

Interim condensed consolidated financial information and review report
National Industries Group Holding – SAK and subsidiaries
Kuwait

31 March 2012 (Unaudited)

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Contents

	Page
Review report	1
Interim condensed consolidated statement of income	2
Interim condensed consolidated statement of comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5 and 6
Interim condensed consolidated statement of cash flows	7 and 8
Notes to the interim condensed consolidated financial information	9 to 19



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Report on review of interim condensed consolidated financial information

To the board of directors of
National Industries Group Holding – SAK
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated financial position of National Industries Group Holding (A Kuwaiti Shareholding Company) and its subsidiaries as of 31 March 2012 and the related interim condensed consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". 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 International Accounting Standard 34, "Interim Financial Reporting".

Report on review of other legal and regulatory matters

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, or of the articles of association of the Company, as amended, have occurred during the three-month period ended 31 March 2012 that might have had a material effect on the business or financial position of the Company.

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Kuwait
14 May 2012

Interim condensed consolidated statement of income

	Note	Three months ended 31 March 2012 (Unaudited) KD '000	Three months ended 31 March 2011 (Unaudited) KD '000
Sales		27,425	24,132
Cost of sales		(21,116)	(19,315)
Gross profit		6,309	4,817
Income from investments	3	17,873	4,497
Share of results of associates		3,311	2,698
Interest and other operating income	4	1,528	1,650
Distribution costs		(1,060)	(1,094)
General, administrative and other expenses		(5,220)	(5,025)
Gain on foreign currency exchange		366	3,972
Finance costs		23,107	11,515
Impairment in value of available for sale investments	7	(9,265)	(10,929)
		(2,798)	(397)
Profit before taxation, NLST and Zakat		11,044	189
Taxation of foreign subsidiaries		-	(3)
Provision for National Labour Support Tax (NLST)		(98)	-
Provision for Zakat		(36)	-
Profit for the period		10,910	186
Attributable to :			
Owners of the parent company		9,421	1,941
Non-controlling interests		1,489	(1,755)
		10,910	186
Basic and diluted earnings per share attributable to the owners of the parent	5	7 Fils	2 Fils

The above set out on pages 2 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended 31 March 2012 (Unaudited) KD '000	Three months ended 31 March 2011 (Unaudited) KD '000
Profit for the period	10,910	186
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	(1,738)	(797)
Available for sale investments:		
- Net changes in fair value arising during the period	39,596	(30,366)
- Transferred to consolidated statement of income on disposals	(2,805)	(2,594)
- Transferred to consolidated statement of income on impairment	2,798	397
Share of other comprehensive income of associates		
- Changes in fair value	2,336	(7,270)
- Exchange differences	(417)	60
Total other comprehensive income for the period	39,770	(40,570)
Total comprehensive income for the period	50,680	(40,384)
Total comprehensive income attributable to:		
Owners of the parent	41,052	(34,437)
Non-controlling interests	9,628	(5,947)
	50,680	(40,384)

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	31 March 2012 (Unaudited) KD '000	31 Dec. 2011 (Audited) KD '000	31 March 2011 (Unaudited) KD '000
Assets				
Non-current assets				
Goodwill		6,749	6,645	6,888
Property, plant and equipment		65,157	65,316	66,111
Investment in associates	6	287,421	283,126	268,218
Investment properties		21,437	13,912	38,827
Available for sale investments	7	774,143	739,325	775,042
Accounts receivable		7,873	7,848	-
Total non-current assets		1,162,780	1,116,172	1,155,086
Current assets				
Inventories		23,757	23,602	19,633
Available for sale investments	7	82,306	86,713	98,157
Accounts receivable and other assets		70,989	68,224	57,623
Murabaha and wakala investments		6,763	8,413	20,630
Investments at fair value through profit or loss	8	76,676	81,816	109,974
Short-term deposits	12	81,192	79,041	93,888
Bank balances and cash	12	33,898	35,724	35,634
Total current assets		375,581	383,533	435,539
Total assets		1,538,361	1,499,705	1,590,625
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	9	129,510	129,510	129,510
Treasury shares		(30,375)	(30,375)	(30,375)
Share Premium	9	151,719	151,719	152,691
Cumulative changes in fair value		172,830	139,662	160,129
Other reserves	10	15,394	16,931	57,686
Accumulated losses		(21,103)	(30,524)	(41,024)
Equity attributable to owners of the parent		417,975	376,923	428,617
Non-controlling interests		153,757	144,686	168,656
Total equity		571,732	521,609	597,273
Non-current liabilities				
Trust certificates issued		-	-	131,908
Long-term loans	11	397,030	394,993	148,344
Leasing creditors		267	300	384
Provisions		8,974	9,611	10,207
Total non-current liabilities		406,271	404,904	290,843
Current liabilities				
Accounts payable and other liabilities		50,688	56,076	46,377
Trust certificates issued – current portion		132,169	132,549	13,870
Short-term loans	11	356,093	360,911	606,938
Due to banks	12	21,408	23,656	35,324
Total current liabilities		560,358	573,192	702,509
Total liabilities		966,629	978,096	993,352
Total equity and liabilities		1,538,361	1,499,705	1,590,625



