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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2011

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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 2011 and the related interim condensed consolidated statements of income, interim condensed consolidated comprehensive income, interim condensed consolidated changes in equity and interim condensed consolidated cash flows for the three month 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 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 states that the group incurred a loss of KD 7,399,728 during the three months period ended 31 March 2011 (year ended 31 December 2010: KD 30,979,026 and three months ended 31 March 2010: KD 3,212,121) and, as of that date, the group has a deficiency of assets of KD 7,222,476 (31 December 2010: equity of KD 6,181,647 and 31 March 2010: equity of KD 33,259,757) and its current liabilities exceeded its current assets by KD 38,181,611 (31 December 2010: KD 41,956,416 and 31 March 2010: KD 34,237,286). 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 have been prepared on a going concern basis because the management of the group is of the opinion that the group will continue in operating activities in the foreseeable future (Note 2). Subsequent to the period ended 31 March 2011, the group reduced its murabaha payable balance by an amount of KD 72,197,510 and was able to generate net profit of KD 49,106,508 for the year ended 31 December 2011(Note 16).

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 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 Commercial Companies' Law of 1960, as amended, or of the articles of association of the parent company have occurred during the three month period ended 31 March 2011 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 month period ended 31 March 2011.

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16 April 2012
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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
For the period ended 31 March 2011

	Notes	*Three months ended 31 March* 2011 KD	2010 KD
CONTINUED OPERATIONS:			
INCOME			
From investment activities			
Realised loss on sale of financial assets at fair value through profit or loss		**(2,858,608)**	(18,077)
Realised gain on sale of financial assets available for sale		**771,749**	34,246
Dividends and return on murabaha receivables		**139,136**	177,239
Share of results of associates		**24,455**	665,313
Management fee income		**76,901**	141,114
Investment services income		**205,536**	245,028
Total (loss) income from investment activities		**(1,640,831)**	1,244,863
From commercial activities			
Sales of goods and services		**1,966,415**	1,961,414
Cost of sales		**(1,275,227)**	(1,193,569)
Gross profit from commercial activities		**691,188**	767,845
Other income (loss)		**197,917**	(19,469)
TOTAL (LOSS) INCOME		**(751,726)**	1,993,239
EXPENSES			
Staff costs		**895,939**	1,048,539
Selling and distribution		**206,803**	190,226
General and administration		**861,132**	796,652
TOTAL EXPENSES		**1,963,874**	2,035,417
LOSS BEFORE FAIR VALUE ADJUSTMENTS, IMPAIRMENT LOSSES AND MURABAHA PAYABLE COSTS		**(2,715,600)**	(42,178)
Unrealised loss on financial assets at fair value through profit or loss		**(1,323,607)**	(204,109)
Impairment loss on financial assets available for sale	7	**(1,334,277)**	(223,160)
Murabaha payable costs		**(2,026,244)**	(2,861,471)
Loss from continuing operations		**(7,399,728)**	(3,330,918)
DISCONTINUE OPERATIONS:			
Profit from discontinued operations		**-**	115,402
LOSS FOR THE PERIOD		**(7,399,728)**	(3,215,516)
Attributable to:			
Equity holders of the parent company		**(7,188,905)**	(3,212,121)
Non-controlling interests		**(210,823)**	(3,395)
LOSS FOR THE PERIOD		**(7,399,728)**	(3,215,516)
Basic and diluted loss per share attributable to equity holders of the parent company	4	**(11.3) fils**	(5.0) fils

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Period ended 31 March 2011

	Three months ended 31 March	
	2011	*2010*
	KD	*KD*
Loss for the period	**(7,399,728)**	(3,215,516)
Other comprehensive income (loss):		
Foreign currency translation adjustment	**177,025**	(604,477)
Realised gain on sale of financial assets available for sale transferred to interim condensed consolidated income statement	**(665,323)**	-
Other comprehensive loss for the period	**(488,298)**	(604,477)
Total comprehensive loss for the period	**(7,888,026)**	(3,819,993)
Attributable to:		
Equity holders of the parent company	**(7,714,958)**	(3,695,912)
Non-controlling interests	**(173,068)**	(124,081)
Total comprehensive loss for the period	**(7,888,026)**	(3,819,993)

