

ANNUAL REPORT **2012**



TAKING **ACTION** WITH A
STRATEGIC FOCUS

ANNUAL REPORT 2012



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H.H.Sheikh
Sabah Al Ahmad Al Jaber Al Sabah
Amir of State of Kuwait



H.H.Sheikh
Nawaf Al Ahmad Al Jaber Al Sabah
The Crown Prince of State of Kuwait



H.H.Sheikh
Jaber Mubarak Al Hamad Al Sabah
The Prime Minister



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Chairman's Message

Dear shareholders,

It is my pride and pleasure to present you annual report and financial statements of our company i.e. Strategia Investment Company (SIC) for the year 2012. Let me begin my presentation by offering our deepest regards to our valued shareholders on behalf of our Board of Directors as well as on behalf of me in person and on behalf of my entire team working in the Company.

The Year in Retrospect

In retrospect the year 2012 appeared to be slightly slow in terms of progress in restoring normalcy during the aftermath of the Global Financial Recession on local as well as on international fronts although there were some important and positive developments during the period under review. While the positive events like re-election of American President for the second term, temporary resolution of the American Govt. debt ceiling problem as well as commitments being reflected by Germany and France towards resolution of Euro Zone debt crisis have created positive market sentiments, the absence of permanent and effective solution in sight for the Euro Debt crisis, continuation of geo-political risks in various parts of the world and atmosphere of uncertainty and doubtfulness in all the markets of the world in general have dampened the market sentiments and have held the restoration of normalcy in the world business. At the local level the continued friction between the country's Parliament and the Government during the year under review brought the business almost to a standstill level. It is only in the New Year after the fresh Parliament elections that the new Parliament has started functioning smoothly and the situation appears to have changed for better. The conditions in other GCC and MENA Region countries were also not much different during 2012. The various development packages announced during the post Arab Spring period were still pending for execution in absence of restoration of normalcy and stability in the respective economies. Although the private business sector continued to work and contribute, their financial as well as execution capabilities are very limited and the Government Sector being the main player, the overall performance turned out to be minimal during the year 2012. In nutshell the globally as well as locally the business remained more or less stagnant with moderate growth.

Outlook

Although overall the year 2012 saw a moderate business growth, the positive developments during the year accelerated business normalization process with upbeat sentiments and the business has started showing consistent and continuous growth in 2013. The USA economy is catching up fast with positive signals on employment, prices and business growth fronts and the other countries are trying to catch up. At the local level too after the latest elections, the parliament of Kuwait has started functioning smoothly with pending business projects getting cleared fast. The business sentiments as well as actual business are showing signs of growth and the implementation of Kuwait Development plan is catching up the speed. It is therefore expected that during the year 2013 as well as during minimum three years ahead, there is going to be an immense business activity in Kuwait creating business opportunities to all the businesses in Kuwait in general to use their capacity to the optimum levels and to make fabulous earnings. It is based on this assumption that we have prepared an ambitious long term business plan for our company and are looking forward to implement the same.

Company Performance and the Outlook

Considering the international as well as the local market conditions, for the company also the year of 2012 was a year of moderate growth and holding on to the existing business. The company retained its existing business and added new clients with assets under management of KD 27 Million. The company also managed its expenses to suit the revised revenue figure and earned a token net profit. On the asset management front with the expertise of Kuwait and USA office teams, the company succeeded in providing 25% return to the investors on the managed accounts as against the market bench mark of Dow Jones Global Index of 13.72% and S&P 500 index of 13.41%. The company also succeeded in en-cashing some of the private equity investments at a reasonably good profit.

