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**NATIONAL INVESTMENTS COMPANY K.S.C.
(CLOSED) AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

31 MARCH 2013 (UNAUDITED)

**NATIONAL INVESTMENTS COMPANY K.S.C.
(CLOSED) AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

31 MARCH 2013 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Investments Company K.S.C. (Closed) (the “Parent Company”) and its subsidiaries (collectively the “Group”) as at 31 March 2013, and the related interim condensed consolidated income statement, 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 the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Qualified Conclusion

As more fully explained in Note 3 to the interim condensed consolidated financial information, the Parent Company has not consolidated one of its subsidiary companies.


Qualified Conclusion

Based on our review, except for the matter referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.


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 have not become aware of any violations of the Companies Law No. 25 of 2012, as amended, or of the Articles of Association and Memorandum of Incorporation of the Parent Company during the three months period ended 31 March 2013 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the three months period ended 31 March 2013.



WALEED A. AL OSAIMI
LICENCE NO. 68 A
ERNST & YOUNG
AL AIBAN, AL OSAIMI & PARTNERS
21 May 2013
Kuwait



ALI A. AL-HASAWI
LICENCE NO. 30 A
RÖDL MIDDLE EAST
BURGAN - INTERNATIONAL ACCOUNTANTS

National Investments Company K.S.C. (Closed) and Subsidiaries
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
(UNAUDITED)

Period ended 31 March 2013

	<i>Three months ended 31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>Note</i>	<i>KD 000's</i>
INCOME		
Realized gain on financial assets at fair value through profit or loss		245
Unrealized (loss) gain on financial assets at fair value through profit or Loss		(89)
Realized gain on financial assets available-for-sale		495
Rental income		262
Dividend income		244
Management and advisory fees		1,345
Incentive fees		-
Interest income		26
Murabaha income		-
Share of results of associates		29
Gain on foreign exchange trading		55
Other income		366
TOTAL INCOME		2,978
EXPENSES		
Finance costs		20
Administrative expenses		1,751
Impairment loss on financial assets available-for-sale and other receivables		1,188
(Gain) loss on foreign currency translation		(197)
TOTAL EXPENSES		2,762
PROFIT FOR THE PERIOD BEFORE TAXATION		216
Tax credit of overseas subsidiary		1
Provision for National Labour Support Tax (NLST)		(9)
Provision for Zakat		(3)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		205
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4	0.2 fils
		3 fils

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C. (Closed) and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

Period ended 31 March 2013

	<i>Three months ended 31 March</i>	
	2013	2012
	<i>KD 000's</i>	<i>KD 000's</i>
Profit for the period	205	2,917
Other comprehensive (loss) income:		
Items that may be reclassified subsequently to interim condensed consolidated income statement:		
Financial assets available-for-sale:		
- Net unrealized (loss) gain	(383)	6,013
- (Gain) loss realized during the period transferred to interim condensed consolidated income statement	(511)	78
- Impairment loss transferred to interim condensed consolidated income statement	1,168	691
Foreign currency translation adjustment	25	(36)
Share of other comprehensive loss of associates	(559)	(96)
Other comprehensive (loss) income for the period	(260)	6,650
Total comprehensive (loss) income for the period attributable to equity holders of the Parent Company	(55)	9,567

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C. (Closed) and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2013

		<i>(Audited)</i>	
	<i>Notes</i>	<i>31 March 2013</i>	<i>31 December 2012</i>
		<i>KD 000's</i>	<i>KD 000's</i>
			<i>31 March 2012</i>
			<i>KD 000's</i>
ASSETS			
Cash and balances with banks and financial institutions	5	14,381	9,622
Financial assets at fair value through profit or loss	6	23,118	22,293
Trading property		1,595	1,556
Financial assets available-for-sale	7	114,520	127,764
Investment in associates		14,701	21,472
Investment properties		17,721	18,180
Other assets		3,541	3,828
TOTAL ASSETS		189,577	204,715
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		1,084	10,613
Accounts payable and accruals		5,151	8,654
TOTAL LIABILITIES		6,235	19,267
EQUITY			
Share capital		87,621	87,621
Share premium		49,593	49,593
Statutory reserve		23,239	23,239
Voluntary reserve		221	221
Treasury shares	8	(1,639)	(1,075)
Treasury shares reserve		25,942	25,942
Foreign currency translation reserve		(760)	(809)
Cumulative changes in fair value		6,998	12,017
Accumulated losses		(7,878)	(11,305)
Equity attributable to the equity holders of the Parent Company		183,337	185,444
Non-controlling interests		5	4
TOTAL EQUITY		183,342	185,448
TOTAL LIABILITIES AND EQUITY		189,577	204,715