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 31 March 2011

	Notes	31 March 2011 KD	(Audited) 31 December 2010 KD	31 March 2010 KD
ASSETS				
Bank balances and cash	5	**12,101,802**	21,698,448	5,065,609
Short-term murabaha investments	5	**10,821,713**	2,860,579	5,016,351
Accounts receivable and prepayments		**4,707,233**	8,869,031	6,226,108
Inventories		**1,575,468**	1,586,243	1,614,182
Murabaha receivables		**2,841,280**	4,068,069	3,872,397
Financial assets at fair value through profit or loss	6	**61,751,525**	76,909,213	92,131,633
Financial assets available for sale	7	**15,329,927**	19,923,832	23,334,336
Investments in associates		**20,228,199**	10,506,292	21,014,838
Investment properties	8	**534,995**	534,995	63,375,910
Property, plant and equipment		**15,170,784**	15,327,456	15,300,249
TOTAL ASSETS		**145,062,926**	162,284,158	236,951,613
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Share capital	9	**68,000,000**	68,000,000	68,000,000
Share premium		**-**	-	26,118,950
Statutory reserve		**-**	-	3,946,731
Cumulative changes in fair value reserve		**160,228**	825,551	-
Foreign currency translation reserve		**(2,720,356)**	(2,859,626)	(2,785,999)
Employee share purchase plan reserve		**610,163**	607,433	573,552
Treasury shares reserve	10	**11,376,864**	11,376,864	11,376,864
Cumulative changes in equity of associates		**146,326**	146,326	248,634
Accumulated losses		**(64,688,248)**	(57,499,343)	(60,879,427)
Treasury shares	10	**(19,867,108)**	(19,867,108)	(19,867,108)
TOTAL (DEFICIENCY OF ASSETS) EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**(6,982,131)**	730,097	26,732,197
Non-controlling interests		**(240,345)**	5,451,550	6,527,560
TOTAL (DEFICIENCY OF ASSETS) EQUITY		**(7,222,476)**	6,181,647	33,259,757
LIABILITIES				
Murabaha payables	11	**127,807,386**	131,230,265	162,330,143
Accounts payable and accruals	12	**23,458,240**	23,183,079	39,456,986
Employees' end of service benefits		**1,019,776**	1,689,167	1,904,727
TOTAL LIABILITIES		**152,285,402**	156,102,511	203,691,856
TOTAL (DEFICIENCY OF ASSETS) EQUITY AND LIABILITIES		**145,062,926**	162,284,158	236,951,613