Sa'ad Mohammed Al-Sa'ad
Chairman & Managing Director

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the parent company							Non- controlling interests KD '000	Total KD '000
	Share Capital KD '000	Treasury shares KD '000	Share Premium KD '000	Cumulative changes in fair value KD '000	Other reserves (Note 10) KD '000	Accumulated losses KD '000	Sub- Total KD '000		
Balance at 1 January 2012	129,510	(30,375)	151,719	139,662	16,931	(30,524)	376,923	144,686	521,609
Transactions with owners									
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	(182)	(182)
Net change in non-controlling interests	-	-	-	-	-	-	-	(375)	(375)
Total transactions with owners	-	-	-	-	-	-	-	(557)	(557)
Comprehensive income									
Profit for the period	-	-	-	-	-	9,421	9,421	1,489	10,910
Other comprehensive income for the period	-	-	-	33,168	(1,537)	-	31,631	8,139	39,770
Total comprehensive income for the period	-	-	-	33,168	(1,537)	9,421	41,052	9,628	50,680
Balance at 31 March 2012	129,510	(30,375)	151,719	172,830	15,394	(21,103)	417,975	153,757	571,732

This statement was prepared on the basis of the accounting records of the Company and its subsidiaries.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the parent company						Non-controlling interests KD '000	Total KD '000
	Share Capital KD '000	Treasury shares KD '000	Share Premium KD '000	Cumulative changes in fair value KD '000	Other reserves (Note 10) KD '000	Accumulated losses KD '000		
Balance at 1 January 2011	129,510	(30,804)	152,691	195,732	59,081	(42,965)	174,216	637,461
Transactions with owners								
Purchase of treasury shares	-	(728)	-	-	-	-	-	(728)
Disposal of treasury shares	-	1,157	-	-	-	-	-	1,157
Loss on disposal of treasury shares	-	-	-	-	(620)	-	-	(620)
Net change in non-controlling interests	-	-	-	-	-	-	387	387
Total transactions with owners	-	429	-	-	(620)	-	387	196
Comprehensive income								
Profit/(loss) for the period	-	-	-	-	-	1,941	(1,755)	186
Other comprehensive income for the period	-	-	-	(35,603)	(775)	-	(4,192)	(40,570)
Total comprehensive income for the period	-	-	-	(35,603)	(775)	1,941	(5,947)	(40,384)
Balance at 31 March 2011	129,510	(30,375)	152,691	160,129	57,686	(41,024)	168,656	597,273

Interim condensed consolidated statement of changes in equity (continued)