Hamad Ahmad Al-Ameeri
Chairman

Fahad Abdulrahman Al-Mukhaizim
Deputy General Manager

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C. (Closed) and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 31 March 2013

	Attributable to equity holders of the Parent Company										Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Treasury shares reserve	Foreign currency translation reserve	Cumulative changes in fair value	Accumulated losses	Sub total		
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Balance at 1 January 2013 (audited)	87,621	49,593	23,239	221	(1,639)	25,942	(785)	7,283	(8,083)	183,392	5	183,397
Profit for the period	-	-	-	-	-	-	-	-	205	205	-	205
Other comprehensive income (loss) for the period	-	-	-	-	-	-	25	(285)	-	(260)	-	(260)
Total comprehensive income (loss)	-	-	-	-	-	-	25	(285)	205	(55)	-	(55)
Balance at 31 March 2013	87,621	49,593	23,239	221	(1,639)	25,942	(760)	6,998	(7,878)	183,337	5	183,342
Balance at 1 January 2012 (audited)	87,621	49,593	23,239	221	(107)	25,942	(773)	5,331	(14,222)	176,845	4	176,849
Profit for the period	-	-	-	-	-	-	-	-	2,917	2,917	-	2,917
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(36)	6,686	-	6,650	-	6,650
Total comprehensive (loss) income	-	-	-	-	-	-	(36)	6,686	2,917	9,567	-	9,567
Purchase of treasury shares	-	-	-	-	(968)	-	-	-	-	(968)	-	(968)
Balance at 31 March 2012	87,621	49,593	23,239	221	(1,075)	25,942	(809)	12,017	(11,305)	185,444	4	185,448

National Investments Company K.S.C. (Closed) and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

Period ended 31 March 2013

	Note	Three months ended 31 March	
		2013 KD 000's	2012 KD 000's
OPERATING ACTIVITIES			
Profit for the period before taxation		216	3,023
Adjustments for:			
Unrealized loss (gain) on financial assets at fair value through profit or loss		89	(2,101)
Realized gain on financial assets available-for-sale		(495)	(348)
Dividend income		(244)	(156)
Interest income		(26)	(33)
Murabaha income		-	(15)
Share of results of associates		(29)	22
Finance costs		20	245
Depreciation		85	99
Impairment loss		1,188	711
		<u>804</u>	<u>1,447</u>
<i>Changes in operating assets and liabilities</i>			
Financial assets at fair value through profit or loss		1,595	(1,646)
Other assets		(1,041)	(942)
Accounts payable and accruals		(265)	1,059
		<u>1,093</u>	<u>(82)</u>
Cash from (used in) operations		1,093	(82)
Interest income received		27	32
Murabaha income received		-	15
		<u>1,120</u>	<u>(35)</u>
Net cash from (used in) operating activities		1,120	(35)
INVESTING ACTIVITIES			
Purchase of financial assets available-for-sale		(4,242)	-
Proceeds from sale of financial assets available-for-sale		6,553	10,679
Dividend income received		235	91
		<u>2,546</u>	<u>10,770</u>
Net cash from investing activities		2,546	10,770
FINANCING ACTIVITIES			
Purchase of treasury shares		-	(968)
Finance costs paid		(21)	(250)
		<u>(21)</u>	<u>(1,218)</u>
Net cash used in financing activities		(21)	(1,218)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at 1 January		3,645	9,517
		<u>9,652</u>	<u>(10,508)</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	<u><u>13,297</u></u>	<u><u>(991)</u></u>

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2013

1 CORPORATE INFORMATION

The Group comprises National Investments Company K.S.C. (Closed) (the "Parent Company") and its subsidiaries disclosed in Note 3. The Parent Company is a closed Kuwaiti shareholding company incorporated on 6 December 1987 under the Commercial Companies Law No. 15 of 1960 and amendments thereto and listed on the Kuwait Stock Exchange. The Parent Company is regulated by the Central Bank of Kuwait ("CBK") and Capital Market Authority ("CMA") as an investment company.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no 97 of 2013 (the Decree).

According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Minister of Commerce and Industry by 26 September 2013 will determine the basis and rules which the company shall adopt to regularise its affairs with the Companies Law as amended.

