

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

Independent Auditors' Review Report
and
Interim Consolidated Financial Information (Unaudited)
From 1 January 2009 to 30 June 2009



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Noor Financial Investment Company KSC (Closed)
Kuwait

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS

Report on Review of Interim Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Noor Financial Investment Company K.S.C. (Closed) ("the Parent Company") and its subsidiaries ("the Group") as at 30 June 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

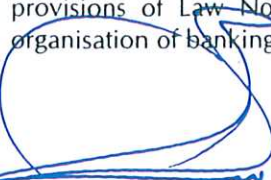
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared in all material respects in accordance with International Accounting Standard 34, "Interim Financial Reporting".

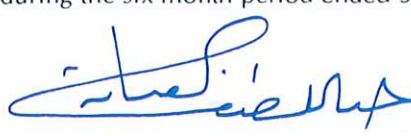
Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that, to the best of our knowledge and belief, no violation of the Commercial Companies' Law of 1960, or of the Parent Company's Articles of Association, as amended, have occurred during the period ended 30 June 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 review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the six month period ended 30 June 2009.



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Interim Condensed Consolidated Statement of Income - six months ended 30 June 2009 (Unaudited)

	Notes	Kuwaiti Dinars			
		3 months ended 30 June		6 months ended 30 June	
		2009	2008	2009	2008
Income					
Realised gain on investments at fair value through statement of income		4,775,604	2,405,600	4,163,241	2,552,588
Unrealised gain/ (loss) on investments at fair value through statement of income	3	6,258,969	(14,433,081)	2,940,473	(7,422,739)
Realised (loss)/ gain on sale of available for sale investments		(1,781,831)	9,591,779	(2,072,189)	9,529,220
Dividend income		96,022	3,572,984	1,578,795	6,098,159
Change in fair value of investment property		(1,490,000)	1,740,000	(1,490,000)	1,740,000
Management and placement fees		142,851	3,769,563	1,417,081	6,313,724
Interest and other income	4	1,656,740	500,461	2,768,691	808,192
Income from financing future trade by customers		55,495	2,041,762	82,282	4,745,030
Share of (loss)/profit of associates		(262,138)	479,955	(1,102,282)	1,422,344
Foreign exchange gain/(loss)		365,035	1,222,288	(933,366)	1,610,915
		<u>9,816,747</u>	<u>10,891,311</u>	<u>7,352,726</u>	<u>27,397,433</u>
Expenses and other charges					
General, administrative and other expenses		1,564,797	2,268,432	3,093,449	3,648,236
Finance costs		3,619,183	3,109,725	6,323,000	6,403,724
Impairment in value of investments	6b,9d	-	-	10,161,944	-
		<u>5,183,980</u>	<u>5,378,157</u>	<u>19,578,393</u>	<u>10,051,960</u>
Profit/(loss) before provision for KFAS, Zakat, NLST and Directors' remuneration		<u>4,632,767</u>	<u>5,513,154</u>	<u>(12,225,667)</u>	<u>17,345,473</u>
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		-	(48,546)	-	(150,188)
Provision for Zakat		-	(14,747)	-	(99,288)
Provision for National Labour Support Tax (NLST)		-	(56,185)	-	(289,698)
Provision for Directors' remuneration		-	(18,750)	-	(37,500)
Profit/(loss) for the period		<u>4,632,767</u>	<u>5,374,926</u>	<u>(12,225,667)</u>	<u>16,768,799</u>
Attributable to:					
Shareholders of the Parent Company		4,634,603	5,876,384	(11,989,590)	16,763,981
Minority interest		(1,836)	(501,458)	(236,077)	4,818
		<u>4,632,767</u>	<u>5,374,926</u>	<u>(12,225,667)</u>	<u>16,768,799</u>
Basic and diluted earnings/(loss) per share (Fils)	5	<u>6</u>	<u>8</u>	<u>(16)</u>	<u>26</u>

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

Interim Condensed Consolidated Statement of Comprehensive Income – six months ended 30 June 2009
(Unaudited)

