NATIONAL INTERNATIONAL HOLDING COMPANY K.S.C. (CLOSED) AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2012

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

BAKER TILLY
KUWAIT
Dr. Saud Al-humaidi & Partners
Public Accountants
P.O.Box 1486 Safat,13015 Kuwait
Sharq Area, Omar Bin Khattab Street
Shawafat Bldg, Block No. 5, 1st Floor
Tel : 22442333 / 22443222
Fax : 22461225
www.bakertillykuwait.com

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NATIONAL INTERNATIONAL HOLDING COMPANY K.S.C. (CLOSED)

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of National International Holding Company K.S.C. (Closed) ("the Parent Company") and its Subsidiaries (Collectively "the Group") as at 31 March 2012 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows 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 International Accounting Standard 34: Interim Financial Reporting ("IAS 34"). 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 IAS 34.

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 are not aware of any violations of the Commercial Companies Law of 1960, as amended, or of the Articles of Association of the Parent Company during the period ended 31 March 2012 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
OF ERNST & YOUNG

DR. SAUD AL-HUMAIDI
LICENSE NO. 51 A
DR. SAUD AL-HUMAIDI & PARTNERS
MEMBER OF BAKER TILLY INTERNATIONAL

14 May 2012
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

Period ended 31 March 2012

	Notes	*Three months ended 31 March* **2012** ***KD***	*2011* *KD*
Realised gain on sale of financial assets at fair value through profit or loss		**91,919**	33,257
Unrealised loss on financial assets at fair value through profit or loss		**(14,976)**	(317,478)
Realised (loss) gain on sale of financial assets available for sale		**(3,394)**	61,151
Impairment loss on financial assets available for sale	5	**(57,380)**	(198,052)
Dividend income		**41,589**	6,720
Net investment gain (loss)		**57,758**	(414,402)
Administrative expenses		**(80,507)**	(89,862)
Operating loss		**(22,749)**	(504,264)
Interest income		**10,112**	20,464
Foreign exchange gain		**5,727**	12,192
Finance costs		**(85,421)**	-
Reversal of impairment of receivables		**70,750**	-
LOSS FOR THE PERIOD		**(21,581)**	(471,608)
BASIC AND DILUTED LOSS PER SHARE	3	**(0.1) fils**	(2.29) fils

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Period ended 31 March 2012

	Note	*Three months ended 31 March* **2012** **KD**	*2011* *KD*
Loss for the period		**(21,581)**	(471,608)
Other comprehensive income			
Financial assets available for sale:			
- Change in fair values		**47,858**	(607,250)
- Recycled to interim condensed statement of income on sale		**3,394**	(61,151)
- Impairment loss transferred to interim condensed consolidated statement of income	5	**57,380**	198,052
Total other comprehensive income (loss) for the period		**108,632**	(470,349)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**87,051**	(941,957)

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 31 March 2012

	Notes	*31 March 2012* KD	*(Audited) 31 December 2011* KD	*31 March 2011* KD
ASSETS				
Cash and bank balances	4	**1,085,803**	981,680	753,741
Financial assets at fair value through profit or loss		**273,459**	336,560	930,375
Accounts receivable and other assets		**1,026,104**	2,942,047	1,103,123
Financial assets available for sale	5	**31,888,835**	29,926,577	30,551,650
Investment in an associate		**107,812**	107,812	87,402
Investment properties	6	**10,495,000**	10,495,000	11,032,020
Furniture and equipment		**2,441**	3,126	4,903
TOTAL ASSETS		**44,879,454**	44,792,802	44,463,214
EQUITY AND LIABILITIES				
Equity				
Share capital	7	**21,262,500**	21,262,500	21,262,500
Share premium		**6,268,488**	6,268,488	13,324,422
Cumulative changes in fair values		**11,274,065**	11,165,433	10,171,760
Treasury shares		**(1,357,204)**	(1,357,204)	(1,348,524)
Treasury shares reserve		**318,561**	318,561	318,561
Accumulated deficit		**(330,523)**	(308,942)	(7,527,542)
Total equity		**37,435,887**	37,348,836	36,201,177
Liabilities				
Bank overdrafts	4	**318,825**	233,404	618,733
Accounts payable and other liabilities		**1,124,742**	1,210,562	1,643,304
Term loans		**6,000,000**	6,000,000	6,000,000
Total liabilities		**7,443,567**	7,443,966	8,262,037
TOTAL EQUITY AND LIABILITIES		**44,879,454**	44,792,802	44,463,214

