value through profit or loss

Investments at fair value through profit or loss are initially recognised at cost, being the fair value of the consideration given, excluding transaction costs.

Subsequent to initial recognition, investments at fair value through profit or loss are re-measured at fair value and changes in fair value are recognised in the consolidated statement of income.

Loans and receivables

Loans and receivables are stated at amortised cost using the effective interest method.

Available for sale investments

Available for sale investments are initially recognised at cost, being the fair value of the consideration given, plus transaction costs that are directly attributable to the acquisition.

Subsequent to initial recognition, available for sale investments are re-measured at fair value unless fair value cannot be reliably measured, in which case they are measured at cost less impairment, if any.

Changes in fair value of available for sale investments are recognised in other comprehensive income under "cumulative changes in fair value" account until the investment is either derecognised or determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously recognised in other comprehensive income is recognised in the consolidated statement of income.

Fair values

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the statement of financial position date.

For investments where there is no quoted market price, a reasonable estimate of fair value is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Financial liabilities

Financial liabilities are classified as “non trading financial liabilities”. The Group’s non trading financial liabilities are classified under “due to banks”, “accounts payable and other liabilities” and “borrowings” in the consolidated statement of financial position.

Borrowings

Borrowings are stated at their principal amount. Interest is charged as an expense as it accrues, with unpaid amounts included in other liabilities.

All other non-trading financial liabilities are stated at amortised cost using the effective interest method.

Recognition and derecognition of financial assets and liabilities

A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

Trade or settlement date accounting

All “regular way” purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place concerned.

Investment in associates

An associate is a company over which the Group has significant influence usually evidenced by holding of 20% to 50% of the voting power of the investee company. The consolidated financial statements include the Group’s share of the associates’ results using the equity method of accounting.

Under the equity method, investment in an associate is initially recognised at cost and adjusted thereafter for the post-acquisition change in the group’s share of net assets of the investee. The Group recognises in the consolidated statement of income its share of the total recognised profit or loss of the associate from the date the influence or ownership effectively commenced until the date that it effectively ceases.

Distributions received from an associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate, arising from changes in the associate's equity that have not been recognised in the associate's statement of income. The Group's share of those changes is recognised directly in equity. The financial statements of the associates are prepared either to the reporting date of the Parent Company or to a date not earlier than three months of the Parent Company's reporting date, using consistent accounting policies.

Unrealised gains on transactions with associates are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred. An assessment for impairment of investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

Investment properties

Investment properties are initially recorded at cost, being the purchase price and any directly attributable expenditure for a purchased investment property and cost at the date when construction or development is complete for a self-constructed investment property. Subsequent to initial recognition, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate valuers. Changes in fair value are taken to the consolidated statement of income.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when, only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Impairment of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of income. Impairment is determined as follows:

a. For financial assets carried at fair value, impairment is the difference between cost and fair value.

b. For financial assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

C. For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

In addition, in accordance with Central Bank of Kuwait instructions, a minimum general provision (1% for cash facilities and 0.5% for non-cash facilities) is made on all applicable credit facilities (net of certain categories of collateral) that are not provided for specifically.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the financial asset no longer exist or have decreased and the decrease can be related objectively to an event occurring after the impairment was recognised. Except for reversal of impairment losses related to equity instruments classified as available for sale, all other impairment reversals are recognised in the consolidated statement of income to the extent the carrying value of the asset does not exceed its amortised cost at the reversal date. Impairment reversals in respect of equity instruments classified as available for sale are recognised in the other comprehensive income in the cumulative changes in fair value account.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and then its recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount by recognising impairment loss in the consolidated statement of income. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). In determining fair value less costs to sell an appropriate valuation model is used. These calculations are corroborated by available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

Equipment and depreciation

Equipment are stated at cost less accumulated depreciation and any impairment in value. The Group depreciates its equipment using the straight-line method at rates sufficient to write off the assets over their estimated useful economic lives.

Treasury shares

The Group's holding in the Parent Company's shares is accounted for as treasury shares. Such shares are stated at cost as a deduction within equity and no cash dividends are distributed on these shares. The issue of bonus shares increase the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Gains resulting from the sale of treasury shares are taken directly to equity under "gain on sale of treasury shares reserve". Should the reserve fall short of any losses from the sale of treasury shares, the difference is charged to retained profits then reserves. Subsequent to this, should profits arise from sale of treasury shares an amount is transferred to reserves then retained profits equal to the loss previously charged to these accounts.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) resulting from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits

End of service benefits are calculated on the basis of accumulated periods of service of employees as at the consolidated statement of financial position date in accordance with the Kuwait labour law for the private sector. The defined benefit plan is unfunded and is computed as the amount payable as a result of involuntary termination on the consolidated statement of financial position date. This basis is considered to be a reliable appropriation of the present value of final obligation.

Fiduciary assets

Assets held in a trust or fiduciary capacity are not treated as assets of the Group and, accordingly, they are not included in these consolidated financial statements.

Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in Kuwaiti Dinars, which is the Parent Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to "foreign exchange gain/loss" in the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation difference on non-monetary asset classified as, "fair value through profit or loss" are reported as part of the fair value gain or loss in the statement of income and "available for sale" are reported as part of the cumulative change in fair value reserve in other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

Group companies

As at the reporting date, the assets and liabilities of foreign subsidiaries are translated into the Parent Company's presentation currency (the Kuwaiti Dinar) at the rate of exchange ruling at the statement of financial position date, and their statements of income are translated at the average exchange rates for the year. Exchange differences arising on translation are taken directly to foreign exchange translation reserve in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to the particular foreign operation is recognised in the consolidated statement of income.

Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting polices, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Group's accounting polices, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of financial assets

Management decides on acquisition of an investment whether it should be classified as held for trading, designated at fair value through profit or loss, loans and receivables or available for sale. In making that judgement the Group considers the primary purpose for which it is acquired and how it intends to manage and report its performance. Such judgement determines whether it is subsequently measured at cost or at fair value and if the changes in fair value of instruments are reported in the consolidated statement of income or directly in other comprehensive income.

Classification of real estate property

Management decides on acquisition of a real estate whether it should be classified as trading, or investment property.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Impairment of available for sale investments

The Group treats certain financial assets as available for sale and recognises movements in their fair value in other comprehensive income. When fair value declines, management makes assumptions about the decline in value to determine whether it is an impairment that should be recognised in the consolidated statement of income. During the year ended 31 December 2009 impairment losses recognised for available for sale investments amounted to KD 11,112,695 (2008: KD 102,577,945) (note 15d).

Impairment of loans and receivables

The Group's management reviews periodically items classified as loans and receivables (including wakala investments) to assess whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgement by management is required in the estimation of amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty. During the year ended 31 December 2009, an impairment loss of KD 7,482,750 (2008: KD 2,485,500) has been recognised against the wakala investments (note 12b).

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instruments that is substantially the same;
- an earnings multiple ;
- the expected cash flow discounted at current rates applicable for items with similar terms and risk characteristics;
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

5. Subsidiary companies

Significant consolidated subsidiaries are as follows:

Subsidiary	Percentage ownership 2009	Percentage ownership 2008	Principal activity
D&B Kuwait for Economic & Management Consulting KSCC	**100%**	100%	Administrative & economic consulting & related activities
Kuwait India Holding Company KSCC	**57%**	57%	Investment & related activities
Plexus Information Systems & Computers KSCC	**51%**	51%	Information technology
Noor Jordanian Kuwaiti Financial Investment Co. Ltd, Jordan	**100%**	100%	Investment & related activities
Aslama Investment Fund (50% direct and 50% indirect holding)	**100%**	99%	Investment & related activities
Noor Salihiya Real Estate Co. KSCC	**100%**	100%	Real estate development
Noor Jordan Kuwait Transport Company JSCC, Jordan	**100%**	-	Transport & related activities

All the above subsidiaries are incorporated in the State of Kuwait, unless otherwise stated.

6. Unrealised loss on investments at fair value through statement of income

This represents the difference between closing market value and carrying value at the beginning of the year or cost of investments acquired during the year. Local funds are valued on the basis of their net asset values.

7. Interest and other income

	Kuwaiti Dinars 2009	Kuwaiti Dinars 2008
Interest income (from call accounts included under bank balances and short term deposits)	**1,960,547**	977,431
Realised gain on dealing in foreign currencies	**700,207**	-
Income from wakala investment	**42,388**	70,366
Net loss on dilution of shareholding in subsidiaries	**-**	(37,081)
Other income	**975,146**	603,374
	3,678,288	1,614,090

Other income includes net income amounting to KD 363,591 (2008: Nil) from transport services included in Noor Jordan Kuwait Transport Company JSCC.

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8. General, administrative and other expenses

General, administrative and other expenses include the following:

	Kuwaiti Dinars	
	2009	**2008**
Staff costs	**2,908,438**	1,932,755
Depreciation	**961,541**	167,739
Unrealised fee on managed portfolios for clients	**404,672**	274,977

Staff costs and depreciation include the additional cost of Noor Jordan Kuwait Transport Company JSCC. During the year Noor Jordan Kuwait Transport Company JSCC acquired equipment amounting to KD 4,594,534 (Book value as on 31December 2009 – KD 3,888,638).

Unrealised fee payable on managed portfolios for clients

In 2006, the Parent Company entered into local portfolio management contracts with a related party and another company. This unrealised fee is paid in accordance with the terms of the contracts dependent on the market value of the shares in the portfolio and the clause in the contract that guarantees the capital and a minimum return.

9. Net gain/ (loss) on financial assets

Net gain/ (loss) on financial assets, analysed by category, is as follows:

	Kuwaiti Dinars	
	2009	**2008**
Loans and receivables		
- cash and bank balances and short term deposits	**1,960,547**	977,431
- Realized gains on dealing in foreign currencies	**700,207**	-
- wakala investment (net of impairment loss of KD 7,482,750 (2008: KD 2,485,500)	**(7,440,362)**	(2,415,134)
- accounts receivables and other assets (income from financing future trade by customers)	**107,988**	8,209,797
Investments at fair value through profit or loss		
- held for trading	**2,035,145**	(32,826,617)
- designated as such on initial recognition	**(232,908)**	(4,834,708)
Available for sale investments		
- recognised directly in consolidated equity (net)	**264,646**	(5,068,272)
- recognised directly in consolidated statement of income		
on impairment	**(1,450,751)**	(7,060,000)
on sale and dividend income	**3,307,114**	6,901,900
- recycled from equity to consolidated statement of income		
on impairment	**(9,661,944)**	(95,517,945)
on sale	**1,811,919**	2,661,984
	(8,598,399)	(128,971,564)

Distributed as follows:

	Kuwaiti Dinars	
	2009	**2008**
Net loss recognised in the consolidated statement of income	**(8,863,045)**	(123,903,292)
Net gain/ (loss) recognised in the consolidated statement of comprehensive income	**264,646**	(5,068,272)
	(8,598,399)	(128,971,564)

10. Finance costs

Finance costs relate to due to banks and borrowings which are financial liabilities stated at amortised cost.