	Kuwaiti Dinars			
	3 months ended 30 June		6 months ended 30 June	
	2009	2008	2009	2008
Profit/(loss) for the period	4,632,767	5,374,926	(12,225,667)	16,768,799
Other comprehensive income				
Exchange differences arising on translation of foreign operations	(126,529)	(1,479,891)	982,627	(2,639,842)
Available for sale investments				
-Net changes in fair value arising during the period	21,772,934	3,098,958	12,700,031	388,767
-Transferred to consolidated statement of income on sale	(2,305,837)	(3,121,370)	(2,043,834)	(3,148,746)
-Transferred to consolidated statement of income on impairment	-	-	9,661,944	-
Share of other comprehensive income of associates	809,333	-	554,985	-
Total other comprehensive income for the period	20,149,901	(1,502,303)	21,855,753	(5,399,821)
Total comprehensive income for the period	24,782,668	3,872,623	9,630,086	11,368,978
Total comprehensive income attributable to:				
Shareholders of the Parent Company	24,784,504	4,374,081	9,866,163	11,364,160
Minority interest	(1,836)	(501,458)	(236,077)	4,818
	24,782,668	3,872,623	9,630,086	11,368,978

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

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2009 (Unaudited)

		Kuwaiti Dinars		
		30 June 2009	31 December 2008	30 June 2008
	Notes	(Unaudited)	(Audited)	(Unaudited)
ASSETS				
Cash and bank balances	6	8,360,290	10,025,498	8,810,207
Short term deposits	6	13,278,747	20,363,456	1,260,375
Wakala investments	6	9,670,529	5,799,500	-
Investments at fair value through statement of income	7	38,015,245	39,057,420	209,385,209
Accounts receivable and other assets	8	58,895,221	53,180,893	129,950,949
Investments available for sale	9	114,361,585	109,797,529	82,262,719
Investment in unconsolidated subsidiaries		-	1,012,904	781,932
Investment in associates	10	52,365,197	51,126,723	23,597,674
Investment properties	11	21,154,788	22,644,788	12,000,000
Equipment		510,754	487,080	563,452
Total assets		316,612,356	313,495,791	468,612,517
LIABILITIES AND EQUITY				
Liabilities				
Due to banks		7,985,575	5,978,559	4,589,042
Accounts payable and other liabilities	12	4,339,220	4,401,178	17,861,760
Borrowings	13	172,660,850	181,124,012	179,190,175
Provision for end of service indemnity		178,178	136,621	163,279
Total liabilities		185,163,823	191,640,370	201,804,256
Equity				
Share capital	14	75,000,000	75,000,000	75,000,000
Share premium	14	41,728,788	125,000,000	125,000,000
Treasury shares	15	(5,873,287)	(5,834,206)	(5,252,581)
Treasury shares reserve		109,397	109,397	109,397
Legal reserve	14	-	6,699,281	6,699,281
Voluntary reserve	14	-	5,943,481	5,943,481
Cumulative changes in fair value		18,221,494	(2,651,632)	(343,339)
Foreign currency translation reserve		(3,897,648)	(4,880,275)	(3,752,251)
(Accumulated losses)/ retained earnings		(11,989,590)	(95,913,974)	49,893,879
Total equity attributable to the shareholders of the Parent Company		113,299,154	103,472,072	253,297,867
Minority interests		18,149,379	18,383,349	13,510,394
		131,448,533	121,855,421	266,808,261
Total liabilities and equity		316,612,356	313,495,791	468,612,517

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



Hussam Fawzi Al Kharafi
Chairman



Naser A. Al-Marri
Deputy Chairman & Managing Director

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

Interim Condensed Consolidated Statement of Changes in Equity - six months ended 30 June 2009 (Unaudited)