On the compliance side the company was able to complete compliance of CMA office to have a complete company profile with them. In strengthening the Risk Management and in tightening the internal control systems further, the company initiated necessary steps for formation of Risk Management Committee to manage effectively various risks faced by the company. To enhance the IT security level and to protect the confidential data of the company, IT system

software firewall was changed to Hardware Firewall by necessary restructuring. The company also conducted annual Anti- Money Laundering Training to safeguard company's interest and to meet the CBK & CMA guidelines. Anticipating inflow of large business in the near future due to improvement in the market conditions in general and due improvement in the international real estate market in particular the company had taken necessary approvals for increasing the company's capital from KD 15 Million to KD 30 million last year. The subscription for the same is in progress at present and is expected to be completed shortly. Thus overall the company's restructuring has been complete and it poised to go in for new business in an aggressive manner as when market conditions warrant.

The future outlook for our company looks very bright. The improved market conditions in USA with availability of cheap housing credit, depressed values of real estate assets in Eurozone, development plans in the surrounding counties offer immense international business opportunities. Locally adequate co-operation between the Parliament and the new Government has given good impetus to the Kuwait Development Plan work and the market is improving. With KD 30 billion worth of Business plan to be executed within a period of four years, all business establishments in Kuwait market are supposed to get work worth more amount than what they can execute. So our company expects to develop a good mix of local and international business over the next four years starting from the year 2013.

Dividend Payment

Considering the token profit earned during the year and requirement of funds for the expanded business, the Board of Directors have decided to skip any dividend payment for the year 2012.

Gratitude and Appreciation

On behalf of the Board of Directors and on my own behalf, I would like to express a sense of gratitude and pay tributes to His Highness the Amir, Sheikh Sabah Al Ahmed Al Sabah, H. H. the Crown Prince Skeikh Nawaf Al Ahmed Al Sabah, H. H. the Prime Minister Sheikh Jaber Al Mubarak Al Sabah, H. Excellency the Governor of Central Bank of Kuwait Dr. Mohammed Youssef Al Hashel and H. Excellency the Governor of Capital Markets Authority Mr. Saleh Mubarak Al Falah. May Almighty God safeguard them all for the continued support and guidance of our country's economic progress and welfare.

We are also thankful to our valued shareholders and investors for the trust they have placed in us. We have a great pleasure in expressing our resolve to repay their trust by making our company the market leader both at local and international levels and by creating long term values for their investments.

Finally we are also thankful to all the staff members of SIC for their hard work and dedication which is the main driving force for actualizing the ambitious business plans of our company and for making it a big business conglomerate during the course of time.

Looking Forward

With restructuring, consolidation and additional capitalization our company is ready to face the new business challenges and undertake accelerated business growth path. The immense international as well as local business opportunities are in the offing. I have a great confidence in the support of our valued shareholders and in the capabilities of our professional management to seize those business opportunities and to make our company a force to be reckoned with. Let us swear to make our company a premier investment company in local and international markets.

Mishal Nasser Habib
Chairman & Managing Director

BOARD OF DIRECTORS



Mr. Mishal Nasser Habib
Chairman & Managing Director



Mr. Ahmed Mohammed Hassan
Vice Chairman



Mr. Hassan Kamal Caedbey
Board Member



Mr. Soud Abdulaziz Al-Mansour
Board Member



Mrs. Amani Ibrahim Al-Omani
Board Member



Mr. Ghazi Ahmed Al-Osaimi
Board Member

Strategia Investment Company – KPSC **State of Kuwait**

Independent Auditors' Report to the Shareholders

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Strategia Investment Company - KPSC "the Company" and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

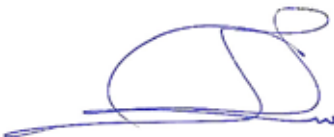
Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of accounts have been kept by the Company and the consolidated financial statements, together with the contents of the report of the Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained the information that we deemed necessary for the purpose of our audit and that the consolidated financial statements incorporate all the information that is required by the Companies Law no. 25 of 2012, and by the Company's Articles of Association, that an inventory was duly carried out and that to the best of our knowledge and belief, no violations of the Companies Law no. 25 of 2012, or the Company's Articles of Association have occurred during the year ended 31 December 2012 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our audit, 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 organization of banking business, and its related regulations, during the year ended 31 December 2012.



Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche
Al Fahad Al Wazzan & Co.



Dr. Saud Hamad Al-humaidi
Licence No. 51A
Dr. Saud Al-humaidi & Partners
Member of Baker Tilly International

Consolidated Statement of Financial Position as of 31 December 2012

(All amounts are in Kuwaiti Dinars)

	Note	2012	2011
Assets			
Cash and cash equivalents	5	1,333,510	3,132,010
Investments at fair value through profit or loss		1,616	2,752
Investments available for sale	6	10,120,877	10,207,200
Receivables and other debit balances	7	2,074,947	134,653
Property and equipment		27,220	30,807
Total assets		13,558,170	13,507,422
Equity and liabilities			
Liabilities			
Payables and other credit balances	8	201,334	249,859
Equity			
Share capital	9	15,000,000	15,000,000
Share premium		460,935	460,935
Foreign currency translation reserve		44,403	43,600
Change in fair value reserve		(170,934)	(258,890)
Accumulated losses		(1,977,568)	(1,988,082)
Total equity		13,356,836	13,257,563
Total equity and liabilities		13,558,170	13,507,422

The accompanying notes form an integral part of these consolidated financial statements.



Mishal Nasser Habib
Chairman & Managing Director

Consolidated Statement of Income for the year ended 31 December 2012

(All amounts are in Kuwaiti Dinars)

	Note	2012	2011
Revenues			
Management fees	14	220,052	248,788
Investments net income	10	433,650	847,552
Interest income		15,146	59,873
Other income		26,346	605,285
		<u>695,194</u>	<u>1,761,498</u>
Expenses			
Staff costs		(443,668)	(449,736)
Other expenses		(249,319)	(321,508)
Finance costs		-	(273,170)
Losses from disposal of intangible assets		-	(570,353)
Foreign currency differences		8,307	(127,100)
		<u>(684,680)</u>	<u>(1,741,867)</u>
Net profit for the year		<u>10,514</u>	<u>19,631</u>
Earnings per share (fils)	11	<u>0.07</u>	<u>0.13</u>

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2012
(All amounts are in Kuwaiti Dinars)

	Note	<u>2012</u>	<u>2011</u>
Profit for the year		10,514	19,631
Other comprehensive income			
Change in fair value of investments available for sale		(43,569)	(1,322,316)
Transferred to statement of income from sale of investments available for sale		52,487	(1,093,740)
Impairment of investments available for sale	10	79,038	617,697
Foreign currency translation differences		803	3,423
Total other comprehensive income / (loss) items		<u>88,759</u>	<u>(1,794,936)</u>
Total comprehensive income / (losses) for the year		<u>99,273</u>	<u>(1,775,305)</u>

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2012
(All amounts are in Kuwaiti Dinars)

	Share Capital	Share premium	Foreign currency translation reserve	Change in fair value reserve	Accumulated losses	Total
Balance as of 1 January 2011	15,000,000	460,935	40,177	1,539,469	(2,007,713)	15,032,868
Net profit for the year	-	-	-	-	19,631	19,631
Other comprehensive income items						
Change in fair value of investments available for sale	-	-	-	(1,322,316)	-	(1,322,316)
Transferred to statement of income on sale of investments available for sale	-	-	-	(1,093,740)	-	(1,093,740)
Impairment of investments available for sale	-	-	-	617,697	-	617,697
Foreign currency translation reserve	-	-	3,423	-	-	3,423
Total other comprehensive income / (loss) items	-	-	3,423	(1,798,359)	-	(1,794,936)
Balance as of 31 December 2011	15,000,000	460,935	43,600	(258,890)	(1,988,082)	13,257,563
Balance as of 1 January 2012	15,000,000	460,935	43,600	(258,890)	(1,988,082)	13,257,563
Net profit for the year	-	-	-	-	10,514	10,514
Other comprehensive income items						
Change in fair value of investments available for sale	-	-	-	(43,569)	-	(43,569)
Transferred to statement of income on sale of investments available for sale	-	-	-	52,487	-	52,487
Impairment of investments available for sale	-	-	-	79,038	-	79,038
Foreign currency translation reserve	-	-	803	-	-	803
Total other comprehensive income items	-	-	803	87,956	-	88,759
Balance as of 31 December 2012	15,000,000	460,935	44,403	(170,934)	(1,977,568)	13,356,836