The Group is engaged in equity trading, real estate investments and private equity investments, and provides asset management services. The Parent Company's registered head office is at Khaleejia Building, Al Mutanabi Street, Kuwait.

The interim condensed consolidated financial information for the period ended 31 March 2013 were authorized for issue in accordance with a resolution of the Parent Company's Board of Directors meeting on 21 May 2013.

2 BASIS OF PRESENTATION 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" except as noted below.

The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2012 which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the State of Kuwait for financial institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all IFRS except for the IAS 39 requirement for collective provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) and all values are rounded to the nearest KD thousand except when otherwise indicated.

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

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

Significant accounting policies

The following new standards and amendments to standards are applicable for the Group effective from 1 January 2013.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 31 March 2013

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The adoption of this standard does not have any material impact on the interim condensed consolidated financial information of the Group and the relevant disclosures will be made in the annual consolidated financial statements of the Group.

IFRS 10 – Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. The Group's management is in the process of assessing the full impact of this standard on the consolidated financial position, and at this stage does not believe that the application of the standard will significantly impact the financial position of the Group.

IFRS 12 – Disclosure of Involvement with Other Entities

The standard includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. One of the most significant changes introduced by IFRS 12 is that an entity is now required to disclose the judgements made to determine whether it controls another entity. Many of these changes were introduced by the IASB in response to the financial crisis. Now, even if the Group concludes that it does not control an entity, the information used to make that judgement will be transparent to users of the financial statements to make their own assessment of the financial impact were the Group to reach a different conclusion regarding consolidation.

The Group will need to disclose more information about the consolidated and unconsolidated structure entities with which it is involved or has sponsored. The adoption of this standard does not have any material impact on the interim condensed consolidated financial information of the Group and the relevant disclosures will be made in the annual consolidated financial statements of the Group.

IFRS 13 – Fair Value measurement

IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. There are also additional disclosure requirements. The adoption of this standard does not have any material impact on the interim condensed consolidated financial information of the Group and the relevant disclosures will be made in the annual consolidated financial statements of the Group.

IAS 1 Financial Statement Presentation

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to interim condensed consolidated income statement at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The adoption of this standard has resulted in presentation changes in the interim condensed consolidated statement of comprehensive income of the Group.

National Investments Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2013

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of this standard has not resulted in any impact on the financial position or performance of the Group.

3 SUBSIDIARY COMPANIES

Details of material subsidiary companies are as follows:

Name	Country of Incorporation	% Holding		Principal activities
		2013	2012	
Gulf Investments Company EC (GIC)	Bahrain	99	99	Investments
National Investment Company S.A.L.	Lebanon	100	100	Property development
Al Bawaba Al Wataniya for General Trading and Contracting Company W.L.L.	Kuwait	99	99	Trading and Contracting
National Gate for Computer Systems Company K.S.C. (Closed)	Kuwait	99.67	99.67	Information technology
Sapphire International Holding Limited	British Virgin Islands	100	100	Investment
Capucin Overseas NV	Netherlands Antilles	100	100	Investment

GIC has taken legal action arising from disputes with certain counterparties resulting in claims by the subsidiary and related counter-claims against the subsidiary. Pending the resolution of these disputes, management of the Parent Company decided not to consolidate the financial statements of the subsidiary as from the year ended 31 December 1992. The Parent Company has taken full provision against the carrying value of its investment in the subsidiary at 31 December 1992 amounting to KD 4,921 thousand. Further, the subsidiary has been inactive for a number of years.

On 4 February 2008, the Court of Cessation has ruled that the subsidiary is a separate legal entity. Based on this ruling, management is of the view that there is no impact of the legal cases on the financial position of the Parent Company and that the Parent Company would not be liable for any claims against the subsidiary.

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period less treasury shares.

	Three months ended 31 March	
	2013	2012
Profit for the period attributable to equity holders of the Parent Company (KD 000's)	205	2,917
Weighted average number of shares outstanding during the period (excluding treasury shares)	864,862,837	875,459,398
Basic and diluted earnings per share	0.2 fils	3 fils

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

National Investments Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2013

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows consist of the following:

	<i>31 March</i> <i>2013</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD 000's</i>	<i>31 March</i> <i>2012</i> <i>KD 000's</i>
Cash and balances with banks and financial institutions	14,381	10,722	9,622
Less:			
Due to banks due within three months of the contract date	<u>(1,084)</u>	<u>(1,070)</u>	<u>(10,613)</u>
	<u><u>13,297</u></u>	<u><u>9,652</u></u>	<u><u>(991)</u></u>