	Kuwaiti Dinars										Minority interests	Total equity
	Attributable to shareholders of Parent Company											
	Share capital	Share premium	Treasury shares	Treasury shares reserve	Legal reserve	Voluntary reserve	Cumulative changes in fair value	Foreign currency translation reserve	(Accumulated losses) /retained earnings	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
Dividends paid to minority interest by a subsidiary	-	-	-	-	-	-	-	-	-	-	(651,150)	(651,150)
Increase in minority interest on consolidation of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(39,081)	-	-	-	-	-	-	(39,081)	653,257	653,257
Set off of losses (Note 14)	-	(83,271,212)	-	-	(6,699,281)	(5,943,481)	-	-	95,913,974	-	-	-
Transactions with equity holders	-	(83,271,212)	(39,081)	-	(6,699,281)	(5,943,481)	-	-	95,913,974	(39,081)	2,107	(36,974)
Loss for the period	-	-	-	-	-	-	-	-	(11,989,590)	(11,989,590)	(236,077)	(12,225,667)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	982,627	-	982,627	-	982,627
Available for sale investments:	-	-	-	-	-	-	-	-	-	-	-	-
-Net change in fair value arising during the period	-	-	-	-	-	-	12,700,031	-	-	12,700,031	-	12,700,031
-Transferred to consolidated statement of income on sale	-	-	-	-	-	-	(2,043,834)	-	-	(2,043,834)	-	(2,043,834)
-Transferred to consolidated statement of income on impairment	-	-	-	-	-	-	9,661,944	-	-	9,661,944	-	9,661,944
Share of other comprehensive income of associates	-	-	-	-	-	-	554,985	-	-	554,985	-	554,985
Total comprehensive income for the period	-	-	-	-	-	-	20,873,126	982,627	(11,989,590)	9,866,163	(236,077)	9,630,086
Balance as at 30 June 2009	75,000,000	41,728,788	(5,873,287)	109,397	-	-	18,221,494	(3,897,648)	(11,989,590)	113,299,154	18,149,379	131,448,533

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

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

Interim Condensed Consolidated Statement of Changes in Equity - six months ended 30 June 2009 (Unaudited)

	Kuwaiti Dinars								Minority interests	Total equity
	Attributable to shareholders of Parent Company									
	Share capital	Share premium	Treasury shares	Treasury shares reserve	Legal Reserve	Voluntary Reserve	Cumulative changes in fair value	Foreign currency translation reserve	(Accumulated losses)/retained earnings	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
Cash dividend	-	-	-	-	-	-	-	-	(25,000,000)	(25,000,000)
Issue of shares	25,000,000	75,000,000	-	-	-	-	-	-	-	100,000,000
Purchase of treasury shares	-	-	(6,445,984)	-	-	-	-	-	-	(6,445,984)
Sale of treasury shares	-	-	1,193,403	109,397	-	-	-	-	-	1,302,800
Transactions with equity holders	25,000,000	75,000,000	(5,252,581)	109,397	-	-	-	-	(25,000,000)	69,856,816
Profit for the period	-	-	-	-	-	-	-	-	16,763,981	16,763,981
Other comprehensive income	-	-	-	-	-	-	-	(2,639,842)	-	(2,639,842)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-
Available for sale investments:	-	-	-	-	-	-	388,767	-	-	388,767
-Net change in fair value arising during the period	-	-	-	-	-	-	-	-	-	-
-Transferred to consolidated statement of income on sale	-	-	-	-	-	-	(3,148,746)	-	-	(3,148,746)
-Transferred to consolidated statement of income on impairment	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	(2,759,979)	(2,639,842)	16,763,981	11,364,160
Balance as at 30 June 2008	75,000,000	125,000,000	(5,252,581)	109,397	6,699,281	5,943,481	(343,339)	(3,752,251)	49,893,879	253,297,867

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

Interim Condensed Consolidated Statement of Cash Flows - six months ended 30 June 2009 (Unaudited)