Ayman Abdullah Boodai
Chairman and Managing Director

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 31 March 2011

	Attributable to equity holders of the parent company												
	Share capital KD	*Share premium KD*	*Statutory reserve KD*	*Cumulative changes in fair value reserve 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 (deficiency of assets) equity KD*
Balance at 1 January 2011	68,000,000	-	-	825,551	(2,859,626)	607,433	11,376,864	146,326	(57,499,343)	(19,867,108)	730,097	5,451,550	6,181,647
Loss for the period	-	-	-	-	-	-	-	-	(7,188,905)	-	(7,188,905)	(210,823)	(7,399,728)
Other comprehensive loss	-	-	-	(665,323)	139,270	-	-	-	-	-	(526,053)	37,755	(488,298)
Total comprehensive loss for the period	-	-	-	(665,323)	139,270	-	-	-	(7,188,905)	-	(7,714,958)	(173,068)	(7,888,026)
Employee share purchase plan expense	-	-	-	-	-	2,730	-	-	-	-	2,730	683	3,413
Non-controlling interest's share in a subsidiary capital reduction	-	-	-	-	-	-	-	-	-	-	-	(5,519,510)	(5,519,510)
Balance at 31 March 2011	**68,000,000**	**-**	**-**	**160,228**	**(2,720,356)**	**610,163**	**11,376,864**	**146,326**	**(64,688,248)**	**(19,867,108)**	**(6,982,131)**	**(240,345)**	**(7,222,476)**
Balance at 1 January 2010	68,000,000	26,118,950	3,946,731	-	(2,302,208)	573,357	11,681,831	248,634	(57,667,306)	(20,259,641)	30,340,348	6,431,592	36,771,940
Loss for the period	-	-	-	-	-	-	-	-	(3,212,121)	-	(3,212,121)	(3,395)	(3,215,516)
Other comprehensive income	-	-	-	-	(483,791)	-	-	-	-	-	(483,791)	(120,686)	(604,477)
Total comprehensive loss for the period	-	-	-	-	(483,791)	-	-	-	(3,212,121)	-	(3,695,912)	(124,081)	(3,819,993)
Employee share purchase plan expense	-	-	-	-	-	195	-	-	-	-	195	49	244
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(11,939)	(11,939)	-	(11,939)
Sale of treasury shares	-	-	-	-	-	-	(304,967)	-	-	404,472	99,505	-	99,505
Non-controlling interests share in capital increase of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	220,000	220,000
Balance at 31 March 2010	68,000,000	26,118,950	3,946,731	-	(2,785,999)	573,552	11,376,864	248,634	(60,879,427)	(19,867,108)	26,732,197	6,527,560	33,259,757

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

Period ended 31 March 2011

	Note	*Three months ended 31 March* 2011 KD	2010 KD
OPERATING ACTIVITIES			
Loss for the period from continuing operations		**(7,399,728)**	(3,330,918)
Profit for the period from discontinued operations		**-**	115,402
Adjustments for:			
Realised loss on sale of financial assets at fair value through profit or loss		**2,858,608**	18,077
Unrealised loss on financial assets at fair value through profit or loss		**1,323,607**	204,109
Realised gain on sale of financial assets available for sale		**(771,749)**	(34,246)
Impairment loss on financial assets available for sale		**1,334,277**	223,160
Dividends and return on murabaha receivables		**(139,136)**	(177,239)
Share in result of associates		**(24,455)**	(665,313)
Depreciation		**263,690**	282,063
Employee share purchase plan expense		**3,413**	244
Provision for employees' end of service benefits		**61,586**	57,698
Murabaha payables costs		**2,026,244**	2,861,471
		(463,643)	(445,492)
Operating profit before working capital changes:			
Accounts receivable and prepayments		**744,129**	(24,296)
Inventories		**10,775**	(83,545)
Financial assets at fair value through profit or loss		**10,975,473**	968,673
Murabaha receivables		**1,226,789**	213,758
Accounts payable and accruals		**634,036**	168,161
Cash from operations		**13,127,559**	797,259
Employees' end of service benefits paid		**(730,977)**	(13,314)
Net cash from operating activities		**12,396,582**	783,945
INVESTING ACTIVITIES			
Purchase of financial assets available for sale		**(2,206)**	(1,695,417)
Proceeds from sale of financial assets available for sale		**6,733,031**	683,628
Purchase of associates		**(9,771,668)**	-
Dividends and return on murabaha receivables received		**192,034**	272,489
Additions to investment properties		**-**	(256,719)
Purchase of property, plant and equipment		**(107,018)**	(259,057)
Net cash used in investing activities		**(2,955,827)**	(1,255,076)
FINANCING ACTIVITIES			
Dividends paid		**(5,040)**	(817)
Purchase of treasury shares		**-**	(11,939)
Proceeds from sale of treasury shares		**-**	99,505
Non-controlling interests' share in capital (decrease) increase of a subsidiary		**(5,519,510)**	220,000
Net repayment of murabaha payables		**(3,422,879)**	(15,590,695)
Net (payment of) proceeds from sale and deferred purchase agreements		**(775,000)**	15,000,000
Murabaha payables costs paid		**(1,605,079)**	(2,035,277)
Net cash used in financing activities		**(11,327,508)**	(2,319,223)
DECREASE IN CASH AND CASH EQUIVALENTS		**(1,886,753)**	(2,790,354)
Net foreign exchange difference		**251,241**	(614,987)
Cash and cash equivalents at 1 January		**24,559,027**	13,487,301
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	**22,923,515**	10,081,960