Interim condensed consolidated statement of cash flows

	Three months ended 31 March 2012 (Unaudited) KD '000	Three months ended 31 March 2011 (Unaudited) KD '000
OPERATING ACTIVITIES		
Profit before taxation, NSLT and zakat	11,044	189
Adjustments for :		
Depreciation of property, plant and equipment	1,479	1,711
Share of results of associates	(3,311)	(2,698)
Dividend income from available for sale investments	(9,946)	(6,975)
Unrealised (gain)/loss on interest rate SWAPs	(16)	51
Impairment in value of available for sale investments	2,798	397
Profit on sale of available for sale investments	(4,749)	(5,029)
Net provisions released	(637)	(1,157)
Finance costs	9,265	10,929
Interest/profit on bank balances, short-term deposits, wakala and murabaha investments	(615)	(1,439)
	5,312	(4,021)
Changes in operating assets and liabilities:		
Inventories	(155)	420
Accounts receivable and other assets	(2,792)	1,465
Investments at fair value through profit or loss	5,140	9,144
Accounts payable and other liabilities	(8,605)	2,581
Cash (used in)/from operations	(1,100)	9,589
Taxation paid	-	(85)
Zakat paid	(83)	
Net cash (used in)/from operating activities	(1,183)	9,504

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows (continued)

	Note	Three months ended 31 March 2012 (Unaudited) KD '000	Three months ended 31 March 2011 (Unaudited) KD '000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,242)	(927)
Additions to investment in associates		-	(436)
Purchase of investment properties		(5,153)	(2,185)
Purchase of available for sale investments		(2,173)	(16,534)
Proceeds from sale of available for sale investments		13,311	10,876
Decrease in wakala investments maturing after three months		650	1,819
Proceeds from realisation of term deposits		-	150
Dividend income received from available for sale investments		9,946	6,975
Interest/profit received from bank balances, short-term deposits, wakala and murabaha investments		617	1,533
Net cash from investing activities		15,956	1,271
FINANCING ACTIVITIES			
Finance lease movement		16	(55)
Net decrease in long-term loans		(499)	(1,785)
Net decrease in short-term loans and trust certificates		(2,662)	(5,324)
Dividend paid to owners of the parent		(94)	(218)
Finance costs paid		(9,434)	(11,388)
Purchase of treasury shares		-	(728)
Proceeds from disposal of treasury shares		-	537
(Decrease)/increase in non-controlling interests		(557)	387
Net cash used in financing activities		(13,230)	(18,574)
Net increase/(decrease) in cash and cash equivalents		1,543	(7,799)
Translation difference		30	44
		1,573	(7,755)
Cash and cash equivalents at beginning of the period		91,994	109,629
Cash and cash equivalents at end of the period	12	93,567	101,874

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Notes of the interim condensed consolidated financial information

1 Incorporation and activities

National Industries Group Holding – SAK (‘the parent company’) was incorporated in 1961 as a Kuwaiti shareholding company in accordance with the Commercial Companies Law in the State of Kuwait and in April 2003, its status was transformed to a ‘Holding Company’. The parent company along with its subsidiaries are jointly referred to as “the group”. The parent company’s shares are traded on the Kuwait Stock Exchange and Dubai Financial Market.

The main objectives of the parent company are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, along with acting as guarantor on behalf of these companies.
- Owning industrial equities such as patents, industrial trade marks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.
- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law.
- Employing excess funds available with the company by investing them in investment and real estate portfolios managed by specialised companies.

The address of the parent company’s registered office is PO Box 417, Safat 13005, State of Kuwait.

The board of directors of the parent company approved this interim condensed consolidated financial information for issue on 14 May 2012.

2 Basis of preparation and significant accounting policies

Basis of preparation

The interim condensed consolidated financial information of the group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in preparation of annual consolidated financial statements for the year ended 31 December 2011 except for the adoption of new and revised International Financial Reporting Standards discussed below:

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional currency of the parent company.

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the parent company’s management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Notes of the interim condensed consolidated financial information (continued)

2 Basis of preparation and significant accounting policies (continued)

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2011.

Results for the three months period ended 31 March 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012. For further details, refer to the annual consolidated financial statements and its related disclosures for the year ended 31 December 2011.

Adoption of new IASB Standards and amendments during the period

The group has adopted the following amended IFRS during the period:

IFRS 7 Financial Instruments: Disclosures- amendment

The amendments to IFRS 7 Financial Instruments: Disclosures resulted as a part of comprehensive review of off financial position activities. The amendments allows users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also required additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this amendment did not have any significant impact on the financial position or performance of the group.

