THE SECURITIES HOUSE K.S.C. (CLOSED) AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2013

ERNST & YOUNG

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74 Safat
13001 Safat, Kuwait
Baitak Tower, 18-21st Floor
Safat Square
Ahmed Al Jaber Street
Tel : 2245 2880/2295 5000
Fax: 2245 6419
Email: kuwait@kw.ey.com
www.ey.com/me

Rödl
Middle East
Burgan– International Accountants

Ali Al Hassawi & Partners
P.O. Box: 22351 Safat 13084 Kuwait
Sharq – Dasman Complex – Block 2 – 9 Floor
Tel 22464574-6 /22426862-3 Fax: 22414956
Email: info-kuwait@rodlme.com
www.rodlme.com

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF THE SECURITIES HOUSE K.S.C. (CLOSED)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Securities House K.S.C. (Closed) (the "parent company") and its subsidiaries (collectively, the "group") as at 31 March 2013 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the three months period then ended. The management of the parent company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

Emphasis of a Matter

Without qualifying our conclusion, we draw attention to Note 2 to the interim condensed consolidated financial information which indicates that the group recognised a profit of KD 711,754 during the three months period ended 31 March 2013 (three months period ended 31 March 2012: loss of KD 689,095) and, as of that date, the group's current liabilities exceeded its current assets by KD 37,094,326 (31 December 2012: KD 48,260,628 and 31 March 2012: KD 39,035,582). These conditions indicate the existence of a material uncertainty about the group's ability to continue as a going concern. However, the interim condensed consolidated financial information has been prepared on a going concern basis because the group has been able to extend the settlement of its current liabilities or swap certain of its liabilities with financial assets. The management of the group is of the opinion that the group will continue with the same strategy going forward (Note 2).

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Middle East
Burgan– International Accountants

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF THE SECURITIES HOUSE K.S.C. (CLOSED) (continued)

Report on other legal and regulatory requirements
Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the parent company. We further report that, to the best of our knowledge and belief, we have not become aware of any material violations of the Companies Law No. 25 of 2012 as amended, or of the parent company's Articles of Association and Memorandum of Incorporation have occurred during the three months period ended 31 March 2013, that might have had a material effect on the business of the parent company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, 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 three months period ended 31 March 2013.

WALEED A. AL OSAIMI	ALI A. AL-HASAWI
LICENCE NO. 68 A	LICENCE NO. 30 A
ERNST & YOUNG	RÖDL MIDDLE EAST
AL AIBAN, AL OSAIMI & PARTNERS	BURGAN - INTERNATIONAL ACCOUNTANTS

7 July 2013
Kuwait

The Securities House K.S.C. (Closed) and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2013

	Notes	*Three months ended 31 March* 2013 KD	2012 KD
INCOME			
From investment activities			
Realised gain on sale of financial assets available for sale		**303,595**	-
Dividends and return on murabaha finances		**14,675**	3,857
Share of results of associates		**338,358**	27,899
Realised gain on sale of investment in an associate	4	**-**	243,886
Management fee income		**196,489**	162,575
Investment services income		**294,254**	278
Total income from investment activities		**1,147,371**	438,495
From commercial activities			
Sales of goods and services		**3,052,286**	2,478,820
Cost of sales		**(2,051,292)**	(1,517,126)
Gross profit from commercial activities		**1,000,994**	961,694
Other income		**174,616**	3,123
TOTAL INCOME		**2,322,981**	1,403,312
EXPENSES			
Staff costs		**411,065**	337,794
Selling and distribution expenses		**284,937**	242,247
General and administration expenses		**460,331**	516,379
TOTAL EXPENSES		**1,156,333**	1,096,420
PROFIT BEFORE FAIR VALUE ADJUSTMENTS, MURABAHA PAYABLE COSTS, NLST AND ZAKAT		**1,166,648**	306,892
Unrealised (loss) gain on financial assets at fair value through profit or loss	5	**(273,767)**	12,874
Murabaha payable costs		**(166,899)**	(1,008,861)
National Labor Support Tax ("NLST")		**(9,816)**	-
Zakat		**(4,412)**	-
PROFIT (LOSS) FOR THE PERIOD		**711,754**	(689,095)
Attributable to:			
Equity holders of the parent company		**426,957**	(699,328)
Non-controlling interests		**284,797**	10,233
		711,754	(689,095)
Basic and diluted earnings (loss) per share attributable to equity holders of the parent company	7	**0.7 fils**	(1.1) fils