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2012

(All amounts are in Kuwaiti Dinars)

	Note	2012	2011
Cash flow from Operating activities			
Net profit for the year		10,514	19,631
<i>Adjustments:</i>			
Depreciation		18,106	23,267
Finance costs		-	273,170
Interest income		(15,146)	(59,873)
Net investments income		(433,650)	(847,552)
Provisions no longer required		-	(80,690)
Loss on disposal of intangible assets		-	570,353
Operating losses before changes in operations' assets and liabilities		(420,176)	(101,694)
Financial investments at fair value through profit or loss		1,136	448,626
Receivables and other debit balances		13,662	318,073
Payables and other credit balances		(47,722)	(574,593)
Net cash (used in) / generated from operating activities		(453,100)	90,412
Cash flow from investing activities			
Paid for purchase of available for sale investments		(6,931,953)	(8,864,680)
Proceeds from sale of available for sale investments		5,231,480	4,605,850
Paid for purchase of property and equipment		(14,519)	(27,203)
Dividends received	10	354,446	217,888
Credit interest received		15,146	59,873
Net cash used in investing activities		(1,345,400)	(4,008,272)
Cash flow from financing activities			
Paid for banks		-	(6,096,891)
Finance cost paid		-	(639,392)
Net cash used in financing activities		-	(6,736,283)
Decrease in cash and cash equivalents			
		(1,798,500)	(10,654,143)
Cash and cash equivalents at the beginning of the year		3,132,010	13,786,153
Cash and cash equivalents at the end of the year		1,333,510	3,132,010

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

Strategia Investment Company KPSC is a Kuwaiti shareholding company incorporated in Kuwait in 1998 and is engaged in carrying out investments for its own account and for clients, as well as investments in portfolio and fund management activities and is regulated by the Central Bank of Kuwait and Capital Markets Authority. The Company was listed on the Kuwait Stock Exchange on 3 December 2008.

The Company's registered office is at Al Nassar Tower, Fahed Al Salem Street, P.O. Box 1346, Dasman, Kuwait.

The consolidated financial statements include the financial statement of the Company and its subsidiaries, which are fully owned and mentioned below together referred to as "the Group".

Name	Country of incorporation	Activity	Equity interest (%)
Strategia Investors Inc.	United States	Investment manager and advisor	100
Marquee Fund Manager Limited	United Kingdom	Investment manager and advisory services	100
Strategia Investors Service Limited	Antigua and Burmuda	Investment manager and advisor to a real estate fund	100
Strategia Private Equity Limited	Cayman	Investments	100

For the purposes of consolidation, it had been relied on financial information prepared by the management of subsidiaries. The total assets of these subsidiaries amounted to KD 290,661 as of 31 December 2012 (KD 368,432 as of 31 December 2011), and net losses amounted to KD 5,947 for the year ended 31 December 2012 (KD 103,318 for the year ended 31 December 2011).

The consolidated financial statements for the year ended 31 December 2011 were authorized by the Company's shareholders on 16 May 2012 and no dividends were approved for distribution.

On 26 November 2012, the Companies law No. 25 of 2012 has been issued and published in the official gazette on 29 November 2012 to replace the Commercial Companies law No. 15 of 1960. The new Law is effective from the date of its publishing in the official gazette. Companies should make necessary arrangements to be in compliance with provisions of the new law within six months from its effective date. The company is currently taking the necessary procedures in this respect.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on 21 February 2013.

