ديمه كابيتال

dimah capital

ANNUAL REPORT

2012

His Highness the Amir
Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah

His Highness the Crown Prince
Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah

Dimah Capital Investment K.S.C. (Closed)
and its Subsidiary (The Group)
State of Kuwait

Consolidated Financial Statements
For The Year Ended December 31, 2012

With

Independent Auditor's Report

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BOARD OF DIRECTORS

1- **Mr. Abdulrahman Mahmoud Zaman -** Chairman

2- **Mr. Sameer Al-Gharaballi -** Vice Chairman & MD

3- **Mr. Fawaz Sulaiman Al-Othman -** Board Member

4- **Mr. Ahmad Ibrahim Al-Khalaf -** Board Member

5- **Mr. Abdullah Al-Sendan -** Board Member

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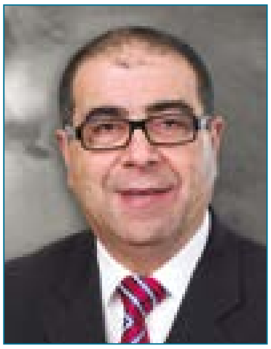
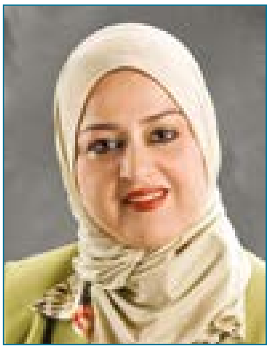
EXECUTIVE MANAGEMENT





1- **Mr. Sameer Al-Gharaballi -** Vice Chairman & MD

2- **Mr. Haydar Tawfik -** Executive Vice President - Asset Management

3- **Mrs. Ruba Omar Al Khairi -** Senior Vice President – Client Relationship

4- **Mr. Dakhil Abdullah Al Dakhil -** Vice President – Corporate Finance

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FATWA & SHARIA SUPERVISION BOARD

1- **Dr. Essam Khalaf Al-Enez -** Chairman, Fatwa and Sharia Supervision Board

2- **Dr. Nazem Mohammad Al Musbah -** Member of the Board

3- **Dr. Sulieman Maarafie Safar -** Member of the Board

4- **Dr. Naif Mohammad Al-Ajmi -** Member of the Board

5- **Dr. Khaled Shojaa Al-Otaibi -** Member of the Board

6- **Dr. Ibrahim Abdullah Al-Sabaii -** Member of the Board

BOARD OF DIRECTORS REPORT

Dear Shareholders,

On behalf of myself and my fellow brothers, chairman and members of the board of directors of Dimah Capital Investment Co., we have the pleasure to welcome you to your annual general assembly meeting and we have the honor to present to you the fifth annual report for the financial year ended in 31 December 2012, which includes the annual report of the Board of Directors, the most significant developments in the company's activities as well as the Fatwa and Sharia Supervisory Board report and the company independent auditors' report in addition to an overview of the most prominent global, regional and local economic developments.

Global Economic Review

The global economic environment had witnessed in 2012 another year of instable economic performance that had been going on since the beginning of the global financial crisis. The world developed economies weakened further as a result of the big slowdown in Europe dragged down by the turbulences in the Eurozone economies, the latest of which was the crisis in Cyprus, a European Union member. The only exception was the US economy which was the only bright side where the economy expanded from the previous year.

The Federal reserve bank of the US has played a big part in avoiding a global economic slump. The Federal Reserve's policy of aggressive monetary easing and its continuous supply of cheap money through the policy of Quantitative Easing did help the US housing market recover quite quickly indeed. At the same time, we saw a big drop in unemployment and more job creation within some sectors led by domestic demand related activities.

The reelection of President Obama for a second term reassured significantly the markets with regard to the continuity of the policies which have been favored by investors throughout the world. Unfortunately, the story in the Eurozone was much worse. In fact, in the beginning of the year, some southern countries in the Eurozone, in particular Greece, Portugal and Spain faced further economic and financial deterioration in their budget deficits because of the austerity measures imposed on them by the European Central Bank.