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2013

	Three months ended 31 March	
	2013	*2012*
	KD	*KD*
Profit (loss) for the period	**711,754**	(689,095)
Other comprehensive income (loss):		
Other comprehensive(loss) to be reclassified to interim condensed statement of income in subsequent periods:		
Foreign currency translation adjustment	**16,965**	-
Share of other comprehensive income of associates	**(3,000,691)**	1,464,436
Cumulative changes in fair values on financial assets available for sale	**-**	(88,712)
Other comprehensive (loss) income for the period	**(2,983,726)**	1,375,724
Total comprehensive (loss) income for the period	**(2,271,972)**	686,629
Attributable to:		
Equity holders of the parent company	**(2,563,141)**	676,396
Non-controlling interests	**291,169**	10,233
	(2,271,972)	686,629

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2013

	Notes	***31 March 2013 KD***	*(Audited) 31 December 2012 KD*	*31 March 2012 KD*
ASSETS				
Bank balances and cash	8	**5,094,345**	6,653,809	2,239,756
Short-term murabaha investments	8	**1,415,697**	1,243,077	1,209,995
Accounts receivable and prepayments		**4,639,197**	3,146,932	2,980,428
Inventories		**2,119,510**	2,226,221	2,010,570
Financial assets at fair value through profit or loss	5	**5,688,177**	5,961,944	7,184,223
Financial assets available for sale	6	**4,779,536**	4,219,910	4,370,270
Investment in associates		**87,899,092**	90,504,323	87,067,047
Investment properties		**536,222**	536,222	531,090
Property, plant and equipment		**15,531,775**	15,599,164	14,237,387
TOTAL ASSETS		**127,703,551**	130,091,602	121,830,766
EQUITY				
Share capital		**68,000,000**	68,000,000	68,000,000
Foreign currency translation reserve		**19,037**	8,444	(13,907)
Employee share option reserve		**545,456**	545,456	545,456
Other reserves		**(255,897)**	(255,897)	-
Treasury shares reserve		**11,376,864**	11,376,864	11,376,864
Treasury shares		**(19,867,108)**	(19,867,108)	(19,867,108)
Cumulative changes in equity of associates		**1,217,442**	4,218,133	2,042,282
Cumulative changes in fair value		**-**	-	(88,712)
Accumulated losses		**(7,842,217)**	(8,269,174)	(8,575,981)
Equity attributable to equity holders of the parent Company		**53,193,577**	55,756,718	53,418,894
Non-controlling interests		**6,230,497**	5,957,513	449,160
TOTAL EQUITY		**59,424,074**	61,714,231	53,868,054
LIABILITIES				
Murabaha payables	10	**52,396,453**	52,471,494	52,047,225
Accounts payable and accruals		**15,045,383**	15,134,173	14,773,523
Employees' end of service benefits		**837,641**	771,704	1,141,964
TOTAL LIABILITIES		**68,279,477**	68,377,371	67,962,712
TOTAL EQUITY AND LIABILITIES		**127,703,551**	130,091,602	121,830,766

