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

31 March 2013

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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 31 March 2013 and the related interim condensed 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 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 Companies Law No. 25 of 2012, or of the articles of association of the Company, as amended, have occurred during the three month period ended 31 March 2013 that might have had a material effect on the business or financial position of the Company.

Abdullatif M. Al-Aiban (CPA)
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of Grant Thornton – Al-Qatami, Al-Aiban & Partners

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

Kuwait
7 May 2013

Interim condensed statement of income

	Note	Three months ended 31 March 2013 (Unaudited) KD	Three months ended 31 March 2012 (Unaudited) KD
Income			
Unrealised loss on investments at fair value through profit or loss		(365,558)	(116,242)
Realised gain on sale of available for sale investments		1,232,359	814,050
Dividend income from available for sale investments		1,719,136	2,893,126
Interest and other income		55,479	63,197
Net gain from interest rate swap		-	15,808
Foreign exchange (loss)/gain		(358,311)	98,798
		2,283,105	3,768,737
Expenses and other charges			
Staff costs		100,689	120,253
Finance costs		315,871	370,432
Other Operating expenses		81,513	80,912
		498,073	571,597
Profit before provision for KFAS, Zakat and NLST		1,785,032	3,197,140
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(16,065)	(28,774)
Provision for Zakat		(17,880)	(31,524)
Provision for National Labour Support Tax (NLST)		(44,699)	(78,809)
Profit for the period		1,706,388	3,058,033
Basic and diluted earnings per share	3	2.29 Fils	4.1 Fils



The notes set out on pages 7 to 16 form an integral part of this interim condensed financial information.

Interim condensed statement of comprehensive income

	Three months ended 31 March 2013 (Unaudited) KD	Three months ended 31 March 2012 (Unaudited) KD
Profit for the period	1,706,388	3,058,033
Other comprehensive income:		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Available for sale investments:		
- Net change in fair value arising during the period	9,700,706	24,723,269
- Transferred to statement of income on sale	(1,138,111)	(673,644)
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	8,562,595	24,049,625
<i>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>	-	-
Total other comprehensive income for the period	8,562,595	24,049,625
Total comprehensive income for the period	10,268,983	27,107,658

The notes set out on pages 7 to 16 form an integral part of this interim condensed financial information.

Interim condensed statement of financial position

	Note	31 March 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	31 March 2012 (Unaudited) KD
Assets				
Non-current assets				
Available for sale investments	4	157,364,638	149,577,756	193,131,821
Current assets				
Available for sale investments	4	7,829,594	8,063,821	7,350,043
Investments at fair value through profit or loss	5	4,985,079	5,350,637	4,896,885
Due from parent company	9	5,209,230	5,153,751	5,000,000
Accounts receivable and other assets		46,040	65,298	2,892,992
Cash and cash equivalents	6	5,393,993	1,990,595	840,832
Total current assets		23,463,936	20,624,102	20,980,752
Total assets		180,828,574	170,201,858	214,112,573
Equity and liabilities				
Equity				
Share capital		75,000,000	75,000,000	75,000,000
Treasury shares		(611,443)	(611,443)	(611,443)
Legal reserve		5,218,070	5,218,070	4,275,667
Voluntary reserve		2,164,821	2,164,821	2,164,821
Cumulative changes in fair value		49,380,148	40,817,553	85,054,428
Retained earnings		11,031,043	9,324,655	10,345,297
Total equity		142,182,639	131,913,656	176,228,770
Liabilities				
Current liabilities				
Due to parent company	9	-	-	31,800
Short term borrowings	7	37,811,225	37,392,425	36,988,400
Other liabilities		834,710	895,777	863,603
Total current liabilities		38,645,935	38,288,202	37,883,803
Total equity and liabilities		180,828,574	170,201,858	214,112,573


Nader Hamad Sultan
Chairman




Suhail Yousef Abograis
Director & CEO

The notes set out on pages 7 to 16 form an integral part of this interim condensed financial information.

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
Balance as at 1 January 2013	75,000,000	(611,443)	5,218,070	2,164,821	40,817,553	9,324,655	131,913,656
Profit for the period	-	-	-	-	-	1,706,388	1,706,388
Other comprehensive income for the period	-	-	-	-	8,562,595	-	8,562,595
Total comprehensive income for the period	-	-	-	-	8,562,595	1,706,388	10,268,983
Balance as at 31 March 2013 (unaudited)	75,000,000	(611,443)	5,218,070	2,164,821	49,380,148	11,031,043	142,182,639
Balance as at 1 January 2012	75,000,000	(611,443)	4,275,667	2,164,821	61,004,803	7,287,264	149,121,112
Profit for the period	-	-	-	-	-	3,058,033	3,058,033
Other comprehensive income for the period	-	-	-	-	24,049,625	-	24,049,625
Total comprehensive income for the period	-	-	-	-	24,049,625	3,058,033	27,107,658
Balance as at 31 March 2012 (unaudited)	75,000,000	(611,443)	4,275,667	2,164,821	85,054,428	10,345,297	176,228,770

The notes set out on pages 7 to 16 form an integral part of this interim condensed financial information.