IASB Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

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

<i>Standard</i>	<i>Effective for annual periods beginning</i>
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IAS 27 Consolidated and Separate Financial Statements	1 January 2013
- Revised as IAS 27 Separate Financial Statements	
IAS 28 Investments in Associates	1 January 2013
- Revised as IAS 28 Investments in Associates and Joint Ventures	
IFRS 9 Financial Instruments	1 January 2015
IFRS 13 Fair Value Measurement	1 January 2013
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013

Notes of the interim condensed consolidated financial information (continued)

2 Basis of preparation and significant accounting policies (continued)

IASB Standards issued but not yet effective (continued)

IAS 1 Presentation of Financial Statements

The amendment to IAS 1 requires entities to Group other comprehensive income items presented in the consolidated statement of comprehensive income based on those:

- a) Potentially reclassifiable to consolidated statement of income in a subsequent period, and
- b) That will not be reclassified to consolidated statement of income subsequently.

The Group will change the current presentation of the consolidated statement of comprehensive income when the amendment becomes effective however, it will not affect the measurement or recognition of such items.

IAS 27 Consolidated and Separate Financial statements – Revised as IAS 27 Separate Financial Statements

As a consequence of the new IFRS 10 and IFRS 12, IAS 27 now deals only with separate financial statements.

IAS 28 Investments in Associates – Revised as IAS 28 Investments in Associates and Joint Ventures

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 brings investments in joint ventures into its scope. However, the equity accounting methodology under IAS 28 remains unchanged.

IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice.

Management has yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of IFRS 9 have been published and they can comprehensively assess the impact of all changes.

IFRS 13 Fair Value Measurement

IFRS 13 does not affect which items to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. The Group's management have yet to assess the impact of this new standard.

Notes of the interim condensed consolidated financial information (continued)

IASB Standards issued but not yet effective (continued)

Consolidation Standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Group's management has yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.

IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and procedures of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

IFRS 11 Joint Arrangements

IFRS 11 supersedes IAS 31 Interests in Joint Ventures (IAS 31). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments including subsidiaries, joint arrangements, associates and unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

3 Income from investments

	Three months ended 31 March 2012 (Unaudited) KD '000	Three months ended 31 March 2011 (Unaudited) KD '000
Dividend income:		
- From investments at fair value through profit or loss	22	100
- From available for sale investments	9,946	6,975
Profit on sale of available for sale investments	4,749	5,029
Realised gain on investments at fair value through profit or loss	644	423
Unrealised gain/(loss) on investments at fair value through profit or loss	2,512	(8,030)
	17,873	4,497

Notes of the interim condensed consolidated financial information (continued)

4 Interest and other operating income

	Three months ended 31 March 2012 (Unaudited) KD '000	Three months ended 31 March 2011 (Unaudited) KD '000
Interest/profit on bank balances, short term deposits, wakala and murabaha investments	615	1,439
Net gain/(loss) from dealing in interest rate SWAPs	16	(51)
Income from financing of future trade by customers	149	122
Rental income	307	135
Others	441	5
	1,528	1,650

5 Basic and diluted earnings per share attributable to the owners of the parent

Earnings per share is calculated by dividing the profit for the period attributable to the owners of the parent company by the weighted average number of shares outstanding during the period as follows:

	Three months ended 31 March 2012 (Unaudited)	Three months ended 31 March 2011 (Unaudited)
Profit for the period attributable to the owners of the parent company (KD '000)	9,421	1,941
Weighted average number of shares outstanding during the period (excluding treasury shares) – shares	1,261,959,044	1,262,549,044
Basic & diluted earnings per share attributable to the owners of the parent company	7 Fils	2 Fils

6 Investment in associates

The movement in associates during the period is as follows:

	31 March 2012 (Unaudited) KD '000	31 Dec. 2011 (Audited) KD '000	31 March 2011 (Unaudited) KD '000
Balance at 1 January	283,126	272,494	272,466
Additions during the year	-	14,114	436
Share of results	3,311	14,464	2,698
Change in other comprehensive income	1,919	(14,258)	(7,324)
Dividend received	-	(2,845)	-
Transferred to investment in subsidiary	-	(523)	-
Others adjustments	(935)	(320)	(58)
	287,421	283,126	268,218