Ayman Abdullah Boodai
Chairman and Managing Director

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2013

		Three months ended 31 March	
		2013	*2012*
OPERATING ACTIVITIES	*Notes*	*KD*	*KD*
Profit (loss) for the period		**711,754**	(689,095)
Adjustments for:			
Realised gain on sale of financial assets available for sale		**(303,595)**	-
Unrealised loss (gain) on financial assets at fair value through profit or loss		**273,767**	(12,874)
Dividends and return on murabaha finances		**(14,675)**	(3,857)
Share of result of associates		**(338,358)**	(27,899)
Realised gain on sale of investment in an associate	4	**-**	(243,886)
Murabaha payables costs		**166,899**	1,008,861
Provision for employees' end of service benefits		**66,874**	68,883
Depreciation		**126,019**	140,945
		688,685	241,078
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		**(1,492,265)**	173,316
Inventories		**106,711**	(78,688)
Financial assets at fair value through profit or loss		**-**	3,285
Accounts payable and accruals		**(255,689)**	(310,094)
Cash from operations		**(952,558)**	28,897
Employees' end of service benefits paid		**(937)**	(896)
Net cash flows (used in) from operating activities		**(953,495)**	28,001
INVESTING ACTIVITIES			
Purchase of financial assets available for sale		**(256,031)**	-
Proceeds from sale of financial assets available for sale		**-**	41,712
Proceeds from sale of investment in an associate	4	**-**	10,275,148
Dividends and return on murabaha finances received		**14,675**	3,857
Purchase of property, plant and equipment		**(67,918)**	(72,816)
Proceeds from sale of property, plant and equipment		**9,288**	-
Net cash flows (used in) from investing activities		**(299,986)**	10,247,901
FINANCING ACTIVITIES			
Dividends paid to non-controlling interests		**-**	(59,022)
Net repayment of murabaha payables		**(75,041)**	(9,675,000)
Net repayment from sale and deferred purchase agreements		**-**	(1,252,129)
Murabaha payables costs paid		**-**	(604,588)
Non-controlling interest share in liquidation of subsidiaries		**(18,185)**	-
Net cash flows used in financing activities		**(93,226)**	(11,590,739)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,346,707)**	(1,314,837)
Net foreign exchange difference		**(40,137)**	-
Cash and cash equivalents at 1 January		**7,896,886**	4,764,588
CASH AND CASH EQUIVALENTS AT 31 March	8	**6,510,042**	3,449,751

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2013

	Attributable to equity holders of the parent company										
	Share capital KD	*Foreign currency translation reserve KD*	*Employees' share option reserve KD*	*Other reserve KD*	*Treasury shares reserve KD*	*Treasury shares KD*	*Cumulative changes in equity of associates KD*	*Accumulated losses KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total equity KD*
Balance as at 1 January 2013	68,000,000	8,444	545,456	(255,897)	11,376,864	(19,867,108)	4,218,133	(8,269,174)	55,756,718	5,957,513	61,714,231
Profit for the period	-	-	-	-	-	-	-	426,957	426,957	284,797	711,754
Other comprehensive income (loss)	-	10,593	-	-	-	-	(3,000,691)	-	(2,990,098)	6,372	(2,983,726)
Total comprehensive income (loss) for the period	-	10,593	-	-	-	-	(3,000,691)	426,957	(2,563,141)	291,169	(2,271,972)
Non-controlling interest share in liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	(18,185)	(18,185)
Balance as at 31 March 2013	**68,000,000**	**19,037**	**545,456**	**(255,897)**	**11,376,864**	**(19,867,108)**	**1,217,442**	**(7,842,217)**	**53,193,577**	**6,230,497**	**59,424,074**

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)

For the period ended 31 March 2013

	Attributable to equity holders of the parent company										
	Share capital KD	*Cumulative changes in fair values KD*	*Foreign currency translation reserve KD*	*Employee share purchase plan reserve KD*	*Treasury shares reserve KD*	*Cumulative changes in equity of associates KD*	*Accumulated losses KD*	*Treasury shares KD*	*Sub total KD*	*Non-controlling interests KD*	*Total equity KD*
Balance as at 1 January 2012	68,000,000	-	(13,907)	545,456	11,376,864	577,846	(7,876,653)	(19,867,108)	52,742,498	497,949	53,240,447
(Loss) profit for the period	-	-	-	-	-	-	(699,328)	-	(699,328)	10,233	(689,095)
Other comprehensive income	-	(88,712)	-	-	-	1,464,436	-	-	1,375,724	-	1,375,724
Total comprehensive (loss) income for the period	-	(88,712)	-	-	-	1,464,436	(699,328)	-	676,396	10,233	686,629
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(59,022)	(59,022)
Balance as at 31 March 2012	68,000,000	(88,712)	(13,907)	545,456	11,376,864	2,042,282	(8,575,981)	(19,867,108)	53,418,894	449,160	53,868,054

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of The Securities House K.S.C. (Closed) (the "parent company") and subsidiaries (collectively the "group") for the three months ended 31 March 2013 were authorised for issue by the Board of Directors on 7 July 2013.