2. Basis of preparation and Significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below.

Notes to the Consolidated Financial Statements for the year ended 31 December 2012 (All amounts are in Kuwaiti Dinars)

2.2 New and revised international financial reporting standards

New and revised IFRSs issued and effective

IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

IAS 12 Deferred Taxes - Recovery of Underlying Assets

Under the amendments, investments properties that are measured using the fair value model in accordance with IAS 40 are presumed to be recovered entirely through sale for the purpose of measuring deferred taxes unless the presumption is rebutted. This amendment has no impact on the group's financial statements.

New and revised IFRSs in issue but not yet effective

- IFRS 7: Financial Instruments: Disclosures
- IFRS 9: Financial Instruments: Classification and Measurement
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosures of Interests in Other Entities
- IFRS 13: Fair Value Measurement
- IAS 1: Presentation of Financial Statements
- IAS 19: Employee Benefits
- IAS 27: Separate Financial Statements
- IAS 28: Investments in Associates and Joint Ventures
- IAS 32: Financial Instruments: Presentation

The Group has not applied these new and revised IFRS. Following are the significant changes that are related to the group activities:

For annual periods beginning on or after 1 July 2012

IAS 1 Presentation of Financial Statement

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendment affects presentation only and has no impact on the Group's financial position or performance.

For annual periods beginning on or after 1 January 2013

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and of SIC-12 Consolidation – Special Purpose Entities.

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

(All amounts are in Kuwaiti Dinars)

Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The Group expects the application of this standard will have no significant impact on the group's financial statements.

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements.

IFRS 11 Joint Arrangements

The standard replaces IAS 31 "Interests in Joint Ventures". The standard removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs must be accounted for using the equity method. The standard has no significant effect on the financial statements of the Group.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

As a consequence of the new IFRS 11 and IFRS 12; IAS 28 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.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.

The group anticipates that the application of the new standard may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

For annual periods beginning on or after 1 January 2014

IFRS 7 "Financial Instruments – Disclosures" and IAS 32 "Financial Instruments – Presentation"

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off'.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements.

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 retrospectively. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

For annual periods beginning on or after 1 January 2015

IFRS 9 Financial Instruments: Classification and Measurement

Notes to the Consolidated Financial Statements for the year ended 31 December 2012 (All amounts are in Kuwaiti Dinars)

IFRS 9 introduced new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. The Group anticipates that the application of IFRS 9 in the future may have impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

2.3 Significant Accounting Policies

2.3.1 Basis of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Any related accumulated items in equity will be accounted for as if the Company had directly disposed of the relevant assets (reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting.

Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

(All amounts are in Kuwaiti Dinars)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed off.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.3.2 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), held to maturity, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. The Group has determined the classification of its financial assets as follows:

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Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note (3).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and cash equivalent) are measured at amortised cost using the effective interest method, less any impairment.

Available for sale (AFS)

AFS financial assets are non-derivatives and are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The financial assets available for sale is re-measured at fair value. The fair value is determined in the manner described in note (3).

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of changes in fair value reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Foreign exchange gains and losses are recognised in other comprehensive income.

Impairment in value

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the income statement.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged and expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.3.3 Property and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalized.

Depreciation is calculated based on estimated useful life of the applicable assets except for the land on a straight line basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Consolidated Financial Statements for the year ended 31 December 2012 (All amounts are in Kuwaiti Dinars)

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

2.3.4 Impairment in tangible assets

At the end of each reporting period, the Group reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognised in the income statement for the period in which they arise. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.3.5 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.3.6 End of service indemnity

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment, regarding the labour in other countries; the indemnity is calculated based on law identified in these countries. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the balance sheet date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2.3.7 Revenue recognition

Gain on sale of investments is recognised at the completion of the transaction. Dividend income is recognised when the right to receive payment is established. Interest income is recognised on a time proportion basis based on the maturity dates of the related assets by using the effective yield method. Management and subscription fees are recognized when the services are provided.