Notes of the interim condensed consolidated financial information (continued)

7 Available for sale investments

	31 March 2012 (Unaudited) KD '000	31 Dec. 2011 (Audited) KD '000	31 March 2011 (Unaudited) KD '000
Non Current			
Managed funds	188,878	191,043	209,715
Unquoted equity participations	189,052	188,917	201,812
Quoted shares	396,213	359,365	363,515
	774,143	739,325	775,042
Current			
Quoted shares	82,306	86,713	98,157
	856,449	826,038	873,199

- The quoted shares classified as current represents the remaining investments from those which were transferred from investments at fair value through profit or loss as of 1 July 2008.
- At the end of the period, the group recognised a total impairment loss of KD2,798 thousand (31 March 2011: KD397 thousand) for certain quoted and unquoted shares.
- Quoted shares with a fair value of KD46,496 thousand (31 December 2011: KD37,006 thousand and 31 March 2011: KD27,797 thousand) are secured against term loans (refer note 11).

8 Investments at fair value through profit or loss

	31 March 2012 (Unaudited) KD '000	31 Dec. 2011 (Audited) KD '000	31 March 2011 (Unaudited) KD '000
Held for trading :			
Quoted shares	33,103	34,411	51,536
Designated on initial recognition :			
Local funds	17,076	21,905	30,003
International managed portfolios and funds	26,497	25,500	28,435
	43,573	47,405	58,438
	76,676	81,816	109,974

Quoted shares, held by local subsidiaries, with a fair value of KD16,808 thousand (31 December 2011: KD14,174 thousand and 31 March 2011: KD15,602 thousand) are secured against term loans (refer note 11).

Notes of the interim condensed consolidated financial information (continued)

9 Share capital and share premium

- As of 31 March 2012, authorized and fully paid share capital in cash of the parent company comprised of 1,295,098,167 shares of 100 Fils each (31 December 2011: 1,295,098,167 shares and 31 March 2011: authorised share capital of 1,589,438,660 shares while the issued and fully paid share capital comprised of 1,295,098,167 shares).
- At the extraordinary general assembly held on 21 May 2009, the shareholders of the parent company approved to increase the paid up share capital by 25% by way of issuing shares at par value of 100 Fils per share and premium of 350 Fils per share. However, the shareholders of the parent company at the Annual General Assembly held on 12 May 2011, cancelled the proposed increase in share capital and approved to reduce the authorised share capital to 1,295,098,167 shares of 100 Fils each.
- Share premium is not available for distribution.

10 Others reserves

	Statutory reserve KD '000	General reserve KD '000	Gain on Sale of treasury shares reserve KD '000	Foreign currency translation reserve KD '000	Total KD '000
Balances at 1 January 2012	911	856	18,452	(3,288)	16,931
Other comprehensive income:					
Currency translation differences	-	-	-	(1,537)	(1,537)
Balances at 31 March 2012	911	856	18,452	(4,825)	15,394
Balances at 1 January 2011	41,704	289	19,072	(1,984)	59,081
Loss on disposal of treasury shares	-	-	(620)	-	(620)
Other comprehensive income:					
Currency translation differences	-	-	-	(775)	(775)
Balances at 31 March 2011	41,704	289	18,452	(2,759)	57,686

11 Term loans

- During the period, the group has reclassified Kuwaiti Dinar denominated loans amounting to KD15,725 thousand and US Dollars denominated loan amounting to KD1,739 thousand to short term loans from long term loans as these loans are maturing within one year.
- During the period, the parent company has rescheduled Kuwait Dinar denominated loan amounting to KD20,000 thousand from short term to long term.

