

14 NOV 2012

Kuwait Stock Exchange  
Auto. Doc.  
& Archival Section Copy

Interim condensed financial information and review report  
**Ikarus Petroleum Industries Company – SAK (Closed)**  
**Kuwait**  
30 September 2012

Interim condensed financial information and review report  
**Ikarus Petroleum Industries Company – SAK (Closed)**  
**Kuwait**

30 September 2012

## Contents

	<b>Page</b>
Review report	1
Interim condensed statement of income	2
Interim condensed statement of comprehensive income	3
Interim condensed statement of financial position	4
Interim condensed statement of changes in equity	5
Interim condensed statement of cash flows	6
Notes to the interim condensed financial information	7 to 13



# Grant Thornton

Al-Qatami, Al-Aiban & Partners

## Auditors & Consultants

Souq Al Kabeer Building - Block A - 9th Floor

Tel : (965) 2244 3900-9

Fax: (965) 2243 8451

P.O.Box 2986, Safat 13030

Kuwait

[www.gtkuwait.com](http://www.gtkuwait.com)

## Allied Accountants

Abdullatif Al-Majid & Co.

Certified Public Accountants - Experts

P.O. Box : 5506 Safat- 13056 Kuwait

Tel: 22432082/3/4

Fax: 22402640

E-mail: [info@alliedaccountants-kw.com](mailto:info@alliedaccountants-kw.com)

## Report on review of interim condensed financial information

To the board of directors of  
Ikarus Petroleum Industries Company – SAK (Closed)  
Kuwait

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of Ikarus Petroleum Industries Company (A Kuwaiti Closed Shareholding Company) as of 30 September 2012 and the related interim condensed statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed 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 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 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 nine-month period ended 30 September 2012 that might have had a material effect on the business or financial position of the Company.

Abdullatif M. Al-Aiban (CPA)  
(Licence No. 94-A)  
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Abdullatif A.H. Al-Majid  
(Licence No. 70-A)  
of Allied Accountants

Kuwait  
4 November 2012

## Interim condensed statement of income

		Three months ended		Nine months ended	
		30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD
Income	Note				
Realised loss on sale investments at fair value through profit or loss		-	-	-	(92,639)
Unrealised gain/(loss) on investments at fair value through profit or loss		364,967	(58,315)	(306,736)	(368,342)
Realised gain on sale of available for sale investments		-	3,850,828	1,335,076	8,924,031
Dividend income from available for sale investments		1,141,253	96,530	7,679,649	2,340,725
Dividend income from investments at fair value through profit or loss		-	-	144,953	138,050
Interest and other income		63,013	4,549	194,860	6,192
Net gain/(loss) on interest rate swap		2,217	(17,917)	14,315	23,483
Foreign exchange (loss)/gain		(104,442)	(143,967)	(280,421)	519,152
		1,467,008	3,731,708	8,781,696	11,490,652
Expenses and other charges					
Staff costs		95,150	103,120	325,903	323,302
Finance costs		358,217	263,332	1,061,495	807,889
Other operating expenses		83,970	180,018	262,395	353,448
		537,337	546,470	1,649,793	1,484,639
Profit before provision for KFAS, Zakat and NLST		929,671	3,185,238	7,131,903	10,006,013
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(8,367)	(28,667)	(64,187)	(90,054)
Provision for Zakat		(9,328)	(30,932)	(67,269)	(96,383)
Provision for National Labour Support Tax (NLST)		(23,319)	(77,305)	(170,372)	(240,932)
Profit for the period		888,657	3,048,334	6,830,075	9,578,644
Basic and diluted earnings per share	3	1.2 Fils	4.1 Fils	9.2 Fils	12.8 Fils



The notes set out on pages 7 to 13 form an integral part of this interim condensed financial information.