2.3.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

(All amounts are in Kuwaiti Dinars)

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

2.3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.3.10 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in 'Kuwaiti Dinars' (KD), which is the Company's functional and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses are resulted from the settlement of such transactions and from the translation at year-end in the income statement.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates.
- All resulting exchange differences are recognized as a separate component of equity.

2.3.11 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.3.12 Fiduciary assets

Assets which are kept by the Group as an agency or under a fiduciary capacity are not considered as Group's assets.

2.3.13 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

Notes to the Consolidated Financial Statements for the year ended 31 December 2012
(All amounts are in Kuwaiti Dinars)

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value of interest rate risk, risks of fluctuations in cash flows resulted from changes in interest rates and market price risk), credit risk and liquidity risk.

(a) Market risk

Foreign currency risks

The Group is exposed to the risk of foreign currency resulting primarily from dealing in financial instruments with US Dollar. The risk of foreign exchange is resulting from future transactions on financial instruments in foreign currency recorded in the financial statements of the Group.

The Group has set policies for managing foreign exchange risk through careful monitoring of changes in currency rates and its respective impact on the financial position of the Group, during the year. Also the Group is dealing with financial institutions with high experience in this field to provide the Group with necessary advisory in case of any significant change in foreign currencies' rates.

In case of a change in the US Dollar against the Kuwaiti Dinar by 5% as of 31 December, the Group's net profit and equity would have changed by KD 89,133 (2011: KD 72,914).

Following is the net position of the foreign currencies as of 31 December:

	2012	2011
US\$ Surplus	1,675,751	1,452,768

Fair value risk

Fair value risk is the risk arising from fluctuation of financial instrument value resulting from changes in market price. The Group is exposed to the price risk arising from its investments that are classified in the consolidated financial statement as available for sale investments and investments at fair value through profit or loss.

For managing this risk, the Group is monitoring market prices of these investments, and performing a periodic evaluation of the financial statements of the investees and determining its fair values through financial data available for these investments.

The following sensitivity analysis shows the impact of the change in the indexes of the stock markets on the Group's business, as well as equity. This analysis is based on the index change @ 5%.

	Impact on equity	
	2012	2011
Index of the Kuwait Stock Exchange	437,782	429,334
Others	-	12,103

Interest rate risk

The interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

(All amounts are in Kuwaiti Dinars)

the market interest rates. The Group's exposure to interest rate risk arises from deposits and bank facilities bearing variable interest rates, which expose the Group to the risk of cash flow fluctuations, resulted from changes in interest rate.

The Group is managing this risk by locking the deposits for a short-term period relatively. The Group is periodically studying the factors related to interest rates to assess the possibility of an increase or decrease in interest rates for future periods, and the related impacts on the Group's cash flows and profits in addition to take the necessary action in order to mitigate such impact.

In general, the Group is not exposed to interest rate risks.

(b) Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations.

Credit risk is managed by the level of the Group by monitoring credit policy on regular basis taking into account to maintain non-concentration of credit risk.

Credit risk is highly concentrated in cash and cash equivalents, time deposits and receivables. The Group keeps its cash and cash equivalents in financial institutions with high credit reputation. The Group does not grant credit only within the limits of the requirements and the normal course of business taking into consideration its financial position, past experience and reputation.

(c) Liquidity risk

The liquidity risk is the risk that the Group becomes unable to settle its liabilities when due.

The management of liquidity risk is mainly to maintain sufficient balance of cash, highly liquid financial instruments and financial resources are made available to meet the needs of liquidity.

The Group monitors liquidity risk by maintaining group of highly liquid financial investments. This facilitates to the Group, the availability of liquidity when needed. In addition, the group studies the extent of liquidity in these investments on a regular basis and adjusts the components of these assets when this is necessary.

All outstanding liabilities as of 31 December 2012 and 2011 are matured within one year from the financial statement date.

3.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and bank balances) and equity of the Group comprising issued capital, reserves, retained earnings.

The Company's current strategy is to rely on the self finance for the Group's activities instead of depending on debts. The company took decision to increase its share capital from KD 15M to KD 30M (note 9.1).