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>31 March</i> <i>2013</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD 000's</i>	<i>31 March</i> <i>2012</i> <i>KD 000's</i>
<i>Financial assets held for trading:</i>			
Local quoted securities	12,504	13,470	14,263
Foreign quoted securities	<u>5,412</u>	<u>6,953</u>	<u>3,529</u>
	<u>17,916</u>	<u>20,423</u>	<u>17,792</u>
<i>Financial assets designated at fair value through profit or loss:</i>			
Local unquoted securities	472	62	107
Investments in unquoted mutual funds	<u>4,730</u>	<u>4,317</u>	<u>4,394</u>
	<u>5,202</u>	<u>4,379</u>	<u>4,501</u>
	<u><u>23,118</u></u>	<u><u>24,802</u></u>	<u><u>22,293</u></u>

The investments in unquoted mutual funds (comprising mainly quoted equity securities) are carried at net assets value provided by the fund manager.

7 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	<i>31 March</i> <i>2013</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD 000's</i>	<i>31 March</i> <i>2012</i> <i>KD 000's</i>
Quoted equity investments	42,045	45,863	53,345
Unquoted equity investments	<u>49,675</u>	<u>48,887</u>	<u>51,196</u>
Unquoted mutual fund investments (investing in quoted securities)	<u>22,800</u>	<u>22,480</u>	<u>23,223</u>
	<u><u>114,520</u></u>	<u><u>117,230</u></u>	<u><u>127,764</u></u>

National Investments Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2013

7 FINANCIAL ASSETS AVAILABLE-FOR-SALE (continued)

Unquoted equity investments include investments amounting to KD 47,549 thousand (31 December 2012: KD 46,760 thousand and 31 March 2012: KD 48,015 thousand) carried at cost, less impairment, due to the unpredictable nature of their future cash flows and the lack of other suitable methods for determining a reliable fair value of these investments. There is no active market for these financial assets and the Group intends to hold them for the long term. Based on the latest available financial information, management is of the view that no further impairment loss is required as at 31 March 2013 in respect of these investments.

The Parent Company filed a legal case against an investment manager who manages an unquoted financial asset available for sale with a carrying value of KD 2 million. The initial court decision as of 4 December 2012 was to appoint an arbitrator to study the case. The outcome of the case can not be determined as of the date of the issuance of the interim condensed consolidated financial information.

8 TREASURY SHARES

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2013</i>	<i>2012</i>	<i>2012</i>
Number of treasury shares	11,350,511	11,350,511	5,951,752
Percentage of capital	1.30%	1.30%	0.68 %
Market value – KD thousand	1,680	1,498	976

Reserves equivalent to the cost of the treasury shares held are not available for distribution.

9 TRANSACTIONS WITH RELATED PARTIES

Related parties represent associated companies, managed funds, major shareholders, 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 Parent Company's management.

Transactions with related parties are as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Included in the interim condensed consolidated income statement:		
Management and advisory fees (other related parties)	749	785
Incentive fees (other related parties)	-	2
Rental income (associate)	17	20

Included in interim condensed consolidated statement of financial position:

		<i>Other assets</i>	<i>Accounts payable</i>
		<i>KD 000's</i>	<i>KD 000's</i>
Associate	31 March 2013	17	-
	31 December 2012	-	-
	31 March 2012	17	-
Other related parties	31 March 2013	603	250
	31 December 2012	577	250
	31 March 2012	654	250

National Investments Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2013

9 TRANSACTIONS WITH RELATED PARTIES (continued)

Compensation of key management personnel

The remuneration of key management personnel of the Group during the period were as follows:

	<i>31 March 2013 KD 000's</i>	<i>31 March 2012 KD 000's</i>
Short-term benefits	686	207
Employees' end of service benefits	62	32
	<u>748</u>	<u>239</u>

10 SEGMENTAL ANALYSIS

For management purposes the Group is organized into four major business segments. The principal activities and services under these segments are as follows:

- Investment segment represents trading in equities including investment in associates and other strategic investments;
- Treasury segment represents liquidity management and trading in foreign currencies;
- Real estate segment represents buying, selling and investing in real estate; and
- Asset management and advisory represents managing discretionary and non-discretionary investment portfolio, managing of investment funds, and providing advisory and structured share services and other related financial services.