The big slowdown in economic activity, the rising unemployment and government spending cuts have compounded investors fear about the breakup of the Eurozone and have created a big panic in the foreign exchange market. The Euro came under continuous pressure from the investors until the Eurozone officials were prompted to make a firm commitment that they will defend the Euro at any price.

The emerging economies had relatively better growth even though it was slower than the previous year. China's growth of domestic product was 7.7% which was lower than the precious year but still quite impressive in comparison to the developed economies. India's economy shrank quite badly which prompted the authorities to take some measures which were not effective.

The turbulences in the Arab World have caused economies to shrink badly. However, the economies in the Gulf countries continued to do well because of the sustained high crude oil prices in the global markets, the continuous big governments spending on infrastructure, housing development and energy projects.

Stock markets

In spite of the global economic weakness and the financial and economic turbulence in the Eurozone, most stock markets around the world finished the year on positive numbers. The German stock market was the best performer, with the index rising by nearly 30% for the whole year, as it was seen by investors as a safe haven place. The US market was positively up by around 15%. The aggressive easy monetary policies implemented by most central banks around the world helped to create a big cash liquidity which was chasing high yields either in the bond market or high dividend yields in the stock market.

Kuwait Economy

The Kuwaiti Economy maintained its healthy state in 2012 with oil prices averaging over $100 per barrel, though there are initial indicators issued by the International Monetary Fund and the Central Bank of Kuwait that the gross domestic product (GDP) would decline from its good levels in 2011 and 2010.

The budget surplus for the first eight months of fiscal year 2012/13 (April-March) reached KD. 14.7bn (US $52bn), exceeding the KD. 11.6bn (US $41bn) surplus recorded for the same period of 2011/12. Inflation estimates were at 3% for 2012, reflecting the strong demand on goods after the strong salary increases for nationals during the year.

In 2012 credit growth stood at 5.5%, reflecting the implementation of the development plan, even though the speed of the plan was hindered by political instability. The Kuwaiti Stock Exchange ended the year up 2%, driven by good economic data, aggressive development plans by the government and the decrease of the interest rate by 50 basis points by the Central Bank. However, these boosting factors for the macro-economy which were expected to be a tractor towards higher rates, have been affected by many of the internal obstacles, and did not reflect on the microeconomic components. Therefore, the Kuwaiti private sector and its different sectors continued facing the same crisis of liquidity squeeze and lack of the funding necessary for its companies to play their supposed role in boosting the local economy.

Dear Shareholders,

2012 was another challenging year for most investment companies in Kuwait and the region. Dimah has managed to build on its reputation as a newly established Sharia complaint company in Kuwait to achieve a global reach. The support of our dedicated shareholders and a strong balance sheet have helped us to continue recruiting the right professional caliber with the knowledge of investments a sales and real estate business. We have managed to put together a team that fully understand what Dimah requires from them and are professional to expand the business in the future. Also, Dimah has successfully managed to meet all the regulatory requirements and has established in this regard a professional framework responsible for compliance, good governance and investment risks assessment.

In the purpose of growing and developing the Dimah Capital business for its shareholders, the company has managed this year to conclude the first international real estate deal by buying a student housing property in the city of Canterbury in the United Kingdom and it has also succeeded in establishing a global equity portfolio.

The company introduced at the same time to the Capital Markets Authority the first global equity fund compatible with the provisions of Islamic Sharia and is awaiting the CMA's approval to launch this fund.

These investment activities increased substantially the company's revenues by 185% during 2012, which reached about KD 855.000 in 2012 compared to KD 300.259 in 2011.

Dimah Capital management hopes that these activities would be a new beginning which would allow Dimah Capital to provide thoughtfully and carefully, an investment opportunity to its shareholders and to the investors in the Islamic financial and investment sector. Dimah Capital team is constantly reviewing the activities and investment sectors of the company, and it also tries to continually explore ways to improve and enhance shareholders returns and maximize their rights.