3.3 Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market prices.

Notes to the Consolidated Financial Statements for the year ended 31 December 2012 (All amounts are in Kuwaiti Dinars)

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level one: Quoted prices in active markets for identical financial instruments
- Level two: Quoted prices in active market for similar instruments or quoted prices declared by the invested funds' managers or other valuation methods in which all significant inputs are based on observable market data, either directly or indirectly.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

The table below represents the financial instrument's analysis that recorded at fair value on the levels above mentioned:

	2012			Total
	Level one	Level two	Level three	
Investments available for sale	8,755,633	281,137	1,084,107	10,120,877
Investments at fair value through profit or loss	-	1,616	-	1,616

	2011			Total
	Level one	Level two	Level three	
Investments available for sale	8,632,484	-	1,574,716	10,207,200
Investments at fair value through profit or loss	-	2,752	-	2,752

4. Critical accounting estimates and judgments

4.1 Critical accounting estimates and assumptions

In the application of the Group's accounting policies, the Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Evidence of impairment of investments

decline in the fair value of these investments. Determination of what is significant or prolonged requires judgment from management. The Group evaluates, among other factors, the usual fluctuation of listed stock prices, expected cash flows and discount rates of unquoted investments, impairment is considered appropriate when there is objective evidence on the deterioration of the financial position for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

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5. Cash and cash equivalents

	2012	2011
Cash on hand and at banks	1,333,104	453,259
Time deposits	-	2,678,440
Cash at portfolios	406	311
	<u>1,333,510</u>	<u>3,132,010</u>

6. Investments available for sale

	2012	2011
Quoted shares	8,755,633	8,632,484
Unquoted shares	710,182	655,062
Funds	655,062	919,654
	<u>10,120,877</u>	<u>10,207,200</u>

- Unquoted investments available for sale are carried at cost, less impairment losses since their fair value cannot be measured reliably.

- Impairment losses recognized during the year are amounted to KD 79,038 (note 10).

Below is an analysis of the investments available for sale as at 31 December:

	2012	2011
Kuwaiti Dinar	9,396,883	9,524,316
US Dollar	710,182	427,013
Saudi Riyal	-	242,059
Other currencies	13,812	13,812
	<u>10,120,877</u>	<u>10,207,200</u>

7. Receivables and other debit balances

	2012	2011
Management fees – net	57,257	58,963
Receivables	424,038	425,725
Due from sale of investments (*)	1,953,956	-
Prepaid expenses	29,321	39,590
	<u>2,464,572</u>	<u>524,278</u>
Provision for doubtful debts	(389,625)	(389,625)
	<u>2,074,947</u>	<u>134,653</u>

(*) the amount due from sale of investments include KD 1,313,624 which is due from Kuwait Custody Company. This amount has been collected during the subsequent period.

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8. Payables and other credit balances

	<u>2012</u>	<u>2011</u>
Accrued expenses	19,192	40,188
Others	182,142	209,671
	<u>201,334</u>	<u>249,859</u>

9. Share capital and reserves

9.1 Share capital

The shareholders have decided in the general assembly meeting convened on 16 May 2012 to increase the share capital from KD 15 Million to KD 30 Million through issuing 150 Million shares of nominal value of 100 fils per share and 2 fils share premium for the existing shareholders to be paid as a lump sum. This has been approved in the commercial register. The Board of Directors has called such increase on 13 January 2013.

As of 31 December 2012, the Company's issued and fully paid up capital is KD 15,000,000 allocated over 150,000,000 shares of 100 fils per each. All shares are in cash.

9.2 Statutory reserve

In accordance with the Companies Law and the Company's Articles of Association, 10% of net profit before KFAS, National Labor Support Tax, Board of Directors' remuneration and Zakat expense are transferred to statutory reserve. Statutory reserve is not distribute able to shareholders; however, the reserve could be utilized to secure payment of a dividend of 5% of share capital in years when retained earnings are not sufficient for payment of dividends. When the balance of the reserve exceeds 50% of share capital, the General Assembly is permitted to utilize amounts in excess of 50% of the share capital in aspects seen appropriate for the benefit of the company and its shareholders.