Notes of the interim condensed consolidated financial information (continued)

12 Cash and cash equivalents

	31 March 2012 (Unaudited) KD '000	31 Dec. 2011 (Audited) KD '000	31 March 2011 (Unaudited) KD '000
Murabaha and wakala investments -- maturing within three months	-	1,000	7,686
Short-term deposits	81,192	79,041	93,888
Bank balances and cash	33,898	35,724	35,634
Due to banks	(21,408)	(23,656)	(35,324)
	93,682	92,109	101,884
Less: Blocked balances	(115)	(115)	(10)
Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flow	93,567	91,994	101,874

Notes of the interim condensed consolidated financial information (continued)

13 Segmental analysis

The group's format for reporting segment information is business segments; which conforms to the internal reporting presented to management:

	Investment		Building materials		Specialist engineering		Total	
	31 March 2012 KD '000	31 March 2011 KD '000	31 March 2012 KD '000	31 March 2011 KD '000	31 March 2012 KD '000	31 March 2011 KD '000	31 March 2012 KD '000	31 March 2011 KD '000
Segment revenue	22,712	8,845	10,688	10,099	16,737	14,033	50,137	32,977
Less:								
Income from investments							(17,873)	(4,497)
Share of results of associates							(3,311)	(2,698)
Interest and other operating income							(1,528)	(1,650)
Sales, per the interim condensed consolidated statement of income							27,425	24,132
Segment profit/(loss)	16,410	4,982	2,492	2,326	1,041	(162)	19,943	7,146
Less:								
Finance costs							(9,265)	(10,929)
Other unallocated income							366	3,972
Profit for the period before taxation, NLST and Zakat as per the interim condensed consolidated statement of income							11,044	189
Total assets	1,416,371	1,459,725	53,381	52,132	68,609	78,768	1,538,361	1,590,625

Notes of the interim condensed consolidated financial information (continued)

14 Related party transactions

Related parties represent associates, directors and key management personnel of the group, and other related parties such as 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.

Details of significant related party transactions and balances are as follows:

	31 March 2012 (Unaudited) KD '000	31 Dec. 2011 (Audited) KD '000	31 March 2011 (Unaudited) KD '000
Balances included in interim condensed consolidated statement of financial position			
Due from related parties (included in accounts receivable and other assets)			
- Due from associate companies	3,518	4,421	6,493
- Due from other related parties	19	980	2,083
- Due from key management personnel	231	231	313
- Purchase of investment from associate	-	3,493	-
Due to related parties (included in accounts payable and other liabilities)			
- Due to associate	4,235	4,487	917
		Three months ended 31 March 2012 (Unaudited) KD '000	Three months ended 31 March 2011 (Unaudited) KD '000
Transactions included in interim condensed consolidated statement of income			
Purchase of raw materials – from associates		1,439	1,510
Compensation of key management personnel of the group			
Short term employee benefits		798	682
End of service benefits		90	104
		888	786

15 Annual general assembly

The Annual General Assembly of the Parent Company for the year ended 31 December 2011 is scheduled to be held on 24 May 2012. Accordingly, the consolidated financial statements for the year ended 31 December 2011 have not yet been approved by the shareholders, hence the opening balances are subject to shareholders approval. The directors of the Parent Company did not propose any dividends for the year ended 31 December 2011.

Notes of the interim condensed consolidated financial information (continued)

16 Contingent liabilities

At 31 March 2012, the group had contingent liabilities in respect of outstanding bank guarantees amounting to KD13,734 thousand (31 December 2011: KD14,164 thousand and 31 March 2011: KD13,340 thousand).

17 Fiduciary assets

One of the subsidiaries of the group manages mutual funds, portfolios on behalf of related and third parties, and maintains securities in fiduciary accounts which are not reflected in the interim condensed consolidated statement of financial position. Assets under management at 31 March 2012 amounted to KD41,334 thousand (31 December 2011: KD43,032 thousand and 31 March 2011: KD44,107 thousand) of which assets managed on behalf of related parties amounted to KD9,565 thousand (31 December 2011: KD8,930 thousand and 31 March 2011: KD9,592 thousand).

18 Capital commitments

At the reporting date the group had commitments for the purchase of investments and the acquisition of property, plant and equipment totalling to KD27,071 thousand (31 December 2011: KD30,521 thousand and 31 March 2011: KD36,649 thousand).

19 Comparative information

Certain comparative amounts for the previous period have been reclassified to be consistent with the presentation for the current period. Such classifications did not affect previously reported results, total assets and equity.