Interim condensed statement of cash flows

	Note	Three months ended 31 March 2013 (Unaudited) KD	Three months ended 31 March 2012 (Unaudited) KD
OPERATING ACTIVITIES			
Profit before provision for KFAS, Zakat and NLST		1,785,032	3,197,140
Adjustments:			
Realised gain on sale of available for sale investments		(1,232,359)	(814,050)
Dividend income from available for sale investments		(1,719,136)	(2,893,126)
Net gain from interest rate swap		-	(15,808)
Interest income		(55,479)	(63,197)
Finance costs		315,871	370,432
Foreign exchange loss/(gain) on non-operating liabilities		418,800	(92,000)
		(487,271)	(310,609)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		365,558	116,242
Accounts receivable and other assets		19,258	27,901
Due to/from parent company		-	(5,006,001)
Other liabilities		(59,938)	(114,130)
Net cash used in operations		(162,393)	(5,286,597)
KFAS paid		(79,773)	(109,081)
Net cash used in operating activities		(242,166)	(5,395,678)
INVESTING ACTIVITIES			
Dividend income received from available for sale investments		1,719,136	52,876
Proceeds on sale of available for sale investments		2,242,299	1,488,995
Purchase of available for sale investments		-	(752,025)
Interest income received		-	1,553
Net cash from investing activities		3,961,435	791,399
FINANCING ACTIVITIES			
Finance costs paid		(315,871)	(308,788)
Short term loans obtained/(repaid)		-	5,000,000
Net payments made in relation to the interest rate swap		-	(40,176)
Net cash (used in)/from financing activities		(315,871)	4,651,036
Net increase in cash and cash equivalents		3,403,398	46,757
Cash and cash equivalents at beginning of the period		1,990,595	794,075
Cash and cash equivalents at end of the period	6	5,393,993	840,832

The notes set out on pages 7 to 16 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.

In accordance with Law No. 97 of 2013 amending certain articles of the Amiri Decree Law No. 25 of 2012 regarding the issuance of the Companies Law, all existing companies are required to comply with the new companies Law in accordance with the rules and regulations stipulated in the Executive By-Laws due to be issued by the Minister of Commerce and Industry within six months from the date of issuance of the Law No. 97 in the official gazette on 27 March 2013. Further, all other supervisory bodies are required to issue their respective regulations within this time frame.

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 7 May 2013.

The annual financial statements for the year ended 31 December 2012 were approved by the Board of Directors on 14 February 2013 and was subsequently approved by the shareholders at the Annual General Meeting which was held on 11 April 2013.

2 Basis of presentation and changes to 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 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 2012.

Operating results for the three months period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013. For further details, refer to the financial statements and its related disclosures for the year ended 31 December 2012.

Notes to the interim condensed financial information (continued)

2 Basis of presentation and changes to accounting policies (continued)

Changes to accounting policies

Adoption of new IASB Standards and amendments during the period

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2012, except for the adoption of new standards and amendments effective as of 1 January 2013.

The Company applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. As required by IAS 34, the nature and the effect of these changes are disclosed below.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual financial statements nor the interim financial statements of the Company.

The nature and the impact of each new standard/amendment is described below:

<i>Standard</i>	<i>Effective for annual periods beginning</i>
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IFRS 13 Fair Value Measurement	1 January 2013
IFRS 7 Financial Instruments: Disclosures – amendments	1 January 2013
Annual Improvements 2009-2011	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 amendments to IAS 1 changed the current presentation of the statement of comprehensive income of the Company; however the amendment affected presentation only and had no impact on the Company's financial position or performance.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed financial statements period. The Company provides these disclosures in Note 10. The provisions in IAS 34 and transition provisions of IFRS 13 do not require comparative information for periods before initial application of IFRS 13. Consequentially, the company does not provide the comparative information.

Notes to the interim condensed financial information (continued)

2 Basis of presentation and changes to accounting policies (continued)

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. As the Company is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Company.