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

1 ACTIVITIES

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

The parent company has not yet held the annual general assembly of its shareholders for the year ended 31 December 2010. The shareholders' general assembly has the power to amend the consolidated financial statements for the year ended 31 December 2010.

For details of the subsidiaries, refer to the consolidated financial statements for the year ended 31 December 2010.

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 interim condensed consolidated financial information of the parent company and its subsidiaries (collectively, the "group") were approved by the board of directors on 16 April 2012.

2 FUNDAMENTAL ACCOUNTING CONCEPT

For the three months ended 31 March 2011, the group incurred a loss of KD 7,399,728 (year ended 31 December 2010: KD 30,979,026) and as of that date, the group has a deficiency of assets of KD 7,222,476 (31 December 2010: equity KD 6,181,647) and its current liabilities exceed its current assets by KD 38,181,611 (31 December 2010: KD 41,956,416). 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 have been prepared on a going concern basis because the management of the group is of the opinion that the group will continue in operating activities in the foreseeable future. The group reduced its murabaha payable balance by an amount approximating KD 61 million subsequent to three months ended 31 March 2011 and was able to generate net profit of approximately KD 52 million (unaudited) during the nine months period ended 30 September 2011 (for detail see Note 16).

3 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial information of the group have been prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting.

The annual consolidated financial statements for the year ended 31 December 2010 were prepared in accordance with the regulations by the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK"). These regulations require adoption of all International Financial Reporting Standards ("IFRS") except for the IAS 39 requirement for collective impairment provision, which has been replaced by the CBK's requirement for a minimum general provision.

The interim condensed consolidated financial information does not include all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2011. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2010.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional currency of the parent company.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosures

The accounting policies used in the preparation of these 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 2010, except for the adoption of the following new and amended International Accounting Standards Board ("IASB") Standards during the period:

IAS 24: Related party (Revised) (effective 1 January 2011)

The amendment clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The adoption of this revised standard did not have any impact on the Group's financial position or performance.

IAS 32: Financial instruments: presentation – classification of rights issues (Amendment) (effective 1 February 2010)

The amendment has revised the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment did not have any impact on the Group's financial position or performance.

IAS 34 Interim Financial Reporting (Amendment) (effective 1 January 2011)

The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed consolidated financial information. Adoption of this amendment did not have any material impact on the financial position or performance of the Group.

4 BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Basic and diluted loss per share is computed by dividing 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	
	2011	*2010*
	KD	*KD*
Loss for the period attributable to equity holders of the parent company from continuing operations	**(7,188,905)**	(3,327,523)
Profit for the period attributable to equity holders of the parent company from discontinued operations	-	115,402
Loss for the period attributable to the equity holders of the parent company	**(7,188,905)**	(3,212,121)
	Shares	*Shares*
Weighted average number of shares (net of treasury shares) outstanding for the period	**637,720,000**	636,981,556
Basic and diluted loss per share attributable to equity holders of the parent company	**(11.3) fils**	(5.0) fils
Basic and diluted loss per share attributable to equity holders of the parent company from continuing operations	**(11.3) fils**	(5.2) fils

5 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 2011 KD	*(Audited) 31 December 2010 KD*	*31 March 2010 KD*
Bank balances and cash	**12,101,802**	21,698,448	5,065,609
Short-term murabaha investments with original maturity up to three months	**10,821,713**	2,860,579	5,016,351
	22,923,515	24,559,027	10,081,960