The parent company is a Kuwaiti shareholding company incorporated and registered in Kuwait on 28 March 1982 and is engaged in investment and trading in securities, investment in real estate, finance activities and in portfolio and fund management on behalf of third parties, under the Commercial Companies Law No. 15 of 1960 and amendments thereto and is listed on the Kuwait Stock Exchange. The parent company is regulated by the Central Bank of Kuwait and Capital Markets Authority as an investment company.

The parent company's principal place of business and registered address is 17th floor, Al-Dhow Tower, Khalid Ibn Al-Waleed Street, Sharq, P.O. Box 26972 Safat, 13130, Kuwait.

The Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree).

According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Minister of Industry and Commerce by 26 September 2013 will determine the basis and rules which the Parent Company shall adopt to regularise its affairs with the Companies Law as amended.

The shares of the parent company were suspended from trading in Kuwait Stock Exchange on 1 April 2013 due to the delayed submission of financial information.

The Annual General Assembly for the year ended 31 December 2012 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2012 have not yet been approved. The interim condensed consolidated financial information for the three months period ended 31 March 2013 do not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2012.

2 FUNDAMENTAL ACCOUNTING CONCEPT

For the three months ended 31 March 2013, the group recognised a profit of KD 711,754 (three months period end 31 March 2012: loss of KD 689,095) and as of that date, the group's current liabilities exceed its current assets by KD 37,094,326 (31 December 2012: KD 48,260,628 and 31 March 2012: KD 39,035,582). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern. However, the interim condensed consolidated financial information has been prepared on a going concern basis because the group has been able to extend the settlement of its current liabilities or swap certain of its liabilities with financial assets. The management of the group is of the opinion that the group will continue with the same strategy going forward.

3 BASIS OF PREPARATION

The interim condensed consolidated financial information for the three months ended 31 March 2013 has been prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting, except as noted below.

The annual consolidated financial statements for the year ended 31 December 2012 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK. These regulations require adoption of all International Financial Reporting Standards ("IFRS") except for the IAS 39 requirement for a collective impairment provision, which has been replaced by the CBK's requirement for a minimum general provision.

3 BASIS OF PREPARATION (continued)

The interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK, and should be read in conjunction with the group's annual consolidated financial statements for the year ended 31 December 2012. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. In addition, results for the three months ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

The interim condensed consolidated financial information are presented in Kuwaiti Dinars "KD" which is the functional currency of the Parent Company.

Changes in accounting policy and disclosures
The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of the following new standards and interpretations effective as of 1 January 2013.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The adoption of this standard did not have any material impact on the interim condensed consolidated financial information of the group and the relevant disclosures will be made in the annual consolidated financial statements of the group.

IFRS 10 – Consolidated Financial Statements
IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 13 – Fair Value measurement
IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. There are also additional disclosure requirements. The adoption of this standard resulted in additional disclosures to the interim condensed consolidated financial information of the Group.

IAS 1 Financial Statement Presentation
The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The adoption of this standard has not resulted in presentation changes in interim condensed consolidated statement of income and interim condensed consolidated statement of other comprehensive income.

3 BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures (continued)

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

IAS 34: Interim financial reporting and segment information for total assets and liabilities (Amendment)
The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker (CODM). The Group did not provide this disclosure for total segment liabilities as these were not materially different from those reported in the entity's previous annual consolidated financial statements.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2013 did not have any material impact on the accounting policies, financial position or performance of the Group.

4 INVESTMENT IN ASSOCIATES

During the prior period, in the group's efforts to reduce its debts and increase shareholders' value, the parent company sold 984,529,948 shares (equivalent to 6.2% of the total issued share capital) of Gatehouse Bank's shares to its creditors against settlement of certain outstanding murabaha payables amounting to KD 9,675,000 and accrued murabaha profit amounting to KD 600,148. The sale price was set based on the fair valuation as determined by the independent consultant which is GBP 0.0239 per share. Accordingly, the group recognised a realised gain amounting to KD 243,886 on sale in the interim condensed consolidated statement of income.