11. Basic and diluted loss per share

Earnings per share is calculated by dividing the loss for the year attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	Kuwaiti Dinars	
	2009	**2008**
Loss for the year attributable to the owners of the Parent Company (KD)	**(27,591,783)**	(129,043,872)
Weighted average number of shares outstanding during the year	**750,000,000**	705,187,744
Less: Weighted average number of treasury shares	**(15,545,225)**	(8,418,679)
	734,454,775	696,769,065
Basic and diluted loss per share	**(38) Fils**	(185) Fils

12. Cash and cash equivalents and wakala investments

a) Cash and cash equivalents

Cash and cash equivalent for the purpose of consolidated statement of cash flows are made up as follows:

	Effective interest/ profit rate % (per annum)		Kuwaiti Dinars	
	2009	**2008**	**2009**	**2008**
Cash and bank balances	**0.25%-0.50%**	1%-2.5%	**6,784,866**	10,025,498
Short term deposits	**0.26%-6.12%**	1%-4%	**10,782,923**	20,363,456
Due to banks	**6.2%-6.7%**	6.2%-6.7%	**(4,399,134)**	(5,978,559)
			13,168,655	24,410,395
Less: Blocked balances			**(1,160,000)**	(500,000)
Cash and cash equivalents as per cash flow statement			**12,008,655**	23,910,395

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Cash and bank balances include call accounts which earn interest. The short term deposits mature within one month and are placed with local and foreign banks.

Due to banks represent bank overdraft facilities obtained and utilized by the Group.

b) Wakala investments

	Effective interest/ profit rate % (perannum)		Kuwaiti Dinars	
	2009	**2008**	**2009**	**2008**
Placed with a local islamic investment company	**8%**	8%	**9,968,250**	8,285,000
Provision for impairment in value	**-**	-	**(9,968,250)**	(2,485,500)
			-	5,799,500
Placed with a local islamic bank	**1%**	-	**2,700,671**	-
			2,700,671	5,799,500

No profit was recognised on impaired wakala investments during the current year (2008: Nil)

Wakala investments represents placement of KD 9,968,250 (31 December 2008: KD 8,285,000) with a local islamic investment company which matured on 17 October 2008. The investee company has defaulted on settlement of this balance on the maturity date. During the year ended 31 December 2009 the Parent Company undertook the responsibility of collecting the proceeds of Wakala investments of KD 1,683,250 which were placed with the above investment company by the Parent Company's fiduciary clients and consequently they were recorded as Wakala Investments of the Group at 31 December 2009.

During the year the Parent Company filed a legal case against the investment company and took an additional impairment provision of KD 7,482,750 (2008 : KD 2,485,500) based on information available to management as of 31 December 2009 and in accordance with the Central Bank of Kuwait credit provisioning rules.

13. Investments at fair value through statement of income

	Kuwaiti Dinars	
	2009	**2008**
Held for trading:		
Quoted shares	**40,206,550**	33,686,333
Designated on initial recognition:		
Local funds	**489,413**	5,371,087
	40,695,963	39,057,420

a) Effect of reclassification due to adoption of amendment to IAS 39:
During the previous year as a result of significant developments in the global financial markets, the Group adopted amendments to IAS 39 and IFRS 7 with effect from 1 July 2008 and reclassified investments with a fair value of KD 138,694,153 as at 1 July 2008 from "fair value through profit or loss" category to "available for sale" category. The fair value of the remaining re-classified investments as of 31 December 2009 was KD 50,397,920 (2008: KD 59,247,000) (note 15c).

b) Quoted shares with a fair value of KD 16,769,583 (2008: KD 6,251,230) are secured against bank loans (refer note 19).

14. Accounts receivable and other assets

	Kuwaiti Dinars	
	2009	**2008**
Financial assets:		
Due from Ultimate Parent Company	**18,254,415**	5,655,439
Due from an associate	**-**	3,899,748
Due from other related parties	**340,567**	2,744,788
Due from investment brokerage companies	**2,759,916**	1,528,495
Due from Kuwait Clearing Company	**2,071,881**	-
Due from Kuwait Clearing Company (future trade)	**1,060,843**	3,243,806
Due from sale of investments – related party	**25,005,500**	27,120,398
Advance payments to acquire investments	**8,755,801**	1,419,764
Accrued income	**2,943,092**	2,708,217
Other financial assets	**1,653,494**	1,979,830
	62,845,509	50,300,485
Non-financial assets		
Other assets	**669,209**	2,880,408
	63,514,718	53,180,893

15. Available for sale investments

	Kuwaiti Dinars	
	2009	**2008**
Quoted shares	**56,411,589**	65,625,938
Unquoted shares	**15,330,241**	17,158,891
Funds:		
Local	**2,194,180**	12,797,509
Foreign	**3,447,079**	14,215,191
	77,383,089	109,797,529

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a. Available for sale investments include 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 4,418,384 (2008: KD 21,064,305) 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 KD 13,931,168 (31 December 2008: 17,305,050) are secured against a bank loan (refer note 19).

c. During the year, the Group recognised an impairment loss of KD 8,482,625 (2008: KD 83,896,784) for certain local and foreign quoted shares, as the market value of these shares at consolidated statement of financial position date declined significantly below their costs. Further the Group also recognised an impairment loss of KD 2,630,070 (2008: KD 18,681,161) against certain unquoted shares, local and foreign funds based on estimates, made by management as per information available to them and the net asset values reported by the investment managers at the consolidated statement of financial position date.

d. Quoted shares with a carrying value of KD 50,397,920 at 31 December 2009 (2008: KD 59,247,000) represents investments which were transferred from investments at fair value through profit or loss as of 1 July 2008 (refer note 13).

e. 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.

16. Investment in associates

Details of the Group's significant associates are set out below:

Associates	Country of incorporation	Percentage ownership		Principal activity
		2009	2008	
Meezan Bank Ltd.	Pakistan	**45.50%**	45.50%	Islamic Banking
Noor Telecommunication Company KSCC	Kuwait	**25.84%**	25.84%	Telecommunication
Hotel Global Group PSC	Jordan	**38.71%**	-	Hospitality

During the year the Parent Company invested KD 265,458 as capital contribution in Hotel Global Group PSC and KD 2,777,772 as its subscription to the rights issue of Meezan Bank Ltd., Pakistan.