	Kuwaiti Dinars	
Note	2009	2008
Operating activities		
(Loss)/profit before provision for contribution to KFAS, Zakat, NLST and directors' remuneration	(12,225,667)	17,345,473
<i>Adjustments:</i>		
Realised loss/(gain) on sale of available for sale investments	2,072,189	(9,529,220)
Dividend income	(1,578,795)	(6,098,159)
Change in fair value of investment property	1,490,000	(1,740,000)
Share of loss / (profit) of associates	1,102,282	(1,422,344)
Interest income	(1,115,724)	(479,043)
Depreciation	131,136	70,936
Provision for end of service indemnity	41,556	33,360
Finance costs	6,323,000	6,403,724
Impairment in value of investments	10,161,944	-
	<u>6,401,921</u>	<u>4,584,727</u>
<i>Changes in operating assets and liabilities:</i>		
Investments at fair value through statement of income	1,042,175	(64,915,436)
Accounts receivable and other assets	(4,722,202)	(26,854,125)
Accounts payable and other liabilities	66,011	(1,590,343)
Net cash from/(used in) operating activities	<u>2,787,905</u>	<u>(88,775,177)</u>
Investing activities		
Decrease/(increase) in blocked deposits	456,087	(3,492,500)
Acquisition of available for sale investments	(688,829)	(19,836,877)
Proceeds from sale of available for sale investments	5,821,397	5,618,803
Investment in property	-	(10,260,000)
Increase in wakala investments	(3,871,027)	-
Investment in associates	(2,415,756)	(2,522,174)
Dividends received	1,586,707	6,083,704
Purchase of equipment	(154,812)	(260,994)
Interest income received	1,128,587	447,656
Net cash from/(used in) investing activities	<u>1,862,354</u>	<u>(24,222,382)</u>
Financing activities		
(Decrease)/increase in borrowings	(8,463,162)	48,692,880
Proceeds from issue of shares	-	100,000,000
Increase in minority interest on consolidation of subsidiary	653,257	-
Purchase of treasury shares	(39,081)	(6,445,984)
Proceeds from sale of treasury shares	-	1,302,800
Dividends paid to minority interest by a subsidiary	(651,150)	-
Dividends paid	-	(24,850,859)
Finance costs paid	(6,450,969)	(5,915,014)
Net cash (used in)/from financing activities	<u>(14,951,105)</u>	<u>112,783,823</u>
<i>Decrease in cash and cash equivalents</i>	<u>(10,300,846)</u>	<u>(213,736)</u>
Cash and cash equivalents at the beginning of period	23,910,395	695,276
Cash and cash equivalents at the end of period	<u>6</u> <u>13,609,549</u>	<u>481,540</u>

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

1. Incorporation and activities

Noor Financial Investment Company KSC (Closed) ("the Parent Company") was incorporated in Kuwait on 1 February 1997 and during May 2006 its shares were listed on the Kuwait Stock Exchange. The Parent Company and its subsidiaries are together referred to as "the Group". The Parent Company is regulated by the Central Bank of Kuwait as an investment company. The Parent Company is a subsidiary of National Industries Group Holding – SAK ("Ultimate Parent Company") and its principal objectives are as follows:

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

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

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

The Parent Company's board of directors approved this interim consolidated financial information for issue on 12 August 2009.

2. Significant accounting policies

2.1 Basis of presentation

This interim consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in preparation of the interim consolidated financial information are consistent with those used in the preparation of the annual financial statements, for the year ended 31 December 2008, except for adoption of new and revised standards and interpretations discussed below.

Adoption of new and revised International Financial Reporting Standards

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

IFRS 8 Operating Segments

The new standard which replaced IAS 14 'Segment reporting' requires a management approach for segment reporting under which segment information is presented on the same basis as that used for internal reporting purposes. However, the application of the revised standard has had no impact on designation of the Group's reporting segments as it has previously been consistent with the internal reporting provided to the chief operating decision maker.

IAS 1 (revised 2007) Presentation of Financial Statements

The adoption of IAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. IAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'.

Notes to the Interim Consolidated Financial Information - 30 June 2009 (Unaudited)

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

- IFRS 3 Business combinations (Revised 2008) (effective for annual periods beginning 1 July 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective for annual periods beginning 1 July 2009)
- IAS 28 Investments in Associates (Revised 2008) (effective for annual periods beginning 1 July 2009)

This interim consolidated financial information does not contain all the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2009. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2008.

The financial information of the consolidated subsidiaries is based on management accounts for the period.