Annual Improvements 2009-2011 (the Annual Improvements)

The Annual Improvements 2009-2011 (the Annual Improvements) made several minor amendments to a number of IFRSs. The amendments relevant to the Company are summarised below:

Clarification of the requirements for opening statement of financial position (amendments to IAS 1):

- clarifies that the appropriate date for the opening statement of financial position ("third balance sheet") is the beginning of the preceding period (related notes are no longer required to be presented)
- addresses comparative requirements for the opening statement of financial position when an entity changes accounting policies or makes retrospective restatements or reclassifications, in accordance with IAS 8.

Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

Clarification of the requirements for comparative information provided beyond minimum requirements (amendments to IAS 1):

- clarifies that additional financial statement information need not be presented in the form of a complete set of financial statements for periods beyond the minimum requirements
- requires that any additional information presented should be presented in accordance with IFRS and the entity should present comparative information in the related notes for that additional information.

Segment information for total assets and liabilities (amendments to IAS 34):

- clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed in interim financial information if, and only if: (i) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; (ii) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment.

The Company provides this disclosure as total segment assets were reported to the chief operating decision maker (CODM). As a result of this amendment, the Company now also includes disclosure of total segment liabilities as these are reported to the CODM. See Note 8.

Notes to the interim condensed financial information (continued)

2 Basis of presentation and changes to accounting policies (continued)

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 statements.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015
IAS 32 Financial Instruments: Presentation – amendments	1 January 2014

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. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.

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.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The Amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- that some gross settlement systems may be considered equivalent to net settlement.

The Amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively. Management does not anticipate a material impact on the Company's consolidated financial statements from these Amendments.

Notes to the interim condensed financial information (continued)

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 31 March 2013 (Unaudited)	Three months ended 31 March 2012 (Unaudited)
Profit for the period (KD)	1,706,388	3,058,033
Weighted average number of shares outstanding during the period	746,120,000	746,120,000
Basic and diluted earnings per share	2.29 Fils	4.1 Fils

4 Available for sale investments

	31 March 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	31 March 2012 (Unaudited) KD
Non-current			
Quoted shares			
- foreign	126,674,426	118,887,544	162,441,604
	126,674,426	118,887,544	162,441,604
Unquoted shares			
- local	3,066,032	3,066,032	3,066,032
- foreign	27,624,180	27,624,180	27,624,185
	30,690,212	30,690,212	30,690,217
	157,364,638	149,577,756	193,131,821
Current			
Quoted shares – local	7,829,594	8,063,821	7,350,043
Total	165,194,232	157,641,577	200,481,864

- The local quoted shares represent investments in various sectors. Local quoted shares with a carrying value of KD6,726,195 (31 December 2012 KD6,943,495 and 31 March 2012 KD6,305,069) are pledged against a short term loan facility from a local bank (refer note 7).
- Foreign quoted shares represent investment in quoted Saudi companies operating in the fields of chemicals and petrochemicals. Majority of these shares, with a carrying value of KD125,343,613 as at 31 March 2013 (31 December 2012: KD115,947,212 and 31 March 2012: KD162,390,706) are held through two 100% owned special purpose vehicles incorporated in the Kingdom of Bahrain solely to own these shares.
- 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.

Notes to the interim condensed financial information (continued)

5 Investments at fair value through profit or loss

	31 March 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	31 March 2012 (Unaudited) KD
Designated on initial recognition :			
Quoted shares – local	3,044,002	3,409,283	2,899,050
Local money market funds	1,941,077	1,941,354	1,997,835
	4,985,079	5,350,637	4,896,885

- a) During October 2008, a local money market fund, in which the company has investments totaling to KD1,752,959 as at 31 March 2013 (31 December 2012: KD1,753,237 and 31 March 2012: KD1,809,718), 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 31 March 2013. 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 KD3,044,002 (31 December 2012: KD3,409,283 and 31 March 2012: KD2,899,050) are pledged against a short term loan facility from a local bank (refer note 7).

6 Cash and cash equivalents

	31 March 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	31 March 2012 (Unaudited) KD
Cash and bank balances	4,389,028	898,228	378,541
Cash balances held with portfolio managers	1,004,965	1,092,367	462,291
Cash and cash equivalents	5,393,993	1,990,595	840,832

7 Short-term borrowings

	Effective interest rate %	31 March 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	31 March 2012 (Unaudited) KD
Local bank – US Dollar	3.216	32,811,225	32,392,425	31,988,400
Local bank – Kuwaiti Dinar	4.5%	5,000,000	5,000,000	5,000,000
		37,811,225	37,392,425	36,988,400

- a) During the previous year, the company has principally agreed with the local bank to restructure its US Dollar loan equivalent to KD32,811,225 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. 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 previous year, 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 KD9,770,197 (refer note 4a and 5b).