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2013 KD	*(Audited) 31 December 2012 KD*	*31 March 2012 KD*
Quoted local equities:			
Carrying value before fair value adjustment	**575,153**	530,162	646,899
Fair value adjustment during the period / year	**258,453**	44,991	45,391
	833,606	575,153	692,290
Unquoted local equities:			
Carrying value before fair value adjustment	**1,847,893**	1,660,682	1,955,034
Fair value adjustment during the period / year	**(36,408)**	187,211	516
	1,811,485	1,847,893	1,955,550
Unquoted equities in the Middle East:			
Carrying value before fair value adjustment	**2,790,072**	2,677,386	2,752,961
Fair value adjustment during the period / year	**36,155**	112,686	(16,792)
	2,826,227	2,790,072	2,736,169
Unquoted foreign equities:			
Carrying value before fair value adjustment	**748,826**	1,435,675	1,816,455
Fair value adjustment during the period / year	**(531,967)**	(686,849)	(16,241)
	216,859	748,826	1,800,214
	5,688,177	5,961,944	7,184,223

The valuation of financial assets in unquoted equity securities involves the exercise of judgment and is based on information available on recent arm's length market transactions, current fair value of another instrument that is substantially the same, the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics, earnings multiple technique, or other valuation models.

Financial assets at fair value through profit or loss amounting to KD 1,897,891 (31 December 2012: KD 1,909,473 and 31 March 2012: KD 2,095,809) are pledged as security against murabaha payable facilities amounting to KD 43,352,021 (31 December 2012: KD 43,352,021 and 31 March 2012: KD 42,317,128) (Note 10).

6 FINANCIAL ASSETS AVAILABLE FOR SALE

	31 March 2013 **KD**	*(Audited) 31 December 2012 KD*	*31 March 2012 KD*
Unquoted local equities:			
Carrying value before fair value adjustment	**123,429**	300,000	300,000
Impairment in value during the period / year	**-**	(176,571)	-
	123,429	123,429	300,000
Unquoted equities in the Middle East:			
Carrying value before fair value adjustment	**824,580**	824,580	824,580
Impairment in value during the period / year	**-**	-	-
	824,580	824,580	824,580
Unquoted foreign equities:			
Carrying value before fair value adjustment	**3,831,527**	3,657,949	3,334,402
Cumulative changes in fair values	**-**	-	(88,712)
Impairment in value during the period / year	**-**	(386,048)	-
	3,831,527	3,271,901	3,245,690
	4,779,536	4,219,910	4,370,270

The financial assets above are carried at cost after recognition of impairment since their fair value cannot be reliably measured due to the unpredictable nature of their future cash flows and the lack of other suitable methods for arriving at a reliable fair value for these assets.

During the period, the group performed an impairment test of its financial assets available for sale which resulted in the recognition of an impairment loss of KD Nil (31 December 2012: KD 562,619 and 31 March 2012: KD Nil) in the interim condensed consolidated statement of income to account for the adverse circumstances affecting certain assets, thus reducing the value of these assets to their recoverable amount. The assessment model used was based on market observable inputs. The management believes that there is no objective evidence or circumstances that indicate any further impairment in the value of these securities and that there is no need to recognise any additional impairment in its value.

Financial assets available for sale amounting to KD 911,689 (31 December 2012: KD 911,689 and 31 March 2012: KD 548,260) are pledged as security against murabaha payable facilities amounting to KD 43,352,021 (31 December 2012: KD 43,352,021 and 31 March 2012: KD 42,317,128) (Note 10).