3. Unrealised gain/ (loss) on investments at fair value through statement of income

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

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

4. Interest and other income

	Kuwaiti Dinars			
	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	974,153	171,312	1,115,724	479,043
Realised gain on dealing in foreign currencies	213,058	-	907,447	-
Other income	469,529	329,149	745,520	329,149
	<u>1,656,740</u>	<u>500,461</u>	<u>2,768,691</u>	<u>808,192</u>

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

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

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period (KD)	4,634,603	5,876,384	(11,989,590)	16,763,981
Weighted average number of shares (Shares)	750,000,000	750,000,000	750,000,000	659,883,045
Less: Weighted average number of treasury shares (share)	(15,609,211)	(8,533,341)	(15,480,178)	(4,389,245)
	<u>734,390,789</u>	<u>741,466,659</u>	<u>734,519,822</u>	<u>655,493,800</u>
Basic and diluted earnings/ (loss) per share	<u>6</u>	<u>8</u>	<u>(16)</u>	<u>26</u>

Notes to the Interim Consolidated Financial Information - 30 June 2009 (Unaudited)

6. Cash and cash equivalents and wakala investments

a. Cash and cash equivalents

	Kuwaiti Dinars		
	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
Cash and bank balances	8,360,290	10,025,498	8,810,207
Short term deposits	13,278,747	20,363,456	1,260,375
Due to banks	(7,985,575)	(5,978,559)	(4,589,042)
	13,653,462	24,410,395	5,481,540
Blocked balances	(43,913)	(500,000)	(5,000,000)
	<u>13,609,549</u>	<u>23,910,395</u>	<u>481,540</u>

b. Wakala investments

	Kuwaiti Dinars		
	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
Placed with a local Islamic bank	2,687,777	-	-
Placed with a local investment company	9,968,252	8,285,000	-
	12,656,029	8,285,000	-
Less : provision for impairment in value	(2,985,500)	(2,485,500)	-
	<u>9,670,529</u>	<u>5,799,500</u>	<u>-</u>

Wakala investments include placement of KD 9,968,252 (31 December 2008: KD 8,285,000) with a local Islamic investment company which matured on 17 October 2008. The investee company defaulted on settlement of this balance on the maturity date.

During the six months ended 30 June 2009 the Parent Company undertook the responsibility of collecting the proceeds of Wakala investments of KD1,683,252 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 30 June 2009.

During the period the Parent Company took an additional impairment provision of KD 500,000 based on information available to management as of 30 June 2009.

7. Investments at fair value through statement of income

	Kuwaiti Dinars		
	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
Held for trading			
Quoted shares	31,919,095	33,686,333	199,131,416
Designated on initial recognition:			
Local funds	6,096,150	5,371,087	10,253,793
	<u>38,015,245</u>	<u>39,057,420</u>	<u>209,385,209</u>

Effect of reclassification due to adoption of amendment to IAS 39.

During 2008, 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 statement of income" category to "available for sale" category. The fair value of these re-classified investments as of 30 June 2009 is KD 64,330,442 (31 December 2008 is KD 59,247,000). Quoted shares with a fair value of KD 5,491,467 (31 December 2008 – KD 6,251,230 and 30 June 2008 – KD 36,103,970) are secured against bank loan. (Note 13).

Notes to the Interim Consolidated Financial Information - 30 June 2009 (Unaudited)

8. Accounts receivable and other assets

	Kuwaiti Dinars		
	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
Financial assets :			
Due from ultimate parent company	16,623,328	5,655,439	-
Due from an associate	12,171	3,899,748	11,376
Due from other related parties	1,938,937	2,744,788	649,289
Due from Kuwait Clearing Company	712,891	-	-
Due from Kuwait Clearing Company (future trade)	633,765	3,243,806	68,902,233
Due from investment brokerage companies	2,318,325	1,528,495	2,816,127
Due from sale of investments – related parties	25,003,834	27,120,398	40,200,781
Accrued income	2,329,123	2,708,217	3,510,766
Advance payments to acquire investments	5,671,131	1,419,764	4,405,797
Other financial assets	2,478,710	1,979,830	-
	<u>57,722,215</u>	<u>50,300,485</u>	<u>120,496,369</u>
Non financial assets			
Advance payments to acquire properties	880,934	-	6,684,512
Other assets	292,072	2,880,408	2,770,068
	<u>1,173,006</u>	<u>2,880,408</u>	<u>9,454,580</u>
	<u>58,895,221</u>	<u>53,180,893</u>	<u>129,950,949</u>