Notes to the interim condensed financial information (continued)

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:

	Domestic KD	International KD	Total KD
Three months ended 31 March 2013 (Unaudited)			
Segment income	(310,079)	2,951,495	2,641,416
Segment (loss)/profit	(492,281)	2,951,495	2,459,214
Finance costs and foreign exchange loss			(674,182)
Profit before provision for KFAS, Zakat and NLST			1,785,032
Segment assets	24,579,554	156,249,020	180,828,574
Segment liabilities	(38,645,935)	-	(38,645,935)
Segment net assets	(14,066,381)	156,249,020	142,182,639
Three months ended 31 March 2012 (Unaudited)			
Segment income	26,179	3,643,760	3,669,939
Segment (loss)/profit	(174,986)	3,643,760	3,468,774
Foreign exchange gain net of finance costs			(271,634)
Profit before provision for KFAS, Zakat and NLST			3,197,140
Segment assets	23,565,629	190,546,944	214,112,573
Segment liabilities	(37,883,803)	-	(37,883,803)
Segment net assets	(14,318,174)	190,546,944	176,228,770

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:

	31 March 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	31 March 2012 (Unaudited) KD
Interim condensed statement of financial position			
Due from parent company (*)	5,209,230	5,153,751	5,000,000
Due to parent company	-	-	31,800
Cash balance held with portfolio manager (related party)	863,890	13,632	6,751

Notes to the interim condensed financial information (continued)

9 Related party transactions (continued)

	Three months ended 31 March 2013 (Unaudited) KD	Three months ended 31 March 2012 (Unaudited) KD
Interim condensed statement of income		
Interest income from the parent company (*)	55,479	61,644
Management fees (included in other operating expenses)	1,612	130
Compensation of key management personnel of the company		
Short-term employee benefits	24,750	24,750

* Due from parent company at 31 March 2013 company represent a short term advance of KD5,000,000 at an interest rate of 4.5% per annum.

10 Financial instruments

10.1 Categories of financial assets and liabilities

The carrying amounts of the company's financial assets and liabilities as stated in the statement of financial position may also be categorized as follows:

	31 March 2013 (Unaudited)	
	Carrying value KD	Fair * value KD
Financial assets:		
Loans and receivables (at amortised cost):		
• Cash and cash equivalents	5,393,993	5,393,993
• Accounts receivable and other assets	46,040	46,040
• Due from parent company	5,209,230	5,209,230
Investments at fair value through profit or loss (refer Note 5) (at fair value)	4,985,079	4,985,079
Available for sale investments (refer Note 4)		
• Unquoted shares at cost	30,690,212	-
• Quoted shares at fair value	134,504,020	134,504,020
	180,828,574	150,138,362
Financial liabilities:		
At amortised cost:		
• Short term borrowings	37,811,225	37,811,725
• Other liabilities	834,710	834,710
	38,645,935	38,645,935

* Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the opinion of the company's management, except for certain available for sale investments which are carried at cost for reasons specified in Note 4 to the financial statements, the carrying amounts of financial assets and liabilities as at 31 March 2013 approximate their fair values.

Notes to the financial statements (continued)

10 Financial instruments (continued)

10.2 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the statement of financial position in accordance with the fair value hierarchy.

This hierarchy company's financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows

31 March 2013		Level 1	Level 2	Level 3	Total
	Note	KD	KD	KD	KD
Assets at fair value					
Available for sale investments					
- Local quoted shares	a	7,829,594	-	-	7,829,594
- Foreign quoted shares	a	126,674,426	-	-	126,674,426
Investments at fair value through profit or loss					
- Local quoted shares	a	3,044,002	-	-	3,044,002
- Local money market funds	b	-	1,941,077	-	1,941,077
Total assets		137,548,022	1,941,077	-	139,489,099

There have been no significant transfer between level 1, level 2 and level 3 during the reporting period.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are as follows:

a) Local and foreign quoted securities

All quoted equity securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Local money market funds

The underlying investments of these funds mainly comprise of local and foreign variable and fixed income monetary instruments including treasury bills, bonds and sukuk. The fair values of these funds have been determined based on latest net asset values reported by the investment managers.

Notes to the financial statements (continued)

11 Dividend distribution

At the annual general meeting held on 11 April 2013, the shareholders approved a cash dividend of 12% equivalent to 12 fils per share amounting to KD8,953,440 for the year ended 31 December 2012. The distribution will be recorded in the 2nd quarter financial information.

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.

12 Subsequent event

In April 2013, the company received an amount of KD5,097,564 as dividend from a foreign quoted investment classified as available for sale investment. The dividend will be recorded as income in the second quarter financial information.