## Interim condensed statement of comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD
Profit for the period	888,657	3,048,334	6,830,075	9,578,644
<b>Other comprehensive income:</b>				
Available for sale investments:				
- Net change in fair value arising during the period	1,527,738	(18,171,268)	(9,541,648)	(5,175,558)
- Transferred to statement of income on sale	-	(2,963,889)	(1,234,519)	(7,360,915)
Total other comprehensive income for the period	1,527,738	(21,135,157)	(10,776,167)	(12,536,473)
Total comprehensive income for the period	2,416,395	(18,086,823)	(3,946,092)	(2,957,829)

*The notes set out on pages 7 to 13 form an integral part of this interim condensed financial information.*

## Interim condensed statement of financial position

	Note	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
<b>Assets</b>				
<b>Non-current assets</b>				
Available for sale investments	4	158,159,517	169,140,205	161,046,764
<b>Current assets</b>				
Available for sale investments	4	7,407,502	7,214,954	7,110,378
Investments at fair value through profit or loss	5	4,706,391	5,013,127	4,711,148
Due from parent company	9	5,093,540	-	-
Accounts receivable and other assets		65,193	80,643	84,046
Cash and cash equivalents	6	1,787,871	794,075	1,364,304
<b>Total current assets</b>		<b>19,060,497</b>	<b>13,102,799</b>	<b>13,269,876</b>
<b>Total assets</b>		<b>177,220,014</b>	<b>182,243,004</b>	<b>174,316,640</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		75,000,000	75,000,000	75,000,000
Treasury shares		(611,443)	(611,443)	(551,761)
Legal reserve		4,275,667	4,275,667	3,389,302
Voluntary reserve		2,164,821	2,164,821	1,278,456
Cumulative changes in fair value		50,228,636	61,004,803	52,352,467
Retained earnings		8,148,377	7,287,264	10,227,111
<b>Total equity</b>		<b>139,206,058</b>	<b>149,121,112</b>	<b>141,695,575</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Due to parent company	9	-	99,445	99,752
Short term borrowings	7	37,375,375	32,080,400	31,705,500
Other liabilities		638,581	942,047	815,813
<b>Total liabilities</b>		<b>38,013,956</b>	<b>33,121,892</b>	<b>32,621,065</b>
<b>Total equity and liabilities</b>		<b>177,220,014</b>	<b>182,243,004</b>	<b>174,316,640</b>

  
Nader Hamad Sultan  
Chairman



  
Suhail Yousef Abograis  
Director & CEO

The notes set out on pages 7 to 13 form an integral part of this interim condensed financial information.

AT

## Interim condensed statement of changes in equity

	Share capital KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Retained earnings KD	Total KD
<b>Balance as at 1 January 2012</b>	<b>75,000,000</b>	<b>(611,443)</b>	<b>4,275,667</b>	<b>2,164,821</b>	<b>61,004,803</b>	<b>7,287,264</b>	<b>149,121,112</b>
Dividends distributions (Note 10)	-	-	-	-	-	(5,968,962)	(5,968,962)
Total transactions with owners	-	-	-	-	-	(5,968,962)	(5,968,962)
Profit for the period	-	-	-	-	-	6,830,075	6,830,075
Other comprehensive income for the period	-	-	-	-	(10,776,167)	-	(10,776,167)
Total comprehensive income for the period	-	-	-	-	(10,776,167)	6,830,075	(3,946,092)
<b>Balance as at 30 September 2012 (unaudited)</b>	<b>75,000,000</b>	<b>(611,443)</b>	<b>4,275,667</b>	<b>2,164,821</b>	<b>50,228,636</b>	<b>8,148,377</b>	<b>139,206,058</b>
<b>Balance as at 1 January 2011</b>	<b>75,000,000</b>	-	<b>3,389,302</b>	<b>1,278,456</b>	<b>64,888,940</b>	<b>648,467</b>	<b>145,205,165</b>
Purchase of treasury shares	-	(551,761)	-	-	-	-	(551,761)
Total transaction with owners	-	(551,761)	-	-	-	-	(551,761)
Profit for the period	-	-	-	-	-	9,578,644	9,578,644
Other comprehensive income for the period	-	-	-	-	(12,536,473)	-	(12,536,473)
Total comprehensive income for the period	-	-	-	-	(12,536,473)	9,578,644	(2,957,829)
<b>Balance as at 30 September 2011 (unaudited)</b>	<b>75,000,000</b>	<b>(551,761)</b>	<b>3,389,302</b>	<b>1,278,456</b>	<b>52,352,467</b>	<b>10,227,111</b>	<b>141,695,575</b>

The notes set out on pages 7 to 13 form an integral part of this interim condensed financial information.