Ali Ahmed Al-Bagli
(Chairman)

Abdulwahab Mohamed Al-Wazzan
(Deputy Chairman)

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 31 March 2012

	Share capital KD	*Share premium KD*	*Cumulative changes in fair values KD*	*Treasury shares KD*	*Treasury shares reserve KD*	*Accumulated deficit KD*	*Total KD*
Balance at 1 January 2012	21,262,500	6,268,488	11,165,433	(1,357,204)	318,561	(308,942)	37,348,836
Loss for the period	-	-	-	-	-	(21,581)	(21,581)
Other comprehensive income for the period	-	-	108,632	-	-	-	108,632
Total comprehensive income (loss) for the period	-	-	108,632	-	-	(21,581)	87,051
Balance at 31 March 2012	**21,262,500**	**6,268,488**	**11,274,065**	**(1,357,204)**	**318,561**	**(330,523)**	**37,435,887**
Balance at 1 January 2011	21,262,500	13,324,422	10,642,109	(1,348,524)	318,561	(7,055,934)	37,143,134
Loss for the period	-	-	-	-	-	(471,608)	(471,608)
Other comprehensive loss for the period	-	-	(470,349)	-	-	-	(470,349)
Total comprehensive loss for the period	-	-	(470,349)	-	-	(471,608)	(941,957)
Balance at 31 March 2011	21,262,500	13,324,422	10,171,760	(1,348,524)	318,561	(7,527,542)	36,201,177

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

Period ended 31 March 2012

		Three months ended 31 March	
		2012	*2011*
	Note	***KD***	*KD*
OPERATING ACTIVITIES			
Loss for the period		**(21,581)**	(471,608)
Non-cash adjustments to reconcile loss for the period to net cash flows:			
Realised loss (gain) on sale of financial assets available for sale		**3,394**	(61,151)
Impairment loss on financial assets available for sale	5	**57,380**	198,052
Dividend income		**(41,589)**	(6,720)
Depreciation		**685**	98
Interest income		**(10,112)**	(20,464)
Finance costs		**85,421**	-
Reversal of impairment of receivables		**(70,750)**	-
Provision for employees' end of service benefits		**2,676**	7,829
		5,524	(353,964)
Working capital adjustments:			
Financial assets at fair value through profit or loss (net)		**63,101**	410,285
Accounts receivable and other assets		**46,805**	2,538
Accounts payable and other liabilities		**(88,496)**	(84,907)
Cash from operations		**26,934**	(26,048)
Finance costs paid		**(85,421)**	-
Net cash used in operating activities		**(58,487)**	(26,048)
INVESTING ACTIVITIES			
Purchase of financial assets available for sale		**(131,400)**	(425,400)
Proceeds from sale of financial assets available for sale		**167,000**	345,341
Additions to investment properties		-	(120,141)
Purchase of furniture and equipment		-	(151)
Dividend income received		**41,589**	6,720
Net cash from (used in) investing activities		**77,189**	(193,631)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**18,702**	(219,679)
Cash and cash equivalents at 1 January		**748,276**	354,687
CASH AND CASH EQUIVALENTS AT 31 MARCH		**766,978**	135,008

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

1 ACTIVITIES

The interim condensed consolidated financial information of National International Holding Company K.S.C. (Closed) ("the Parent Company") and its Subsidiaries (collectively "the Group") for the three months ended 31 March 2012 were authorised for issue in accordance with a resolution of the Parent Company's board of directors on 14 May 2012.

The Parent Company has not yet held the annual general assembly of its shareholder for the year ended 31 December 2011. The ordinary general assembly of the shareholders of the Parent Company has the power to amend the consolidated financial statements for the year ended 31 December 2011.

The Parent Company is a Kuwaiti closed shareholding company incorporated on 14 January 1979 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The registered office of the Parent Company is located on the 4th Floor, Chamber of Commerce and Industry Building, Al Shuhada Street, Kuwait.

The Group is primarily engaged in investments in the local and international markets.