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2011 KD	*(Audited) 31 December 2010 KD*	*31 March 2010 KD*
Quoted local equities:			
Carrying value before fair value adjustment	**5,058,749**	4,573,220	5,135,900
Fair value adjustment during the period/year	**(112,550)**	487,138	272,675
	4,946,199	5,060,358	5,408,575
Unquoted local equities:			
Carrying value before fair value adjustment	**25,906,135**	26,373,888	30,789,730
Fair value adjustment during the period/year	**9,836**	699,553	(532,319)
	25,915,971	27,073,441	30,257,411
Unquoted equities in the Middle East:			
Carrying value before fair value adjustment	**29,986,456**	54,129,391	54,129,391
Fair value adjustment during the period/year	**(1,374,739)**	(11,477,769)	373,627
	28,611,717	42,651,622	54,503,018
Unquoted foreign equities:			
Carrying value before fair value adjustment	**2,123,792**	1,993,521	2,280,721
Fair value adjustment during the period/year	**153,846**	130,271	(318,092)
	2,277,638	2,123,792	1,962,629
	61,751,525	76,909,213	92,131,633

The valuation of unquoted financial assets at fair value through profit or loss 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.

Unquoted equities include entities in which the group has more than 20% equity interest over which the group does not exercise significant influence.

Of the financial assets above, assets amounting to KD 49,326,372 (31 December 2010: KD 52,024,619 and 31 March 2010: Nil) are pledged as security against murabaha payable facilities amounting to KD 75,117,063 (31 December 2010: KD 80,534,409 and 31 March 2010: Nil) (Note 11).

7 FINANCIAL ASSETS AVAILABLE FOR SALE

	31 March 2011 **KD**	*(Audited) 31 December 2010 KD*	*31 March 2010 KD*
Unquoted local equities:			
Carrying value before fair value adjustment	**534,375**	1,525,000	1,525,000
Cumulative changes in fair value	-	250,000	
	534,375	1,775,000	1,525,000
Unquoted equities in the Middle East:			
Carrying value before fair value adjustment	**3,806,280**	3,806,280	5,647,030
Impairment in value during the period/year	-	-	(81,960)
	3,806,280	3,806,280	5,565,070
Unquoted foreign equities:			
Carrying value before fair value adjustment	**12,323,549**	14,524,641	16,385,466
Cumulative changes in fair value	-	575,551	
Impairment in value during the period/year	**(1,334,277)**	(757,640)	(141,200)
	10,989,272	14,342,552	16,244,266
	15,329,927	19,923,832	23,334,336

Included in the financial assets above are unquoted equities amounting to KD 14,131,501 (31 December 2010: KD 16,564,954 and 31 March 2010: 23,334,336) which 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.

At period end, the group performed an impairment test to its financial assets available for sale and incurred an impairment loss of KD 1,334,277 (31 December 2010: KD 597,412 and 31 March 2010: KD 223,160) in the interim condensed consolidated income statement 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 financial assets.

Of the financial assets above, assets amounting to KD 4,755,989 (31 December 2010: KD 7,498,024 and 31 March 2010: Nil) are pledged as security against murabaha payable facilities amounting to KD 75,117,063 (31 December 2010: KD 80,534,409 and 31 March 2010: Nil) (Note 11).

8 INVESTMENT PROPERTIES

	31 March 2011 **KD**	*(Audited) 31 December 2010 KD*	*31 March 2010 KD*
At beginning of the period/year	**534,995**	63,119,191	63,119,191
Additions	-	30,738,412	256,719
Disposals	-	(37,600,705)	-
Discontinued operations (Note 6)	-	(55,637,707)	-
Unrealised loss	-	(84,196)	-
At end of the period/year	**534,995**	534,995	63,375,910

8 INVESTMENT PROPERTIES (continued)

These represent a piece of land owned by a subsidiary company. These properties are stated at fair value, which was determined based on recent valuations performed by accredited independent valuers who are industry specialists in valuing these types of investment properties.