Aggregate share of associates' assets and liabilities:

	Kuwaiti Dinars	
	2009	2008
Assets	**232,214,035**	152,949,413
Liabilities	**180,153,203**	112,987,143

Aggregate share of associates' revenue and loss

	Kuwaiti Dinars	
	2009	**2008**
Revenue	**9,470,686**	4,165,098
Loss	**(1,718,004)**	(816,571)

Investment in Meezan Bank Ltd. with a carrying value of KD 26,188,617 (2008: KD 21,544,916) has a fair value of KD 16,234,797 (2008: KD 16,931,428) based on price quoted on the Karachi Stock Exchange on 31 December 2009.

During the year, the Group recognised its share of profits in Meezan Bank Ltd. For a period of fifteen months from 1 October 2008 to 31 December 2009 (2008: for a period of twelve months from 1 October 2007 to 30 September 2008).

17. Investment properties

The movement in investment properties is as follows:

	Kuwaiti Dinars	
	2009	**2008**
Fair value as at 1 January	**22,644,788**	-
Addition during the year	**802,143**	16,947,812
Change in fair value	**(2,048,355)**	5,696,976
	21,398,576	22,644,788

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

	Kuwaiti Dinars	
	2009	**2008**
Kuwait	**7,350,000**	10,000,000
Saudi Arabia	**13,630,348**	12,644,788
Jordan	**418,228**	-
	21,398,576	22,644,788

At 31 December 2009, the Group re-valued its properties based on valuation provided by independent valuers and recorded a valuation loss of KD 2,048,355 (2008: gain of KD 5,696,976) in the consolidated statement of income.

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.

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18. Accounts payable and other liabilities

	Kuwaiti Dinars	
	2009	**2008**
Financial liabilities:		
Accrued interest	**1,274,949**	943,425
Accrued expenses	**305,438**	974,004
Dividend payable	**184,985**	199,095
Due to an associate	**20,366**	-
Due to other related parties	**7,875**	-
Other payables	**1,677,497**	2,201,804
	3,471,110	4,318,328
Non-financial liabilities:		
Other payables	**182,544**	82,850
	3,653,654	4,401,178

All above financial liabilities are non-interest bearing.

19. Short term borrowings

	Effective interest/ cost rate (p.a. %)		Security	Kuwaiti Dinar	
	2009	**2008**		**2009**	**2008**
Loans from local banks and financial institutions					
Loans payable – Kuwaiti Dinar	**5.50 - 6.25**	5.78-8.75	Unsecured	**59,500,000**	60,200,000
Loans payable – Kuwaiti Dinar	**5.50 - 6.25**	5.75-8.25	Secured	**23,700,000**	20,000,000
Loans payable – US Dollars	**4.33 - 4.71**	4.71-7.285	Unsecured	**28,720,000**	27,635,000
Wakala payable – Kuwaiti Dinar	**3.50 - 8.00**	7.00-8.375	Unsecured	**63,715,850**	73,289,012
Loans payable – Jordanian Dinar	**3.90 -5.90**	-	Secured	**5,429,510**	-
				181,065,360	181,124,012

Loans amounting to KD 23,700,000 (2008: KD 20,000,000) are secured by investments at fair value through statement of income (refer note 13) and available for sale investments (refer note 15). All loans are repayable within one year.

Loans amounting to KD 5,429,510 (2008: KD Nil) are secured by equipment of Noor Jordan Kuwait Transport Company JSCC.

20. Share capital and share premium

a. The authorized, issued and paid up share capital of the Parent Company comprises of 750,000,000 shares of 100 fils each (31 December 2008: 750,000,000 shares of 100 fils each).

During the previous year, the Parent Company by way of rights issue increased the share capital to 750,000,000 shares by issuing 250,000,000 shares at a par value of 100 Fils per share and premium of 300 Fils per share.

b. The shareholders in the annual general assembly meeting held on 11 June 2009 approved setting off of the accumulated deficit as at 31 December 2008 of KD 95,913,974 against legal reserve, voluntary reserve and share premium as follows:

Legal reserve	KD 6,699,281
Voluntary reserve	KD 5,943,481
Share premium	KD 83,271,212

c. Share premium is not available for distribution.

21. Treasury shares

The Group holds treasury shares as follows:

	Kuwaiti Dinars	
	2009	**2008**
Number of shares	**15,609,211**	14,824,211
Percentage of issued shares	**2.081%**	1.98%
Market value	**1,326,783**	1,423,124
Cost	**5,873,287**	5,834,206

Reserves equivalent to the cost of treasury shares held are not distributable.

22. Legal and voluntary reserves

In accordance with the Commercial Companies Law and the Parent Company's articles of association, 10% of the Parent Company's profit before KFAS, Zakat, NLST and directors' remuneration for the year is to be transferred to legal reserve. The Parent Company may resolve to discontinue such annual transfer when the reserve totals 50% of the paid up share capital. No transfer is required in a year in which the parent company has incurred a loss or where accumulated losses exist.

Distribution of the legal reserve is limited to the amount required to enable the payment of a dividend upto 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the distribution of a dividend of that amount.

In accordance with Parent Company's articles of association, a certain percentage of the Parent Company's profit before KFAS, Zakat, NLST and directors' remuneration, is to be transferred to the voluntary reserve at the discretion of the board of directors which is to be approved at the general assembly. No transfer is required in a year in which the parent company has incurred a loss or where cumulative losses exist. There are no restrictions on distribution of general reserve.