7 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Basic and diluted earnings (loss) per share is computed by dividing profit (loss) attributable to equity holders of the parent company by the weighted average number of shares (net of treasury shares) outstanding during the period as follows:

	Three months ended 31 March	
	2013	*2012*
	KD	*KD*
Profit (loss) for the period attributable to the equity holders of the parent company	**426,957**	(699,328)
	Shares	*Shares*
Weighted average number of shares (net of treasury shares) outstanding for the period	**637,720,000**	637,720,000
Basic and diluted earnings (loss) per share attributable to equity holders of the parent company	**0.7 fils**	(1.1) fils

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as shown in the interim condensed consolidated statement of cash flows are reconciled to the related items in the interim condensed consolidated statement of financial position as follows:

	31 March 2013	*(Audited) 31 December 2012*	*31 March 2012*
	KD	*KD*	*KD*
Bank balances and cash	**5,094,345**	6,653,809	2,239,756
Short-term murabaha investments with original maturity up to three months	**1,415,697**	1,243,077	1,209,995
	6,510,042	7,896,886	3,449,751

9 TREASURY SHARES

	31 March 2013	*(Audited) 31 December 2012*	*31 March 2012*
Number of treasury shares	**42,280,000**	42,280,000	42,280,000
Percentage of capital	**6.2%**	6.2%	6.2%
Market value KD *	**4,228,000**	2,092,860	5,496,400

* On 1 April 2013, the shares of the parent company were suspended from trading in Kuwait Stock Exchange. Accordingly, the market value of the treasury shares was determined using the last transaction price.

10 MURABAHA PAYABLES

	31 March 2013 KD	*(Audited) 31 December 2012 KD*	*31 March 2012 KD*
Maturity within 1 year	**46,321,453**	46,396,494	45,972,225
Maturity after 1 year	**6,075,000**	6,075,000	6,075,000
	52,396,453	52,471,494	52,047,225

Murabaha payables represent the value of assets purchased on a deferred settlement basis.

Murabaha payables amounting to KD 43,352,021 (31 December 2012: KD 43,352,021 and 31 March 2012: KD 42,317,128) are secured against financial assets at fair value through profit or loss and financial assets available for sale amounting to KD 1,897,891 and KD 911,689 (31 December 2012: KD 1,909,473 and KD 911,689 and 31 March 2012: KD 2,095,809 and KD 548,260) respectively (Notes 5 and 6).

11 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and executive officers of the parent company, close members of their families and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the parent company's management.

Related party transactions and balances consist of the following:

	Other related parties	
	Three months ended 31 March	
	2013 KD	*2012 KD*
Interim condensed consolidated statement of income:		
Management fee income - managed funds	**30,296**	55,732
Restructuring and arranging fees	-	14,939

	31 March 2013 KD	*(Audited) 31 December 2012 KD*	*31 March 2012 KD*
Interim condensed consolidated statement of financial position:			
Accrued management fees - managed funds	**32,862**	-	55,732
Murabaha payables	**6,075,000**	6,075,000	6,075,000

Assets amounting to KD 2,021,505 (31 December 2012: KD 2,021,140 and 31 March 2012: KD 2,192,067) are being managed on behalf of related parties.

	Three months ended 31 March	
	2013 KD	*2012 KD*
Key management compensation:		
Salaries and other short term benefits	**175,318**	186,438
Employees' end of services and share purchase plan benefits	**27,369**	44,905
	202,687	231,343

12 COMMITMENTS AND CONTINGENT LIABILITIES

a) Commitment

As at 31 March 2013, the group's bankers have given bank guarantees amounting to KD 70,453 (31 December 2012: KD 289,953 and 31 March 2012: KD 294,981).

b) Contingent liabilities

During the previous year, one of the major murabaha creditor (the "plaintiff") has filed four legal cases against the parent company (the "defendant") claiming the settlement of due certain murabaha payables amounting to KD 43,352,021. Until the date of approval of these consolidated financial statements, the final court decision on the abovementioned legal cases is still pending as follows:

- Two legal cases relating to the due murabaha payables of KD 3,775,889 and KD 4,239,342 were transferred on 10 January 2013 and 19 February 2013, respectively, to the Experts Department at the Ministry of Justice for final hearing.

- The final hearing date related to the legal case pertaining to the due murabaha payable of KD 99,360 was postponed from 27 March 2013 to 19 June 2012.