9. Investments available for sale

	Kuwaiti Dinars		
	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
Quoted shares	71,098,925	65,625,938	20,047,869
Unquoted shares	17,294,541	17,158,891	26,195,917
Funds:			
Local	12,334,461	12,797,509	16,715,013
Foreign	13,633,658	14,215,191	19,303,920
	<u>114,361,585</u>	<u>109,797,529</u>	<u>82,262,719</u>

- Investments available for sale include a number of investments in unquoted shares, local and foreign funds where their fair values cannot be reliably determined and as a result investments with a carrying value of KD20,815,849. (31 December 2008: KD21,064,305 and 30 June 2008: KD29,902,182) are carried at cost. The Group's management is not aware of any circumstance that would indicate impairment in value of these investments.
- Quoted shares with a fair value of KD 20,023,985 (31 December 2008: KD 17,305,050 and 30 June 2008: Nil) are secured against a bank loan (refer note 13).
- Foreign funds include investments in private equity funds with a carrying value of KD 10,187,351 (31 December 2008: KD 10,309,777 and 30 June 2008: KD 13,551,654). 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.
- During the period, the Group recognised an impairment provision of KD 9,661,944 for certain local and foreign quoted shares, as the market value of these shares declined significantly below their costs.

Notes to the Interim Consolidated Financial Information - 30 June 2009 (Unaudited)

- e. Quoted shares with a carrying value of KD 64,330,442 at 30 June 2009 (KD 59,247,000 at 31 December 2008) represents investments which were transferred from investments at fair value through statement of income as of 1 July 2008 (refer note: 7).

10. Investment in associates

During the period the Parent Company invested KD 2,777,772 as its contribution to the right issue of Meezan Bank, Pakistan.

11. Investment properties

Investment properties comprise of land and building as follows:

	Kuwaiti Dinars		
	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
Kuwait	8,510,000	10,000,000	12,000,000
Saudi Arabia	12,644,788	12,644,788	-
	<u>21,154,788</u>	<u>22,644,788</u>	<u>12,000,000</u>

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

12. Accounts payable and other liabilities

	Kuwaiti Dinars		
	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
Financial liabilities :			
Unrealised fee payable on managed portfolios:			
- Related parties	-	-	782,032
Due to key management personnel	5,000	-	1,211,316
Due to Kuwait Clearing Company	-	-	1,892,331
Payable against purchase of investments	-	-	6,725,034
Due to Ultimate Parent Company	-	-	293,753
Due to other related parties	90,825	-	-
Due to investment brokerage companies	-	-	912,511
Dividend payable	524,005	199,095	261,115
Accrued interest	815,456	943,425	978,439
Deferred income	-	20,044	-
Accrued expenses	674,277	974,004	1,444,422
Other payables	2,146,807	2,181,760	3,360,807
	<u>4,256,370</u>	<u>4,318,328</u>	<u>17,861,760</u>
Non-financial liabilities :			
Other payables	82,850	82,850	-
	<u>4,339,220</u>	<u>4,401,178</u>	<u>17,861,760</u>

Notes to the Interim Consolidated Financial Information - 30 June 2009 (Unaudited)

13. Borrowings

			Kuwaiti Dinars			
			Effective interest rate per annum %	Security	30 June 2009 (Unaudited)	31 December 2008 (Audited)
Loans from local banks and financial institutions						
Loans payable - KD	5.5 – 8.25	Unsecured	60,200,000	60,200,000	81,350,000	
Loans payable - KD	5.75 – 8.25	Secured	20,000,000	20,000,000	20,000,000	
Loans payable - USD	4.232 – 5.625	Unsecured	28,745,000	27,635,000	32,840,175	
Wakala payable - KD	6.5 – 9.00	Unsecured	63,715,850	73,289,012	45,000,000	
			172,660,850	181,124,012	179,190,175	

Loans amounting to KD 20,000,000 (31 December 2008: 20,000,000, 30 June 2008: KD 20,000,000) are secured by investments (Note: 7 and 9). All borrowings are repayable within one year.