23. Dividend distribution

The Board of Directors do not propose any dividends for the year ended 31 December 2009 (2008: Nil).

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24. Segment analysis

The Group is organised 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 State of 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 years ended 31 December 2009 and 31 December 2008 are as follows:

31 December 2009

	Kuwaiti Dinars		
	Domestic & GCC	**International**	**Total**
Income	**4,031,863**	**4,777,106**	**8,808,969**
Loss for the year	**(29,964,520)**	**1,161,197**	**(28,803,323)**
Impairment in the value of investments	**17,592,442**	**1,003,003**	**18,595,445**
Share of losses of associates	**(4,087,321)**	**2,369,317**	**(1,718,004)**
Interest revenue	**2,575,888**	**1,102,400**	**3,678,288**
Finance costs	**11,322,723**	**-**	**11,322,723**
Total assets	**216,467,987**	**74,076,916**	**290,544,903**
Total liabilities	**(182,969,130)**	**(6,397,353)**	**(189,366,483)**
Net assets	**33,498,857**	**67,679,563**	**101,178,420**

31 December 2008

	Kuwaiti Dinars		
	Domestic & GCC	**International**	**Total**
Income/ (loss)	1,333,159	(6,472,047)	(5,138,888)
Loss for the year	(99,782,944)	(29,283,155)	(129,066,099)
Impairment in the value of investments	(83,211,248)	(21,852,197)	(105,063,445)
Share of losses of associates	(505,434)	(311,137)	(816,571)
Interest revenue	1,047,797	566,293	1,614,090
Finance costs	13,677,474	-	13,677,474
Total assets	223,757,026	89,738,765	313,495,791
Total liabilities	(190,199,308)	(1,441,062)	(191,640,370)
Net assets	33,557,718	88,297,703	121,855,421

The Group's income from transactions with a single customer does not exceed 10% of the total income of the Group.

25. 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.

Significant related party transactions and balances included in the consolidated financial statement are as follows:

	Kuwaiti Dinars	
	2009	**2008**
Consolidated statement of financial position		
Due from related parties (refer note 14)	**43,600,482**	35,532,326
Due to related parties (refer note 18)	**28,241**	-
Consolidated statement of income		
Management and placement fees		
- earned from Ultimate Parent Company	**412,190**	415,040
- earned from other related parties	**1,591,165**	1,612,010
Interest income	**1,088,890**	-
Unrealised fee paid on managed portfolios for clients included in general, administrative and other expenses – earned from other related parties	**(404,672)**	(274,977)
Gain on sale of investments	**-**	12,657,387

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	Kuwaiti Dinars	
	2009	**2008**
Compensation of key management personnel of the Group:		
Short term employee benefits	**105,300**	105,300
End of service benefits	**4,900**	4,900
	110,200	110,200

26. Summary of financial assets and liabilities by category

26.1 Categories of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position may also be categorized as follows:

	Kuwaiti Dinars	
	2009	**2008**
Loans and receivables:		
Cash and bank balances	**6,784,866**	10,025,498
Short term deposits	**10,782,923**	20,363,456
Wakala investment	**2,700,671**	5,799,500
Accounts receivable and other assets (note 14)	**62,845,509**	50,300,485
Assets at fair value through profit or loss: (note 13)		
Trading securities	**40,206,550**	33,686,333
Investments designated as carried at fair value through profit or loss	**489,413**	5,371,087
Available for sale investments (note 15)	**77,383,089**	109,797,529
	201,193,021	235,343,888
Other financial liabilities:		
Due to banks (note 12)	**4,399,134**	5,978,559
Accounts payable and other liabilities (note 18)	**3,471,110**	4,318,328
Short term borrowings	**181,065,360**	181,124,012
Provision for end of service indemnity	**248,335**	136,621
	189,183,939	191,557,520

Fair value represents amounts at which an asset could be exchanged or a liability settled on an arm's length basis. In the opinion of the Group's management, except for certain available for sale investments which are carried at cost for reasons specified in Note 15 to the consolidated financial statements the carrying amounts of financial assets and liabilities as at 31 December 2009 and 2008 approximate their fair values.

26.2 Fair value hierarchy for financial instruments measured at fair value

The Group adopted the amendments to IFRS 7 *'Improving Disclosures about Financial Instruments'* effective from 1 January 2009. These amendments require the Group to present certain information about financial instruments measured at fair value in the statement of financial position. In the first year of application comparative information need not be presented for the disclosures required by the amendment. Accordingly, the disclosure for the fair value hierarchy is only presented for the 31 December 2009 year end.

The following table presents the financial assets which are measured at fair value in the statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Kuwaiti Dinars			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value				
Investments at fair value through profit or loss				
- Quoted shares	**40,206,550**	**-**	**-**	**40,206,550**
- Local funds	**-**	**489,413**	**-**	**489,413**
Available for sale investments				
- Quoted shares	**56,411,589**	**-**	**-**	**56,411,589**
- Unquoted shares	**-**	**-**	**10,911,857**	**10,911,857**
- Local funds	**-**	**2,194,180**	**-**	**2,194,180**
- Foreign funds	**-**	**3,447,079**	**-**	**3,447,079**
Total assets	**96,618,139**	**6,130,672**	**10,911,857**	**113,660,668**

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Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Quoted shares

All the listed equity securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid/closing prices at the reporting date.

b) Local funds

The underlying investments of local funds primarily comprise of local quoted securities whose fair values has been determined by reference to their quoted bid prices at the reporting date.

c) Foreign funds

The underlying investments of foreign funds primarily comprise of foreign quoted and unquoted securities. Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

d) Unquoted shares

The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates and other valuation technique.