Investment properties related to a subsidiary company amounting to KD Nil (31 December 2010: KD Nil and 31 March 2010: KD 55,179,733) are pledged as security against a murabaha payable facility amounting to KD Nil (31 December 2010: KD Nil and 31 March 2010: KD 7,500,000) (Note 11).

9 SHARE CAPITAL

The authorised, issued and paid capital of the parent company are as follows:

	31 March 2011 KD	*(Audited) 31 December 2010 KD*	*31 March 2010 KD*
Authorised, issued and paid up :			
Shares of 100 fils each	**68,000,000**	68,000,000	68,000,000

10 TREASURY SHARES

	31 March 2011	*(Audited) 31 December 2010*	*31 March 2010*
Number of shares held	**42,280,000**	42,280,000	42,280,000
Percentage of shares held	**6.2%**	6.2%	6.2%
Market value KD *	**5,496,400**	5,496,400	5,496,400

* On 01 April 2010, 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.

11 MURABAHA PAYABLES

	31 March 2011 KD	*(Audited) 31 December 2010 KD*	*31 March 2010 KD*
Maturity within 1 year	**127,414,284**	130,734,694	146,132,983
Maturity above 1 year	**393,102**	495,571	16,197,160
	127,807,386	131,230,265	162,330,143

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

Of the Murabaha payables facility related to a subsidiary company amounting to KD Nil (31 December 2010: KD Nil and 31 March 2010: one facility of KD 7,500,000) is secured against investment properties valued at KD Nil (31 December 2010: KD Nil and 31 March 2010: KD 55,179,733 (Note 8).

In addition to that, Murabaha payables amounting to KD 75,117,063 (31 December 2010: 80,534,409 and 31 March 2010: Nil) are secured against certain financial assets at fair value through income statement and financial assets available for sale amounting to KD 49,326,372 and KD 4,755,989 respectively (31 December 2010: KD 52,024,619 and KD 7,498,024 and 31 March 2010: KD Nil and KD Nil) (Notes 6 and 7).

12 ACCOUNTS PAYABLE AND ACCRUALS

At 31 March 2011, accounts payable and accrual include advance from customers and amount payable under sale and deferred purchase agreement amounting to KD 895,079 (31 December 2010: KD 118,903 and 31 March 2010: KD 115,016) and KD 6,998,132 (31 December 2010: KD 7,922,863 and 31 March 2010: KD 15,042,740) respectively.

13 RELATED PARTY TRANSACTIONS

These represent transactions with certain parties (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) entered into by the group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the parent company's management.

Related party transactions and balances consist of the following:

Interim condensed consolidated income statement:

	Other related parties Three months ended 31 March	
	2011	*2010*
	KD	*KD*
Dividends	**47,831**	57,398
Management fee income - managed funds	**70,615**	52,798
Restructuring and arranging fees	**15,001**	15,495
Rent expense	**(45,059)**	(69,208)

Key management compensation:

	Three months ended 31 March	
	2011	*2010*
	KD	*KD*
Salaries and other short term benefits	**188,820**	291,922
Employees' end of services and share purchase plan benefits	**47,938**	40,767
	236,758	332,689

Interim condensed consolidated statement of financial position:

		(Audited)	
	31 March 2011	*31 December 2010*	*31 March 2010*
	KD	*KD*	*KD*
Accounts receivable and prepayments:			
Accrued management fees - managed funds	**70,615**	908,824	340,389
Accrued dividends - managed funds	**47,831**	100,729	515,843

Assets amounting to KD 4,804,573 (31 December 2010: KD 8,463,519 and 31 March 2010: KD 9,314,799) are being managed on behalf of related parties.