The Parent Company is a subsidiary of Global Macro Fund (the "Ultimate Parent Company").

2 BASIS OF PRESENTATION

(a) 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 the preparation of the annual consolidated financial statements for the year ended 31 December 2011.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

(b) The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2011. Further, results for the three month period ended 31 March 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

3 BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted loss per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 31 March, the Parent Company had no outstanding dilutive potential shares.

3 BASIC AND DILUTED LOSS PER SHARE (continued)

The information necessary to calculate basic and diluted loss per share based on the weighted average number of shares outstanding, less treasury shares, during the period is as follows:

	Three months ended 31 March	
	2012	*2011*
Loss for the period (KD)	**(21,581)**	(471,608)
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	**206,176,150**	206,336,150
Basic and diluted loss per share	**(0.1) fils**	(2.29) fils

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows include the following interim condensed consolidated statement of financial position amounts:

	31 March 2011 KD	*(Audited) 31 December 2011 KD*	*31 March 2011 KD*
Cash in hand	**6,617**	6,617	4,999
Bank balances	**1,079,186**	975,063	748,742
Bank balances and cash	**1,085,803**	981,680	753,741
Bank overdrafts	**(318,825)**	(233,404)	(618,733)
	766,978	748,267	135,008

The average effective interest rate on bank overdrafts is 3% (31 December 2011: 3% and 31 March 2011: 2.5%) per annum over the Central Bank of Kuwait discount rate.

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	31 March 2011 KD	*(Audited) 31 December 2011 KD*	*31 March 2011 KD*
Quoted equity securities	**1,323,482**	1,356,276	1,025,344
Unquoted equity securities	**26,033,774**	24,083,774	16,090,344
Managed portfolios (Unquoted)	**3,620,245**	3,515,923	11,838,128
Managed funds	**911,334**	970,604	1,597,834
	31,888,835	29,926,577	30,551,650

An impairment loss of KD 30,150 (31 December 2011: KD 211,943 and 31 March 2011: KD 299,728) has been recorded against quoted equity securities on which there has been a significant or prolonged decline in value.

5 FINANCIAL ASSETS AVAILABLE FOR SALE (continued)

Unquoted local and foreign equity securities amounting KD 15,602,582 (31 December 2011: KD 13,652,582 and 31 March 2011: KD 6,954,130) are carried at cost less impairment because fair value could not be reliably measured. Management is not aware of any circumstances that would indicate any further impairment in the value of these investments at the reporting date. Unquoted local and foreign equity securities include equity security amounting to KD 10,431,192 (31 December 2011: KD 10,431,192 and 31 March 2011: KD 9,136,213) are carried at fair value based on recent arm's length transactions available at the reporting date.

Managed portfolios amounting to KD 3,375,215 (31 December 2011: KD 3,253,454 and 31 March 2011: KD 11,838,128) are carried at fair value. The fair value of these investments is determined by reports provided by the investment manager, based on these reports an amount of KD 5,079 (31 December 2011: KD 150,060 and 31 March 2011: KD 95,489) has been recorded as an impairment loss in the interim condensed consolidated statement of income. Managed portfolios include unquoted foreign equity securities amounting to KD 245,030 (31 December 2011: KD 262,469 and 31 March 2011: KD 299,728) are carried at fair value using observable market data.

Managed funds are carried at net asset values reported by the investment manager, a related party. An impairment loss of KD 22,151 (31 December 2011: KD 350,953 and 31 March 2011: KD 102,563) has been recorded in the interim condensed consolidated statement of income on these investments.

6 INVESTMENT PROPERTIES

	Total 31 March 2012 KD	*(Audited) Total 31 December 2011 KD*	*Total 31 March 2011 KD*
Balance at the beginning of the period/year	**10,495,000**	10,911,879	10,911,879
Additions	-	301,385	32,763
Borrowing costs capitalized	-	266,961	87,378
Change in fair value	-	(985,225)	-
Balance at the end of the period/year	**10,495,000**	10,495,000	11,032,020

Land located in Dubai of KD 400,000 (31 December 2011: KD 400,000 and 31 March 2011: KD1,583,879) is held in the name of the project owner as nominee on behalf of one of the Group's subsidiaries who has confirmed in writing that the subsidiary is the beneficial owner for the land.