Level 3 Fair value measurements

The Group's financial assets classified in level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	Kuwaiti Dinars
31 December 2009	**Available for sale investments**
As at 31 December 2008	**-**
Fair value during the year	**10,911,857**
As at 31 December 2009	**10,911,857**

Changing inputs to the Level 3 valuations or reasonably possible alternative assumptions would not change significantly, amounts recognised in the consolidated statement of income, total assets, total liabilities or total equity.

27. Risk management objectives and policies

The Group's principal financial liabilities comprise due to banks, borrowings and accounts payable. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as accounts receivable and other assets, cash and bank balances, short term deposits and investment securities which arise directly from operations.

The Group's activities expose it to variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Parent Company's Board of Directors sets out policies for reducing each of the risks discussed below.

The Group does not use derivative financial instruments.

The most significant financial risks to which the Group is exposed to are described below.

27.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group mainly operates in the Middle East countries and USA and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar, Saudi Riyals and UAE Dirhams. The Parent Company's consolidated statement of financial position can be significantly affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Foreign currency risk is managed on the basis of limits determined by the Parent Company's board of directors and a continuous assessment of the Groups' open positions.

The Group's significant net exposure to foreign currency denominated monetary assets less monetary liabilities at the statement of financial position date, translated into Kuwaiti Dinars at the closing rates are as follows:

	Equivalent Kuwaiti Dinars	
	2009	**2008**
US Dollar	**2,566,999**	(10,992,415)
Saudi Riyal	**1,193,026**	119,768
UAE Dirham	**2,313,950**	26,044
Qatari Riyal	**8,113,960**	4,070

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If the Kuwaiti Dinar had strengthened against the foreign currencies by 5%, then this would have the following impact on the (loss)/ profit for the year. There is no other direct impact on the Group's equity.

	Equivalent Kuwaiti Dinars	
	2009	**2008**
US Dollar	**(128,350)**	549,621
Saudi Riyal	**(59,651)**	(5,988)
UAE Dirham	**(115,697)**	(1,302)
Qatari Riyal	**(405,698)**	-
Total (loss)/ profit	**(709,396)**	542,331

If the Kuwaiti Dinar had weakened against the foreign currencies assuming the above sensitivity (5%), then there would be an equal and opposite impact on the (loss)/ profit for the year, and the balances shown above would be positive (2008 : negative for US Dollars and positive for other currencies).

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to the foreign currency risk (2008: negative for US Dollar and positive for other currencies).

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to its short term deposits, due to banks and borrowings which are both at fixed rate and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate short term deposits and borrowings.

Positions are monitored regularly to ensure positions are maintained within established limits.

The Group's interest rate risk sensitivity position, based on the contractual re-pricing or maturity dates of assets and liabilities, whichever dates are earlier, is as follows:

	Kuwaiti Dinars				
	Up to 1 month	**1-3 months**	**3-12 months**	**Non-interest bearing items**	**Total**
At 31 December 2009					
ASSETS					
Cash and bank balances	621,903	-	-	6,162,963	6,784,866
Short term deposits	10,782,923	-	-	-	10,782,923
Wakala investment	2,700,671	-	-	-	2,700,671
Investments at fair value through statement of income	-	-	-	40,695,963	40,695,963
Accounts receivable and other assets	-	-	-	63,514,718	63,514,718
Available for sale Investments	-	-	-	77,383,089	77,383,089
Investment in associates	-	-	-	62,882,307	62,882,307
Investment properties	-	-	-	21,398,576	21,398,576
Equipment	-	-	-	4,401,790	4,401,790
	14,105,497	-	-	276,439,406	290,544,903
LIABILITIES					
Due to banks	1,985,817	2,413,317	-	-	4,399,134
Accounts payable and other liabilities	-	-	-	3,653,654	3,653,654
Short term borrowings	29,500,000	111,649,510	39,915,850	-	181,065,360
Provision for end of service indemnity	-	-	-	248,335	248,335
	31,485,817	114,062,827	39,915,850	3,901,989	189,366,483
Total interest rate sensitivity gap	(17,380,320)	(114,062,827)	(39,915,850)	272,537,417	101,178,420
Cumulative interest rate sensitivity gap	(17,380,320)	(131,443,147)	(171,358,997)	-	-

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	Kuwaiti Dinar				
	Up to 1 month	1-3 month	3-12 months	Non-interest bearing items	Total
At 31 December 2008					
ASSETS					
Cash and bank balances	-	-	-	10,025,498	10,025,498
Short term deposits	15,013,456	5,350,000	-	-	20,363,456
Wakala investment	-	-	-	5,799,500	5,799,500
Investments at fair value through statement of income	-	-	-	39,057,420	39,057,420
Accounts receivable and other assets	-	-	-	53,180,893	53,180,893
Available for sale investments	-	-	-	109,797,529	109,797,529
Investment in unconsolidated subsidiary	-	-	-	1,012,904	1,012,904
Investment in associates	-	-	-	51,126,723	51,126,723
Investment properties	-	-	-	22,644,788	22,644,788
Equipment	-	-	-	487,080	487,080
	15,013,456	5,350,000		293,132,335	313,495,791
LIABILITIES					
Due to banks	2,023,838	3,951,067	3,654	-	5,978,559
Accounts payable and other liabilities	-	-	-	4,401,178	4,401,178
Short term borrowings	115,489,012	32,635,000	33,000,000	-	181,124,012
Provision for end of service indemnity	-	-	-	136,621	136,621
	117,512,850	36,586,067	33,003,654	4,537,799	191,640,370
Total interest rate sensitivity gap	(102,499,394)	(31,236,067)	(33,003,654)	288,594,536	121,855,421
Cumulative interest rate sensitivity gap	(102,499,394)	(133,735,461)	(166,739,115)	-	-

The Group does not have any off balance sheet financial instrument which are used to manage the interest rate risk. The following table illustrates the sensitivity of the profit for the year to a reasonable possible change in interest rates with effect from the beginning of the year. Based on observation of current market conditions it has been assumed that a reasonable possible change in the interest rates would be +25 and -25 basis points for LIBOR and +25 and -25 basis points for KIBOR interest rates for the current year (2008: Interest rate +25 and – 75 basis point for LIBOR and +25 and -50 for basis point for KIBOR). The calculation is based on the Group's financial instruments held at each statement of financial position date. All other variables are held constant. There is no other direct impact on Group's equity.