The Board of Directors recommends to your esteemed assembly not to distribute dividends for the financial year ended on 31 December 2012.

In conclusion, we pray God Almighty that our efforts to provide the best for our shareholders and investors will be successful, praying God to bless Kuwait our beloved country and its people under the wise leadership of His Highness Emir of Kuwait and His Highness the Crown Prince and the diligent government.

We would also like to extend our deep thanks and appreciation to the Fatwa and Sharia Supervisory Board for its cooperation, as well as for the company's executive management and staff for their efforts in supporting the company's endeavors to achieve its goals and aspirations.

FATWA & SHARIA SUPERVISORY BOARD REPORT

Esteemed Shareholders,

In accordance with the mission of Fatwa and Shariah supervision we have been assigned to carry out, we have supervised the contracts and transactions signed by the company between 01/01/2011 and 12/31/2011. Our responsibilities are limited to issuing an independent opinion on the level of the company's commitment to the Islamic shariah rules in carrying out its activities.

On the basis of the Shariah auditing report submitted by the Shariah supervisory administration, which carried out the audit in accordance with the decisions of the Board made in the light of the standards and regulations issued by the Board of Accounting and Auditing of Islamic Financial Institutions requiring the planning and implementation of the auditing and revision procedures for the purpose of obtaining all the information, explanations and approvals neessary to give a reasonable confirmation that the company is committed to the Islamic Shariah regulations as we have established them, we believe that the auditing activities carried out by the administration provide appropriate grounds for expressing a resaonable opinion.

The company's s administration is responsible for committing to the implementation of the contracts and transactions in accordance with the Islamic Shariaa provisions.

Thusn the Board beleives that:

1. During the mentionned period, the company was committed to its responsibilities with regard to the implementation of the contracts and transactions in accordance with the provisions of the Islamic Shariah as precised in the opinions, guidelines and Shariah compatible decisions we have issued during the mentionned period, and no violations to the Shariah have occured to the best of our knowledge.

2. Zakat alms were calculated following the Board's certified guidelines.

Fatwa and Shariah Supervisory Board Members

- Dr. Essam Khalaf Al-Enzi (chairman)
- Dr. Nazem Mohammal Al Musbah
- Dr. Suleiman Maarafie Safar
- Dr. Shujaa Al Outaibi
- Dr. Ibrahim Abdullah Al-Sabaii
- Dr Naif Mohammad Al-Ajmi
- Dr. Mohammad Oud Alfazii'

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Dimah Capital Investment Company - K.S.C. (Closed)
State of Kuwait

Report on the consolidated financial statements

I have audited the accompanying consolidated financial statements of Dimah Capital Investment Company - K.S.C. (Closed) (the Parent Company) and its subsidiary (the Group) which comprise the consolidated statement of financial position as of December 31, 2012, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated 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 consolidated 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion about the consolidated financial statements.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dimah Capital Investment Company - K.S.C. (Closed) (Parent Company) and its subsidiary (The Group) as of December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the state of Kuwait.

Report on other Legal and Regulatory Requirements

Also in my opinion, the consolidated financial statements include the disclosures required by the Companies Law No. 25 of 2012 and the Parent Company's Articles of Incorporation, and I obtained the information I required to perform my audit. In addition, proper books of account have been kept, physical stocktaking was carried out in accordance with recognized practice, and the accounting information given in the Director's Report is in agreement with the Parent Company's books. According to the information available to me, there were no contraventions during the year ended December 31, 2012 of either the Companies Law No. 25 of 2012 and of the Parent Company's Articles of Incorporation which might have materially affected the Group's financial position or results of its operations.

I further report that, during the course of my audit, I have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency and the Central Bank of Kuwait and the organization of banking and its related regulations, during the year ended December 31, 2012 that might have had a material effect on the consolidated financial position of the Group or on results of its operations.