9.3 General reserve

In accordance with the company's Articles of Association, 1% of net profit as proposed by the Board of Directors and approved by the General Assembly is transferred to the general reserve. Such annual transfers may be discontinued by a resolution of the General Assembly based on the proposal of the Board of Directors.

10. Net investments income

	<u>2012</u>	<u>2011</u>
Realized losses from investments at fair value through profit or loss	-	(38,624)
Gain on sale of investments available for sale	158,242	1,285,985
Cash dividends	354,446	217,888
Impairment loss on available for sale investments	(79,038)	(617,697)
	<u>433,650</u>	<u>847,552</u>

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11. Earnings per share

Earnings per share are computed by dividing the net profit for the year attributable to the shareholders of the Company by the weighted average number of outstanding ordinary shares during the year as follows:

	<u>2012</u>	<u>2011</u>
Net profit for the year	10,514	19,631
Weighted average number of outstanding ordinary shares (shares)	<u>150,000,000</u>	<u>150,000,000</u>
Earnings per share (fils)	<u>0.07</u>	<u>0.13</u>

12. Related party transactions

Related parties are the shareholders of Company who are represented in board of directors as well as major shareholders and the companies in which any of its members is in the same time a board member in the Company's Board of Directors and associated companies. In the ordinary course of business, the Group has carried some transactions during the year with related parties. The transactions which are included in the financial statements as follows:

	<u>2012</u>	<u>2011</u>
Transactions		
Salaries and other remunerations	191,570	175,551
End of service indemnity	39,394	12,481
	<u>2012</u>	<u>2010</u>
Balances		
Payables and other credit balances	98,666	79,817

The item of salaries & other remunerations include an amount of KD 6,000 represents Directors' remuneration for 2011 which has been approved by the shareholders' general assembly on 16 May 2012.

13. Fiduciary assets

The Group manages portfolios on behalf of customers and maintains cash balances and securities in fiduciary accounts which are not reflected in the group's consolidated financial statements. The aggregate net asset value held in a fiduciary capacity by the Group of KD 27,086,524 as of 31 December 2012 (KD 29,584,480 as of 31 December 2011).

The total management fees income during the year ended 31 December 2012 is KD 220,052 (31 December 2011: KD 248,788).

14. Segment information

For management purposes, the group is organised into business units based on activities and services and has two reportable operating segments as follows:

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Investment activities	Investing in securities, funds, lending to corporate and individual customers and managing the group's liquidity requirements.
Investment management and advisory services	Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related financial services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the return on investments. The group does not have any significant inter-segment transactions.

The following table presents segment revenue and results information regarding the Group's business segments:

	Investment activities	Investment management and advisory services	Total
Year ended 31 December 2012			
Revenue	475,142	220,052	695,194
Business results	17,565	(7,051)	10,514
Year ended 31 December 2011			
Allocated revenue	907,425	248,788	1,156,213
Unallocated revenues	-	-	605,285
Business results	(264,089)	(321,565)	(585,654)
			19,631

The following table presents information of segment assets:

	Investment activities	Investment management and advisory services	Total
At 31 December 2012	13,500,913	57,257	13,558,170
At 31 December 2011	13,448,459	58,963	13,507,422

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Geographical distribution of assets and revenues

The geographical distribution of segments is set out below:

	2012			
	Middle East	USA	Europe	Total
Segment revenues	489,430	21,725	184,039	695,194
Segment expenses	545,450	104,340	34,890	684,680
Assets	12,974,242	227,236	356,692	13,558,170

	2011			
	Middle East	USA	Europe	Total
Segment revenues	1,745,749	(194,945)	210,694	1,761,498
Segment expenses	1,004,426	130,227	607,214	1,741,867
Assets	13,118,443	246,293	142,686	13,507,422