	Kuwaiti Dinars			
	Increase in interest rates		**Decrease in interest rates**	
	2009	**2008**	**2009**	**2008**
Loss for the year	**(428,397)**	(402,349)	**428,397**	836,252

c) Price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity price risk with respect to its listed equity investments which are primarily located in Kuwait, Jordan, Bahrain and USA. Equity investments are classified either as investments carried at fair value through statement of income (including trading securities) or available for sale securities.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The equity price risk sensitivity is determined on the following percentages for the years 2009 and 2008:

	%	
	2009	**2008**
Kuwait market	**10%**	18%
Jordan market	**10%**	5%
Bahrain market	**10%**	15%
USA market	**10%**	18%

The price risk sensitivity is determined on the exposure to equity price risks at the reporting date. If equity prices had been higher/lower as disclosed in the above table, the effect on the loss for the year and equity for the year ended 31 December would have been as follows:

A positive number below indicates a decrease in loss or equity and an increase in profit or equity, where the equity prices increase by the above mentioned percentages. All other variables are held constant.

	Kuwaiti Dinars			
	Loss for the year		**Equity**	
	2009	**2008**	**2009**	**2008**
Investments at fair value through statement of income	**4,069,596**	3,391,692	**-**	-
Available for sale investments	**-**			
- Impaired investments (refer *)	**5,037,128**	8,731,748	**-**	-
- Un-impaired investments	**-**	-	**604,031**	286,706
	9,106,724	12,123,440	**604,031**	286,706

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* Had equity prices been higher by the above mentioned percentages, the impairment loss which was recognised in the consolidated statement of income would be reduced and consequently the loss for the year 2009 would be lower.

For a 10% decrease in the equity prices there would be an equal and opposite impact on the (loss)/profit for the year and equity and the amounts shown would be negative.

27.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities.

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the statement of financial position date, as summarized below:

	Kuwaiti Dinars	
	2009	**2008**
Cash and bank balances	**6,784,866**	10,025,498
Short term deposits	**10,782,923**	20,363,456
Wakala investments	**2,700,671**	5,799,500
Investments carried at fair value through profit or loss	**40,695,963**	39,057,420
Accounts receivable and other assets (refer note 14)	**62,845,509**	50,300,485
Available for sale investments	**77,383,089**	109,797,529
	201,193,021	235,343,888

Except for the wakala investment referred to in note 12, and available for sale investments referred to in note 15, none of the above financial assets are past due or impaired. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by Group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. The credit risk for cash and bank balance and short term deposits is considered negligible, since the counterparties are reputable financial institutions with high credit quality. Information on other significant concentrations of credit risk is set out in note 27.3.

27.3 Concentration of assets

The distribution of financial assets and financial liabilities by geographic region for 2009 and 2008 is as follows:

	Kuwait Dinars				
	Kuwait	Middle East	Asia & Africa	Europe & USA	Total
At 31 December 2009					
Cash and bank balances	**5,214,824**	**1,190,828**	**196,366**	**182,848**	**6,784,866**
Short term deposits	**5,649,001**	**5,133,922**	**-**	**-**	**10,782,923**
Wakala investments	**2,700,671**	**-**	**-**	**-**	**2,700,671**
Investments at fair value through statement of income	**30,952,522**	**5,457,968**	**3,354,829**	**930,644**	**40,695,963**
Accounts receivable and other assets (refer note 14)	**55,712,359**	**5,584,045**	**80,062**	**1,469,043**	**62,845,509**
Available for sale investments	**48,942,139**	**10,192,654**	**3,820,836**	**14,427,460**	**77,383,089**
	149,171,516	**27,559,417**	**7,452,093**	**17,009,995**	**201,193,021**
Due to banks	**4,399,134**	**-**	**-**	**-**	**4,399,134**
Accounts payable and other liabilities	**2,503,699**	**956,475**	**3,256**	**7,680**	**3,471,110**
Short term borrowings	**175,635,850**	**5,429,510**	**-**	**-**	**181,065,360**
Provision for end of service indemnity	**247,903**	**432**	**-**	**-**	**248,335**
	182,786,586	**6,386,417**	**3,256**	**7,680**	**189,183,939**

	Kuwaiti Dinars				
	Kuwait	Middle East	Asia & Africa	Europe & USA	Total
At 31 December 2008					
Cash and bank balances	9,829,205	5,976	31,803	158,514	10,025,498
Short term deposits	20,363,456	-	-	-	20,363,456
Wakala investments	5,799,500	-	-	-	5,799,500
Investments at fair value through statement of income	30,988,692	2,698,091	3,707,202	1,663,435	39,057,420
Accounts receivable and other assets (refer note 14)	47,021,240	2,852,145	8,520	418,580	50,300,485
Available for sale investments	64,003,209	15,708,081	8,623,642	21,462,597	109,797,529
	178,005,302	21,264,293	12,371,167	23,703,126	235,343,888
Due to banks	5,978,559	-	-	-	5,978,559
Accounts payable and other liabilities	2,619,698	1,173,296	525,334	-	4,318,328
Short term borrowings	181,124,012	-	-	-	181,124,012
Provision for end of service indemnity	136,621	-	-	-	136,621
	189,858,890	1,173,296	525,334	-	191,557,520

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27.4 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The table below summarises the maturity profile of the Group's assets and liabilities. Except for investments carried at fair value through statement of income and available for sale investments, the maturities of assets and liabilities have been determined on the basis of the remaining period from the statement of financial position date to the contractual maturity date.