## Interim condensed statement of cash flows

	Note	Nine months ended 30 Sept. 2012 (Unaudited) KD	Nine months ended 30 Sept. 2011 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit before provision for KFAS, Zakat and NLST		7,131,903	10,006,013
Adjustments:			
Realised gain on sale of available for sale investments		(1,335,076)	(8,924,031)
Dividend income from available for sale investments		(7,679,649)	(2,340,725)
Net gain on interest rate swap		(14,315)	(23,483)
Interest income		(188,539)	(6,192)
Finance costs		1,061,495	807,889
Foreign exchange loss/(gain) on non-operating liabilities		294,975	(563,500)
		(729,206)	(1,044,029)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		306,736	2,878,889
Accounts receivable and other assets		15,450	20,726
Due to/from parent company		(5,005,999)	(7,839)
Other liabilities		(219,578)	(300,168)
Net cash (used in)/from operations		(5,632,597)	1,547,579
KFAS paid		(109,081)	-
Zakat paid		(84,981)	-
NLST paid		(214,865)	-
Net cash (used in)/from operating activities		(6,041,524)	1,547,579
<b>INVESTING ACTIVITIES</b>			
Dividend income received from available for sale investments		7,679,649	2,340,725
Proceeds on sale of available for sale investments		2,332,792	13,554,249
Purchase of available for sale investments		(985,743)	(13,452,872)
Interest income received		1,553	6,192
Net cash from investing activities		9,028,251	2,448,294
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(5,892,153)	-
Purchase of treasury shares		-	(551,761)
Finance costs paid		(992,351)	(807,889)
Short term borrowings obtained/(repaid)		5,000,000	(3,000,000)
Net payments made in relation to interest rate swap		(108,427)	(60,047)
Net cash used in financing activities		(1,992,931)	(4,419,697)
Net increase/(decrease) in cash and cash equivalents		993,796	(423,824)
Cash and cash equivalents at beginning of the period	6	794,075	1,788,128
Cash and cash equivalents at end of the period	6	1,787,871	1,364,304

The notes set out on pages 7 to 13 form an integral part of this interim condensed financial information.

## Notes to the interim condensed financial information

### 1 Incorporation and activities

Ikarus Petroleum Industries Company – SAK (Closed), “the company” was incorporated on 1 February 1997 and listed on the Kuwait stock exchange on 14 April 2008. The company is a subsidiary of National Industries Group Holding – SAK “parent company”. Its principal objective is to engage in chemical and petrochemical related activities and utilise excess funds in investing in securities portfolios managed by other specialised companies.

The address of the company is Al-Qiblah Area – Part 6, Building 3 – Sheikh Salem Al-Ali Al-Subah Complex – Second Floor, Office No. 18.

The Board of Directors of the company approved this interim condensed financial information for issue on 4 November 2012.

The annual financial statements for the year ended 31 December 2011 were approved by the shareholders at the Annual General Meeting which was held on 23 April 2012.

### 2 Basis of presentation and significant accounting policies

#### Basis of presentation

The interim condensed financial information of the company has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in preparation of annual 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 financial information has been presented in Kuwaiti Dinars which is the functional currency of the Company.

The interim condensed 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 company’s management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

The preparation of interim condensed 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.

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

Operating results for the nine months period ended 30 September 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 financial statements and its related disclosures for the year ended 31 December 2011.

## Notes to the interim condensed financial information (continued)

### 2 Basis of presentation and significant accounting policies (continued)

#### Significant accounting policies

##### Adoption of new IASB Standards and amendments during the period

The Company 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 Company.

##### IASB Standards issued but not yet effective

At the date of authorisation of these 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 Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company'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 Company'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 Company's financial statements.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015
IFRS 13 Fair Value Measurement	1 January 2013

##### *IAS 1 Presentation of Financial Statements*

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

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

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

##### *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.

## Notes to the interim condensed financial information (continued)

### 2 Basis of presentation and significant accounting policies (continued)

#### *IFRS 9 Financial Instruments (continued)*

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 Company. 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 Company's management have yet to assess the impact of this new standard.