- With respect of the four legal cases, related to the due murabaha payable of KD 35,237,430, the first instance court decision came in favor of the plaintiff on 13 December 2012 obligating the parent company to settle the due balance in addition to an amount of KD 50 for legal charges. On 13 February 2013, the parent company filed an appeal against this decision. On 24 April 2013, the court decision came supporting the first instance decision in favor of the plaintiff. The management is in process of appealing against the ruling before the cassation court.

Therefore, with respect to the expected results of those lawsuits, the legal counselor of the parent company is of the opinion that all the lawsuits filed by the plaintiff, tends to be referred to the Experts Department at the Ministry of Justice to discuss many aspects of the appeal submitted by the parent company to the court, some of which are legal while others are regulatory. Although final results of this dispute cannot be reliably guaranteed and that all results are possible, it is expected that the reports submitted by the Experts Department in the Ministry of Justice will be in favor of the parent company and it is also expected that the litigation will continue between the two parties for a relatively long period, not less than three years.

Based on the foregoing, as the value of the abovementioned claims filed against the parent company is recorded originally in the books of the parent company within murabaha payables, the parent company need not to record any provisions or recognise any additional potential liabilities in the interim condensed consolidated financial information as a result of these lawsuits.

13 SEGMENTAL ANALYSIS

For management purposes the group is organised into three major business segments:

Proprietary investment management	:	Investing of group funds in securities and real estate, financing corporate and individual customers, and managing the group's liquidity requirements.
Asset management and advisory services	:	Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related investment services.
Commercial trading activities	:	Selling and distribution of manufactured and imported goods and services.

The following table presents information regarding the group's business segment:

	Proprietary investment Management Three months ended 31 March		*Asset management and advisory services Three months ended 31 March*		*Commercial trading activities Three months ended 31 March*		*Total Three months ended 31 March*	
	2013 KD	*2012 KD*	***2013 KD***	*2012 KD*	***2013 KD***	*2012 KD*	***2013 KD***	*2012 KD*
Segment revenue	**164,731**	319,365	**490,743**	107,228	**3,052,286**	2,476,568	**3,707,760**	2,903,161
Segment results	**8,329**	75,070	**207,218**	(95,628)	**389,032**	368,731	**604,579**	348,173
Unallocated expenses							**(334,853)**	(66,539)
Share of results of associates							**338,358**	27,899
Murabaha payable costs							**(166,899)**	(1,008,861)
Zakat and National Labor Support Tax							**(14,228)**	-
Profit (loss) attributable to equity holders of the parent company							**426,957**	(699,328)

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

The fair values of financial instruments except financial assets available for sale, are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value.

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair value of financial assets at fair value through income statement is based on the following:

31 March 2013	***Level 1 KD***	***Level 3 KD***	***Total KD***
Financial assets at fair value through income statement:			
Quoted equity securities	**833,606**	**-**	**833,606**
Unquoted equity securities	**-**	**4,854,571**	**4,854,571**
	833,606	**4,854,571**	**5,688,177**

31 March 2012	*Level 1 KD*	*Level 3 KD*	*Total KD*
Financial assets at fair value through income statement			
Quoted equity securities	692,290	-	692,290
Unquoted equity securities	-	6,491,933	6,491,933
	692,290	6,491,933	7,184,223

During the period ending 31 March 2013, there were no transfers between hierarchies.

14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value.

	As at 1 January KD	***Loss recorded in the consolidated income statement KD***	***Net purchases, sales and settlements KD***	***As at 31 March KD***
2013				
Financial assets at fair value through income statement				
Unquoted equity securities	**5,386,791**	**(532,220)**	**-**	**4,854,571**

	As at 1 January KD	*Loss recorded in the consolidated income statement KD*	*Net purchases, sales and settlements KD*	*As at 31 March KD*
2012				
Financial assets at fair value through income statement				
Unquoted equity securities	6,527,735	(32,517)	(3,285)	6,491,933

During the year, there have been no transfers between the hierarchies.

The level 3 hierarchy of fair value is valued using valuation techniques that incorporate non-observable inputs to the models and assumptions regarding the future financial performance of the investee, its risk profile, economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

The fair values of level 3 financial instruments are determined using valuation techniques that are based on recent arm's length market transactions, price to book value or earnings model and net assets or book value after discounting for lack of marketability by 10% to 20%.