The maturity profile for investments carried at fair value through statement of income and available for sale investments is determined based on management's estimate of liquidation of those investments.

Maturity profile of assets and liabilities at 31 December 2009 and 2008:

	Kuwaiti Dinars		
At 31 December 2009	**1 year**	**1-5 years**	**Total**
ASSETS			
Cash and bank balances	**6,784,866**	**-**	**6,784,866**
Short term deposits	**10,782,923**	**-**	**10,782,923**
Wakala investments	**2,700,671**	**-**	**2,700,671**
Investment at fair value through statement of income	**40,695,963**	**-**	**40,695,963**
Accounts receivable and other assets	**38,509,218**	**25,005,500**	**63,514,718**
Available for sale investments	**-**	**77,383,089**	**77,383,089**
Investment in associated companies	**-**	**62,882,307**	**62,882,307**
Investment property	**-**	**21,398,576**	**21,398,576**
Equipment	**-**	**4,401,790**	**4,401,790**
	99,473,641	**191,071,262**	**290,544,903**
LIABILITIES			
Due to banks	**4,399,134**	**-**	**4,399,134**
Accounts payable and other liabilities	**3,653,654**	**-**	**3,653,654**
Short term borrowings	**181,065,360**	**-**	**181,065,360**
Provision for end of service indemnity	**-**	**248,335**	**248,335**
	189,118,148	**248,335**	**189,366,483**

	Kuwaiti Dinars		
At 31 December 2008	**1 year**	**1-5 years**	**Total**
ASSETS			
Cash and bank balances	10,025,498	-	10,025,498
Short term deposits	20,363,456	-	20,363,456
Wakala investments	5,799,500	-	5,799,500
Investment at fair value through statement of income	39,057,420	-	39,057,420
Accounts receivable and other assets	53,036,546	144,347	53,180,893
Available for sale investments	66,390,037	43,407,492	109,797,529
Investments in unconsolidated subsidiary	-	1,012,904	1,012,904
Investment in associated companies	-	51,126,723	51,126,723
Investment property	-	22,644,788	22,644,788
Equipment	-	487,080	487,080
	194,672,457	118,823,334	313,495,791
LIABILITIES			
Due to banks	5,978,559	-	5,978,559
Accounts payable and other liabilities	4,401,178	-	4,401,178
Short term borrowings	181,124,012	-	181,124,012
Provision for end of service indemnity	-	136,621	136,621
	191,503,749	136,621	191,640,370

The contractual maturity of financial liabilities based on undiscounted cash flows is as follows:

	Kuwait Dinars				
31 December 2009	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Total**
Financial liabilities					
Due to banks	**1,995,134**	**2,431,000**	**-**	**-**	**4,426,134**
Accounts payable and other liabilities	**215,611**	**2,045,128**	**1,392,916**	**-**	**3,653,655**
Short term borrowings	**29,561,000**	**136,501,985**	**16,944,000**	**-**	**183,006,985**
Provision for end of services indemnity	**-**	**-**	**-**	**248,335**	**248,335**
	31,771,745	**140,978,113**	**18,336,916**	**248,335**	**191,335,109**

31 December 2008	Up to 1 month	1-3 months	3-12 months	1-5 years	Total
	Kuwait Dinars				
Financial liabilities					
Due to banks	5,978,559	-	-	-	5,978,559
Accounts payable and other liabilities	943,425	1,766,042	1,608,861	-	4,318,328
Short term borrowings	115,826,349	32,867,990	34,112,639	-	182,806,978
Provision for end of services indemnity	-	-	-	136,621	136,621
	122,748,333	34,634,032	35,721,500	136,621	193,240,486

28. Capital risk management

The Group's capital management objectives are to ensure that the Group maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, buy back shares, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of the following:

	Kuwaiti Dinars	
	2009	**2008**
Short term borrowings (refer note 19)	**181,065,360**	181,124,012
Less: Cash and cash equivalents (refer note 12)	**(12,008,654)**	(23,910,395)
Net debt	**169,056,706**	157,213,617
Equity attributable to the shareholders of the Parent Company	**83,476,054**	103,472,072

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by equity attributable to the shareholders of the Parent Company as follows:

	Kuwaiti Dinars	
	2009	**2008**
Net debt	**169,056,706**	157,213,617
Equity attributable to the shareholders of the parent company	**83,476,054**	103,472,072
Net debt to equity ratio	**203%**	152%

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29. 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 statement of financial position. Assets under management at 31 December 2009 amounted to KD 338,757,236 (31 December 2008: KD 373,002,889) of which assets managed on behalf of its Ultimate Parent Company and other related parties amounted to KD 292,450,981 (31 December 2008: KD 196,760,015).

30. Contingent liabilities

Group's share of an associate's contingent liabilities

	Kuwaiti Dinars	
	2009	**2008**
Guarantees	**8,248,000**	8,205,000
Letter of credit	**17,700,000**	12,765,000
Commitments in respect of forward exchange contracts	**43,514,000**	26,980,000
Commitment for the acquisition of operating fixed assets	**46,000**	43,000
Commitment in respect of financing	**39,978,000**	35,251,000
Bills for collection	**3,451,000**	3,956,000
Senior executive bonus incentives scheme	**119,000**	78,000
	113,056,000	87,278,000

Capital commitments

At the statement of financial position date the Group had capital commitments of KD 166,912 towards available for sale investments (2008: KD 229,870).

31. Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation in the current year. Such reclassification does not affect previously reported net assets, net equity, net results for the year or net increase in cash and cash equivalents.