### 3 Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	Three months ended		Nine months ended	
	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)
Profit for the period (KD)	888,657	3,048,334	6,830,075	9,578,644
Weighted average number of shares outstanding during the period (excluding treasury shares) – shares	746,120,000	747,503,478	746,120,000	749,152,454
Basic and diluted earnings per share	1.2 Fils	4.1 Fils	9.2 Fils	12.8 Fils

### 4 Available for sale investments

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
<b>Non-current</b>			
Quoted shares			
- foreign	127,469,300	138,449,988	130,368,052
	127,469,300	138,449,988	130,368,052
Unquoted shares			
- local	3,066,032	3,066,032	3,054,532
- foreign	27,624,185	27,624,185	27,624,180
	30,690,217	30,690,217	30,678,712
	158,159,517	169,140,205	161,046,764
<b>Current</b>			
Quoted shares – local	7,407,502	7,214,954	7,110,378
Total	165,567,019	176,355,159	168,157,142

## Notes to the interim condensed financial information (continued)

### 4 Available for sale investments (continued)

- a. The local quoted shares represent investments in various sectors. Local quoted shares with a carrying value of KD6,345,497 (31 December 2011: KD6,264,663 and 30 September 2011: Nil) are pledged against a short term loan facility from a local bank (refer note 7).
- b. Foreign quoted shares mainly represent investment in quoted Saudi companies operating in the fields of chemicals and petrochemicals. These shares, with a carrying value of KD127,427,460 as at 30 September 2012 (31 December 2011: KD138,131,800 and 30 September 2011: KD130,071,169) are held through two 100% owned special purpose vehicles incorporated in the Kingdom of Bahrain solely to own these shares.
- c. Investments in unquoted shares are stated at cost due to the non availability of quoted market prices or other reliable measures of its fair value. Management is not aware of any circumstances that would indicate impairment in the value of these investments. The local and foreign unquoted shares represent investments in a local unlisted company operating in the field of oil and gas and in Saudi unlisted companies operating in the field of petrochemical and related products respectively.

### 5 Investments at fair value through profit or loss

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
<b>Designated on initial recognition :</b>			
Quoted shares – local	2,709,162	3,015,012	2,754,098
Local money market funds	1,997,229	1,998,115	1,957,050
	<b>4,706,391</b>	<b>5,013,127</b>	<b>4,711,148</b>

- a) During October 2008, a local money market fund, in which the company has investments totaling to KD1,809,112 as at 30 September 2012 (31 December 2011: KD1,809,998 and 30 September 2011: KD1,768,933), suspended redemption requests. Management has been informed by the manager of the fund that redemptions will be made depending on availability of liquid funds. The company's management considers this to be a situation arising from the current crisis in the global financial market and its impact on the local market. The investment has been fair valued based on the unaudited net asset value reported by the fund manager as of 30 September 2012. Therefore the company's management expects to realise these investments at not less than its carrying value.
- b) Local quoted shares with a carrying value of KD2,709,162 (31 December 2011: KD3,015,012 and 30 September 2011: Nil) are pledged against a short term loan facility from a local bank (refer note 7).



## Notes to the interim condensed financial information (continued)

### 6 Cash and cash equivalents

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Cash and bank balances	976,444	260,600	325,482
Cash balances held with portfolio managers	811,427	33,475	38,822
Short term deposits	-	500,000	1,000,000
Cash and cash equivalents	1,787,871	794,075	1,364,304

### 7 Short term borrowings

	Effective interest rate %	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Local bank – US Dollar	3.501	32,375,375	32,080,400	31,705,500
Local bank – Kuwaiti Dinar	3.501 - 5	5,000,000	-	-
		37,375,375	32,080,400	31,705,500

- a) During the current quarter, the company has principally agreed with the local bank to restructure its US Dollar loan equivalent to KD32,375,375 into a Kuwaiti Dinar secured long term loan amounting to KD14,000,000 and a US Dollar secured long term loan amounting to USD65,000,000 (equivalent to KD18,375,375). However, the process of identification and securitization of the required investment portfolio is currently underway and the loan is presently secured by a corporate guarantee from the parent company. The new term of the loans will be to be repaid over a 5 year period.
- b) During the period the company utilised KD5,000,000 from the KD8,000,000 loan facility from a local bank, which is secured against local investments with a fair value of KD9,054,659 (refer note 4a and 5b).