14. Share capital and share premium

The authorized, issued and paid up share capital of the Parent Company comprise of 750 million shares of 100 fils each (31 December 2008: 750 million shares of 100 fils each and 30 June 2008: 750 million shares of 100 Fils each).

During the first quarter of the year 2008, 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. Share premium is not available for distribution.

The shareholders in the annual general assembly meeting held on 11 June 2009 approved the write off of the accumulated losses 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

15. Treasury shares

The Parent Company holds treasury shares through a subsidiary and the details are as follows:

	Kuwaiti Dinars		
	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
Number of shares	15,609,211	14,824,211	11,341,711
Percentage of issued shares	2.08%	1.98%	1.5%
Market value (KD)	1,779,450	1,423,124	5,103,770
Cost (KD)	5,873,287	5,834,206	5,252,581

Notes to the Interim Consolidated Financial Information - 30 June 2009 (Unaudited)

16. Segment analysis

The Parent Company primarily operates in one area of business activity, investments and its primary basis for segmental reporting is by geographical segment.

The Parent Company operates in two geographical markets: Domestic (Kuwait) and International (Outside Kuwait). The geographical analysis is as follows:

	Kuwaiti Dinars		
	Domestic	International	Total
Six months ended 30 June 2009 (Unaudited)			
Income	7,570,046	(217,320)	7,352,726
Loss for the period	(11,365,818)	(889,849)	(12,225,667)
Six months ended 30 June 2008 (Unaudited)			
Income	35,223,168	(7,825,735)	27,397,433
Profit/(loss) for the period	24,881,165	(8,112,366)	16,768,799
	Kuwaiti Dinars		
	Domestic	International	Total
Three months ended 30 June 2009 (Unaudited)			
Income	8,390,927	1,425,820	9,816,747
Profit for the period	3,259,148	1,373,619	4,632,767
Three months ended 30 June 2008 (Unaudited)			
Income	16,316,482	(5,425,171)	10,891,311
Profit/(loss) for the period	10,890,695	(5,515,769)	5,374,926

17. Related party transactions

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

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

	Kuwaiti Dinars		
	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
Condensed consolidated statement of financial position			
Due from Ultimate Parent Company and other related parties included in accounts receivable and other assets (note: 8)	43,578,270	35,532,326	40,861,446
Due to Ultimate Parent Company and other related parties included in accounts payable and other liabilities (note: 12)	95,825	-	2,287,101

Notes to the Interim Consolidated Financial Information - 30 June 2009 (Unaudited)

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Condensed consolidated statement of income				
Management and placement fees	142,851	254,034	647,471	1,424,536
Realised gain on sale of available for sale investments	-	8,892,088	-	8,892,088
Key management compensation				
Short term employee benefits	26,325	388,891	52,650	1,233,966
Terminal benefits	1,208	2,131	2,430	4,250
	<u>27,533</u>	<u>391,022</u>	<u>55,080</u>	<u>1,238,216</u>

18. Capital commitments

At the balance sheet date, the Group had capital commitments of KD 167,058 towards available for sale investments (31 December 2008: KD 229,870 and 30 June 2008: KD 1,063,054).

19. Fiduciary assets

The Parent Company manages mutual funds and portfolios on behalf of its Ultimate Parent Company, other related parties and outsiders, and maintains securities in fiduciary accounts which are not reflected in the Parent Company's statement of financial position. Assets under management at 30 June 2009 amounted to KD 356,227,946 (31 December 2008: KD 373,002,889 and 30 June 2008: KD 372,634,715) of which assets managed on behalf of its Ultimate Parent Company and other related parties amounted to KD 290,559,904 (31 December 2008: KD 196,760,015 and 30 June 2008: KD 253,516,650).