The fair value of the investment properties was determined as at 31 December 2011 by two independent valuers who are specialized in valuing these type of properties.

Investment properties of KD 10,095,000 (31 December 2011: KD 10,095,000 and 31 March 2011: KD 9,448,139) are pledged as collateral against the term loans.

7 SHARE CAPITAL

	31 March 2012 KD	*(Audited) 31 December 2011 KD*	*31 March 2011 KD*
Authorised, issued and fully paid (212,625,000 shares of 100 fils each)	**21,262,500**	21,262,500	21,262,500

8 RELATED PARTY TRANSACTIONS

Related parties represent i.e. major shareholders, associates, directors and key management personnel of the group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	Three months ended 31 March	
	2012	*2011*
	KD	*KD*
Impairment loss on financial assets available for sale	**5,079**	191,270

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	31 March 2012	*(Audited) 31 December 2011*	*31 March 2011*
	KD	*KD*	*KD*
Financial assets available for sale	**2,687,231**	2,655,092	9,883,756
Investment in an associate	**107,812**	107,812	87,402
Amount due from related parties	-	-	74,250
Accounts payable and other liabilities	-	-	356,979

	Three months ended 31 March	
	2012	*2011*
	KD	*KD*
Key management compensation		
Short-term benefits	**17,100**	16,500
Employees' end of service benefits	**1,550**	1,125
	18,650	17,625

9 SEGMENTAL INFORMATION

For management purposes, the Group is organized into business units based on their products and services, and has two reportable operating segments as follows:

- Real estate investing activities comprises investment and trading in real estate and construction or development of real estate for the sale in the ordinary course of business and other related real estate services.
- Equities and other investing activities comprise participation in financial and real estate funds and managing the Group's liquidity requirements.

9 SEGMENTAL INFORMATION (continued)

Primary segment information

The Group operates into two major business segments which are investment and real estate. The principal activities and services under these segments are as follows:

Period ended 31 March 2012	***Equities and other investing activities KD***	***Real estate investing activities KD***	***Unallocated KD***	***Total KD***
Segment revenue	**143,620**	**-**	**76,477**	**220,097**
Segment results				
Unrealised loss on financial assets at fair value through profit or loss	(14,976)	-	-	(14,976)
Realised loss on sale of financial assets available for sale	(3,394)	-	-	(3,394)
Impairment loss on financial assets available for sale	(57,380)	-	-	(57,380)
Finance cost	-	(85,421)	-	(85,421)
Unallocated expenses - net	-	-	(80,507)	(80,507)
Segment results	**67,870**	**(85,421)**	**(4,030)**	**(21,581)**

As at 31 March 2012	***Equities and other investing activities KD***	***Real estate investing activities KD***	***Unallocated KD***	***Total KD***
Segment assets	**32,270,106**	**10,495,000**	**2,114,348**	**44,879,454**
Segment liabilities	**-**	**6,686,741**	**756,826**	**7,443,567**

Period ended 31 March 2011	*Equities and other investing activities KD*	*Real estate investing activities KD*	*Unallocated KD*	*Total KD*
Segment result	121,592	-	12,192	133,784
Segment loss				
Unrealised loss on financial assets at fair value through profit or loss	(317,478)	-	-	(317,478)
Impairment loss on financial assets available for sale	(198,052)	-	-	(198,052)
Unallocated expenses - net	-	-	(89,862)	(89,862)
Segment results	(393,938)	-	(77,670)	(471,608)

9 SEGMENTAL INFORMATION (continued)

As at 31 March 2011	*Equities and other investing activities KD*	*Real estate investing activities KD*	*Unallocated KD*	*Total KD*
Segment assets	32,461,224	11,032,020	969,970	44,463,214
Segment liabilities	-	7,414,322	847,715	8,262,037

10 COMMITMENTS

At 31 March 2012, the Group has commitments amounting to KD 82,436 (31 December 2011: KD 82,436 and 31 March 2011: KD 1,093,966) for construction projects.

11 TREASURY SHARES

	31 March 2012	*(Audited) 31 December 2011*	*31 March 2011*
Number of treasury shares (shares)	**6,448,850**	6,448,850	6,289,350
Percentage of issued shares	**3 %**	3 %	2.96%
Market value (KD)	**335,340**	328,891	305,009