### 8 Segmental analysis

The segments' results are based on internal management reporting information that is reported to the higher management of the company.

The company activities are concentrated in two main segments: Domestic (Kuwait) and International (Kingdom of Saudi Arabia). The following is the segments information, which conforms with the internal reporting presented to management:

## Notes to the interim condensed financial information (continued)

### 8 Segmental analysis (continued)

	Domestic KD	International KD	Total KD
<b>Three months ended 30 September 2012 (Unaudited)</b>			
Segment income	429,784	1,141,666	1,571,450
Segment profit	250,664	1,141,666	1,392,330
Foreign exchange loss and finance costs			(462,659)
Profit before provision for KFAS, Zakat and NLST			929,671
<b>Three months ended 30 September 2011 (Unaudited)</b>			
Segment income	24,847	3,850,828	3,875,675
Segment (loss)/profit	(258,291)	3,850,828	3,592,537
Foreign exchange loss and finance costs			(407,299)
Profit before provision for KFAS, Zakat and NLST			3,185,238
<b>Nine months ended 30 September 2012 (Unaudited)</b>			
Segment income	332,912	8,729,205	9,062,117
Segment (loss)/profit	(255,386)	8,729,205	8,473,819
Foreign exchange loss and finance costs			(1,341,916)
Profit before provision for KFAS, Zakat and NLST			7,131,903
<b>Nine months ended 30 September 2011 (Unaudited)</b>			
Segment income	(34,362)	11,005,862	10,971,500
Segment (loss)/profit	(711,112)	11,005,862	10,294,750
Foreign exchange gain net of finance cost			(288,737)
Profit before provision for KFAS, Zakat and NLST			10,006,013

### 9 Related party transactions

Related parties represent, the parent company, the company's directors and key management personnel of the company, and other related parties such as subsidiaries of the parent company (fellow subsidiaries), major shareholders and companies in which directors and key management personnel of the company 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 company's management.

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

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
<b>Interim condensed statement of financial position</b>			
Due from parent company (*)	5,093,540	-	-
Due to parent company	-	99,445	99,752

## Notes to the interim condensed financial information (continued)

### 9 Related party transactions (continued)

	Three months ended		Nine months ended	
	30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD
<b>Transactions included under the interim condensed statement of income</b>				
Interest income - from the parent company (*)	63,013	-	186,986	-
Management fees (included in other operating expense)	5	72,713	314	90,278
<b>Compensation of key management personnel of the company</b>				
Short-term employee benefits	24,750	23,400	74,250	70,200

\* Due from parent company at 30 September 2012 includes a short term advance of KD5,000,000 at an interest rate of 5% per annum.

### 10 Dividend distribution

At the annual general meeting held on 23 April 2012, the shareholders approved a cash dividend of 8% or 8 fils per share amounting to KD5,968,962 for the year ended 31 December 2011. (Nil for the year ended 31 December 2010).

### 11 Derivative financial instruments

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instrument, reference rate or index. Derivative financial instruments of the Company represent interest rate swaps.

The notional amounts and the fair value of the interest rates swaps at the reporting date based on the contractual maturity days are as follows:

	30 Sept. 2012 Notional amount KD '000	31 Dec. 2011 Notional amount KD '000	30 Sept. 2011 Notional amount KD '000	30 Sept. 2012 Notional amount KD '000	31 Dec. 2011 Negative fair value KD '000	30 Sept. 2011 Positive fair value KD '000
Interest rate swaps (denominated in US Dollars)	Nil	27,896,000	27,570,000	Nil	122,742	121,308

The above interest rate swap which was entered in 2008 represents a 4 year callable range accrual interest rate swap contract with a local bank and is based on 3 months LIBOR and was fully settled in September 2012.

The negative fair value of the interest rate swap as at 31 December 2011 and 30 September 2011 amounted to KD122,742 and KD121,308 respectively and the changes in fair values are recognised in the interim condensed statement of income and the corresponding liabilities under "other liabilities". During the period the company has made net payments totalling to KD108,427 thousand to the banks to settle the quarterly payments due on the interest rate swap.