State of Kuwait
March 24, 2013

Nayef M. Al Bazie
Licence No. 91-A
RSM Albazie & Co.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012
(All amounts are in Kuwaiti Dinars)

	Note	2012	2011
ASSETS			
Cash on hand and at banks		897,598	2,141,697
Investments at fair value through statement of income		20,400	16,575
Wakala Investments	3	40,720	2,282,958
Accounts receivable and other debit balances	4	1,778,710	1,761,097
Due from ultimate parent company	5	259,603	-
Murabaha receivables	6	41,360	235,158
Investments available for sale	7	11,567,783	8,547,826
Investment in unconsolidated subsidiary	8	39,600	-
Fixed assets		65,306	51,655
Total assets		14,711,080	15,036,966
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable and other credit balances	9	359,949	324,288
End of service indemnity		49,255	19,736
Total liabilities		**409,204**	344,024
Equity:			
Share capital	10	15,000,000	15,000,000
Statutory reserve	11	36,058	36,058
Voluntary reserve	12	36,058	36,058
Cumulative changes in fair value		6,806	45,632
Accumulated losses		(779,820)	(430,896)
Equity attributable to Parent Company's shareholders		14,299,102	14,686,852
Non-controlling interests		2,774	6,090
Total equity		**14,301,876**	14,692,942
Total liabilities and equity		14,711,080	15,036,966

Abdulrahman Mahmoud Zaman
Chairman

Samir Abdulmohsin Al Gharaballi
Vice Chairman and Managing Director

The accompanying notes (1) to (20) form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012
(All amounts are in Kuwaiti Dinars)

	Note	2012	2011
Revenues:			
Murabaha income (loss)		51,539	(25,686)
Wakala income		10,851	40,717
Net investment income	13	234,208	243,811
Gain from sale of investment in an associate		-	22,834
Gain from sale of investment in a subsidiary		-	15,157
Management and consultancy income		473,953	-
Other income		84,473	3,426
Total revenue		855,024	300,259
Expenses:			
General and administrative expenses	14	1,113,594	854,384
Provision for Murabaha receivables no longer required	6	(627)	(183,917)
Impairment loss of investments available for sale	7	66,982	239,069
Loss from sale of investment properties		-	25,000
Accounts receivable and other debit balances write off		24,270	61,962
Total expenses		1,204,219	996,498
Net loss for the year		(349,195)	(696,239)
Attributable to:			
Parent Company's shareholders		(348,924)	(696,837)
Non-controlling interests		(271)	598
Net loss for the year		(349,195)	(696,239)

The accompanying notes (1) to (20) form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012
(All amounts are in Kuwaiti Dinars)

	2012	2011
Net loss for the year	(349,195)	(696,239)
Other comprehensive loss:		
Changes in fair value of investments available for sale	(33,426)	(340,186)
Effect of sale of investments available for sale	(5,400)	-
Foreign currency translation adjustments	-	2,799
Other comprehensive loss for the year	(38,826)	(337,387)
Total comprehensive loss for the year	(388,021)	(1,033,626)
Attributable to:		
Parent Company's shareholders	(387,750)	(1,034,224)
Non-controlling interests	(271)	598
Total comprehensive loss for the year	(388,021)	(1,033,626)

The accompanying notes (1) to (20) form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012
(All amounts are in Kuwaiti Dinars)