14 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 segment revenue, segment profit or loss and total assets information regarding the group's business segment for the three month period ended 31 March:

	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		*Continued operations*		*Discontinued operations*		*Total*	
	2011 KD	*2010 KD*	**2011 KD**	*2010 KD*	**2011 KD**	*2010 KD*	**2011 KD**	*KD*	**2011 KD**	*2010 KD*	**2011 KD**	*2010 KD*
Segment (loss) revenue	**(3,754,515)**	(259,699)	**282,437**	386,142	**2,004,428**	1,967,783	**(1,467,650)**	2,094,226	**-**	490,794	**(1,467,650)**	2,585,020
Segment results	**(5,488,470)**	(1,293,299)	**280,328**	129,997	**155,517**	185,119	**(5,052,625)**	(978,183)	**-**	115,402	**(5,052,625)**	(862,781)
Unallocated expenses											**(134,491)**	(153,182)
Share of results of associates											**24,455**	665,313
Murabaha payable costs											**(2,026,244)**	(2,861,471)
Loss attributable to equity holders of the parent company											**(7,188,905)**	(3,212,121)

15 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

At 31 March 2011, the group's bankers have given bank guarantees amounting to KD 289,953 (31 December 2010: KD 289,953 and 31 March 2010: KD 185,914). At 31 March 2011, the group has an amount of KD Nil (31 December 2010: KD 19,500 and 31 March 2010: KD 1,885,037 in respect of capital commitments for purchase of investments and assets.

16 SUBSEQUENT EVENT

Subsequent to 31 March 2011, the management of the parent company has managed to reduce its murabaha facilities balance by an amount of KD 72,197,510 and has recorded a net profit amounting to KD 49,106,508 for the year ended 31 December 2011 mainly due to the following:

16.1 The capital increase of a subsidiary company (Gatehouse Bank plc)

Before the end of the year 2010, the management of Gatehouse bank plc (the "bank") have prepared a business plan for its first phase of the expansion of the bank's activities and aimed to increase the paid up share capital of GBP 50 million to GBP 150 million through the issuance of 10 billion shares at the nominal value of GBP 0.01 per share amounting of GBP 100 million.

In October 2010, the bank assigned an independent consultant to review and enhance the bank's business plan, and assess the fair value of the bank's shares after the capital increase, which was estimated to be GBP 0.0239 per share.

During July 2011, the group sold 4,686,400,000 out of its 9,094,400,000 (equivalent to 29.7% of the bank's total issued share capital after the capital increase) priority rights to subscribe in the capital increase to a strategic investor. The group realised a net gain of KD 13.3 million from the sale. Subsequently during the same month, the group subscribed to the capital increase and paid an amount of KD 19.7 million (equivalent to GBP 44.1 million) in exchange of 4,408,000,000 shares.

Moreover, during the third quarter of 2011, in the group's efforts to reduce its debts and increase shareholders' value, the group sold 1,316,600,000 shares (equivalent to 8.3% of the total issued share capital after the capital increase) of the bank's shares to its creditors against settlement of certain outstanding murabaha payables amounting to KD 13.9 million. The sale price was set based on the fair valuation as determined by the independent consultant as mentioned above. Accordingly, a realised gain on sale of KD 9.4 million is recorded in the consolidated income statement subsequent to the reporting date. The management of the parent company is negotiating with its creditors to settle its debts through the sale of bank's equity securities.

As a result of the above transactions, the group's ownership percentage has decreased from 80% to 49%. From the date of loss of control, the investment in the bank is treated as an associate of the group and is accounted for in accordance with IAS 28: Investments in associates. The retained portion of the investment in Gatehouse Bank plc has been measured at fair value at the date that control is lost in accordance with IAS 27, as a result, a gain on change of fair valuation of the retained investment in the former subsidiary of an amount approximating KD 55 million is recorded in the consolidated income statement subsequent to the reporting date.

16.2 Financial investments

In settlement of outstanding murabaha payables, the parent company has sold certain financial assets at fair value through income statement and financial assets available for sale to its creditors. As a result, a realised loss on sale of KD 7 million is recorded in the interim condensed consolidated income statement subsequent to the reporting date.