Management monitors the operating segment separately for the purpose of making decisions about the resource allocation and performance assessment. The segment performance is evaluated based on segment result before taxes in management and reporting system.

The following table presents revenue, results for the period, total assets and total liabilities information regarding the Group's reportable segments.

	<i>Three months ended 31 March 2013</i>					
	<i>Investment KD 000's</i>	<i>Treasury KD 000's</i>	<i>Real estate KD 000's</i>	<i>Asset management and advisory KD 000's</i>	<i>Unallocated KD 000's</i>	<i>Total KD 000's</i>
Segment revenues	1,311	92	276	1,299	-	2,978
Segment results	(367)	(160)	42	701	-	216
Segment assets	163,707	4,731	19,648	1,243	248	189,577
Segment liabilities	1,247	1,093	168	74	3,653	6,235

National Investments Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2013

10 SEGMENTAL ANALYSIS (continued)

	<i>Three months ended 31 March 2012</i>					
	<i>Investment KD 000's</i>	<i>Treasury KD 000's</i>	<i>Real estate KD 000's</i>	<i>Asset management and advisory KD 000's</i>	<i>Unallocated KD 000's</i>	<i>Total KD 000's</i>
Segment revenues	3,241	89	285	1,679	-	5,294
Segment results	1,949	(281)	91	1,264	-	3,023
Segment assets	174,874	7,658	20,317	1,569	297	204,715
Segment liabilities	2,392	11,072	121	884	4,798	19,267

11 DERIVATIVES

In the ordinary course of business the Group enters into various types of transactions that involve 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 traded by the Group are mainly currency forwards.

The table below shows the positive and negative fair values of derivative financial instruments, which are equivalent to the market values, together with the notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at period end and are not indicative of the credit risk. The market risk on options purchased is limited to the premiums paid to purchase these options.

31 March 2013

	<i>Notional amounts by term to maturity</i>		
	<i>Positive fair value KD 000's</i>	<i>Negative fair value KD 000's</i>	<i>Contract/ notional amount total KD 000's</i>
Forward foreign exchange contracts	24	9	25,056

31 December 2012 (Audited)

	<i>Notional amounts by term to maturity</i>		
	<i>Positive fair value KD 000's</i>	<i>Negative fair value KD 000's</i>	<i>Contract/ Notional amount total KD 000's</i>
Forward foreign exchange contracts	1	9	5,969

National Investments Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2013

11 DERIVATIVES (continued)

31 March 2012

	<i>Notional amounts by term to maturity</i>		
	<i>Positive fair value</i> <i>KD 000's</i>	<i>Negative fair value</i> <i>KD 000's</i>	<i>Contract/notional amount total</i> <i>KD 000's</i>
Forward foreign exchange contracts	<u>26</u>	<u>26</u>	<u>20,050</u>

All derivative transactions are for trading purposes and mature within 3 months from the reporting date.

12 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March 2013</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December 2012</i> <i>KD 000's</i>	<i>31 March 2012</i> <i>KD 000's</i>
Capital commitments towards investments	5,797	5,741	5,875
Bank guarantees	<u>3,261</u>	<u>3,261</u>	<u>3,237</u>
	<u>9,058</u>	<u>9,002</u>	<u>9,112</u>

The Group has contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

13 FIDUCIARY ACCOUNTS

The Parent Company manages portfolios on behalf of others and maintains cash balances and securities in fiduciary accounts without recourse to the Group which are not included in the interim condensed consolidated statement of financial position.

	<i>31 March 2013</i>		<i>(Audited)</i> <i>31 December 2012</i>		<i>31 March 2012</i>	
	<i>Cost</i> <i>KD 000's</i>	<i>Market value</i> <i>KD 000's</i>	<i>Cost</i> <i>KD 000's</i>	<i>Market value</i> <i>KD 000's</i>	<i>Cost</i> <i>KD 000's</i>	<i>Market value</i> <i>KD 000's</i>
Portfolios and funds under management	<u>2,457,509</u>	<u>1,782,850</u>	<u>2,545,177</u>	<u>1,785,604</u>	<u>2,818,252</u>	<u>2,071,883</u>

The total income earned from trust and other fiduciary activities amounted to KD 1,009 thousand (31 December 2012: KD 4,023 thousand and 31 March 2012: KD 1,259 thousand).

14 ANNUAL GENERAL ASSEMBLY

At the Annual General Assembly of the shareholders of the Parent Company held on 28 April 2013, the shareholders resolved not to distribute any dividends for the year ended 31 December 2012.