	Equity attributable to Parent Company's shareholders								
	Share capital	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Foreign currency translation adjustments	Retained Earnings (Accumulated losses)	Sub Total	Non – controlling interests	Total
Balance as of December 31, 2010	15,000,000	36,058	36,058	385,818	(2,799)	265,941	15,721,076	80,407	15,801,483
Total comprehensive (loss) income for the year	-	-	-	(340,186)	2,799	(696,837)	(1,034,224)	598	(1,033,626)
Effect of sale of a subsidiary	-	-	-	-	-	-	-	(74,915)	(74,915)
Balance as of December 31, 2011	15,000,000	36,058	36,058	45,632	-	(430,896)	14,686,852	6,090	14,692,942
Total comprehensive loss for the year	-	-	-	(38,826)	-	(348,924)	(387,750)	(271)	(388,021)
Change in non-controlling interests	-	-	-	-	-	-	-	(3,045)	(3,045)
Balance as of December 31, 2012	15,000,000	36,058	36,058	6,806	-	(779,820)	14,299,102	2,774	14,301,876

The accompanying notes (1) to (20) form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
(All amounts are in Kuwaiti Dinars)

	2012	2011
Cash flows from operating activities:		
Net loss for the year	(349,195)	(696,239)
Adjustments:		
Murabaha (income) loss	(51,539)	25,686
Wakala income	(10,851)	(40,717)
Net investment income	(234,208)	(243,811)
Gain from sale of investment in an associate	-	(22,834)
Gain from sale of investment in a subsidiary	-	(15,157)
Depreciation	24,891	20,088
Provision for Murabaha receivables no longer required	(627)	(183,917)
Impairment loss of investments available for sale	66,982	239,069
Loss from sale of investment properties	-	25,000
Accounts receivable and other debit balances write off	24,270	61,962
End of service indemnity	57,564	32,081
	(472,713)	(798,789)
Changes in operating assets and liabilities:		
Investments at fair value through statement of income	4,166	306,518
Accounts receivable and other debit balances	(21,250)	(1,177,446)
Due from Ultimate Parent Company	(259,603)	-
Murabaha receivables	194,425	1,737,098
Accounts payable and other credit balances	32,616	130,597
End of service indemnity paid	(28,045)	(50,386)
Net cash (used in) generated from operating activities	(550,404)	147,592

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
(All amounts are in Kuwaiti Dinars)

Cash flows from investing activities:		
Purchase of investments available for sale	(5,514,032)	(3,157,134)
Proceeds from sale of investments available for sale	2,457,844	2,653,774
Wakala Investments	2,242,238	869,458
Investment properties	-	(25,000)
Proceeds from Murabaha and Wakala income	62,390	15,031
Net purchase of fixed assets	(38,542)	(30,063)
Investment in unconsolidated subsidiary	(39,600)	-
Proceeds from sale of investment in a subsidiary	-	55,000
Proceeds from sale of investment in an associate	-	80,000
Dividend income received	136,007	75,563
Net cash (used in) generated from investing activities	(693,695)	536,629
Net (decrease) increase in cash on hand and at banks	(1,244,099)	684,221
Cash on hand and at banks at the beginning of the year	2,141,697	1,465,342
Cash on hand and at banks of previously consolidated subsidiary	-	(7,866)
Cash on hand and at banks at the end of the year	897,598	2,141,697

The accompanying notes (1) to (20) form an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012
(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

Dimah Capital Investment Company - K.S.C. (Closed) was incorporated pursuant to Article of Association of a Kuwaiti Closed Shareholding Company authenticated at the Ministry of Justice – Department of Registration and Documentation under Ref. No. 5653 / Vol. 1 on July 15, 2007.

On November 29, 2012, a Decree Law No. 25 of 2012 promulgating the Companies Law was published in the official gazette, and Companies existing upon the entry into force of this law shall reconcile their status with its provisions within six months of its effective date, and as may be specified in the Executive Regulation.

The Parent Company's objectives for which it was incorporated are as follows:

1. Investment in real estate sectors, industrial, agricultural and other economic sectors.
2. Manage public and private institutions Funds and invest this funds in various economic sectors.
3. Evaluation and preparation of studies and technical consultations, economic and evaluation and study projects.
4. Mediation in lending / borrowing operations and international trade operations.
5. Provide loans to others, taking into account the financial integrity of assets in the granting of loans.
6. Dealing and trading in the foreign currency market and precious metals market in Kuwait and abroad.
7. Special Operations related to trading securities of buying and selling stocks and corporate bonds.
8. Invest money in various aspects of investment approved by the Central Bank of Kuwait.

According to the Extraordinary General Assembly meeting dated November 29, 2011, the Company's name changed from Beyoo Finance and Investment Co. - K.S.C. (Closed) to Dimah Capital Investment Company - K.S.C. (Closed). The amendment was authenticated at the Commercial Register on December 4, 2011.

The Company is registered in the commercial register under Ref. No. 323021 on August 21, 2007.

The parent company is subject to the supervision of Capital Markets Authority according to Law No. 7 of 2010.

The Company is a subsidiary of Al Imtiaz Investment Group Company. - K.S.C. (Closed).

The Company's registered address is P.O.Box 2152, Safat, State of Kuwait.

The total number of employees of the Company as of December 31, 2012 is 50 employees (2011 - 25).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012
(All amounts are in Kuwaiti Dinars)

The consolidated financial statements were authorized for issue by the Board of Directors on March 24, 2013. The ordinary shareholders' General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

The accompanying consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and with the regulations of the government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for IAS 39 requirements for collective provision, which has been replaced by the Central Bank of Kuwait requirements for a minimum general provision of 1% for cash facilities and 0.5% for non cash facilities, (if any) as described under the accounting policy for impairment of financial assets. Significant accounting policies are summarized as follows:

a) Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinars and are prepared under the historical cost convention, except for investments at fair value through statement of income and certain investments available for sale that are stated at their fair value. The accounting policies applied by the Group are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards as of January 1, 2012.

IFRS 7: Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amendment) (effective July 1, 2011)

The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's consolidated financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

The adoption of above mentioned amendment did not have any material impact on the financial position or performance of the Group.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(r).

Standards and Interpretations issued but not effective

The following IASB Standard and Interpretation have been issued but have not yet been adopted by the Group and they are not yet effective:

IAS 1 Presentation of items of other comprehensive income

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories:

a) Items that will not reclassified subsequently to consolidated statement of income.

b) Items that may be reclassified to consolidated statement of income when specific conditions are met. The amendments are effective for annual periods beginning on or after July 1, 2012.

Amendments to IFRS 7 and IAS 32 offsetting financial assets and financial liabilities and the related disclosures

The amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right of set off" and "simultaneous realization and settlement". These are effective for annual periods beginning on or after January 1, 2014.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments are effective for annual periods beginning on or after January 1, 2013.

IFRS 9 Financial Instruments

The standard, which will be effective for annual periods beginning on or after January 1, 2015, specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified entirely based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortized cost or at fair value.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.

IFRS 10 Consolidated Financial Statements (issued in May 2011)

The new Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. It introduces a single consolidation model that identifies control as the basis for consolidation for all types of entities, where control is based on whether an investor has power over the investee, exposure/rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. This standard is effective for annual periods beginning on or after 1 January 2013.

IFRS 12 Disclosure of Interests in Other Entities (issued in May 2011)

The new Standard combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows. IFRS 12 is effective for annual periods beginning on or after January 1, 2013.

IFRS 13 Fair Value Measurement (issued in May 2011)

The new Standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRS's require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value. The new requirements are effective for annual periods beginning on or after 1 January 2013.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of Dimah Capital Investment Company - K.S.C. (Closed) and the following subsidiary:

		Percentage of ownership %	
Name of Subsidiaries	Country of incorporation	2012	2011
Al-Wather for General Trading and Construction - W.L.L.	Kuwait	99%	98%

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated on consolidation.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the Non-controlling shareholder's share of changes in equity since the date of the combination.

Losses applicable to the non-controlling interest in excess of the non-controlling interest in the subsidiaries' equity are allocated against the interests of the Group except to the extent that the non-controlling interests have a binding obligation and is able to make an additional investment to cover the losses.

c) Financial instruments

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash at banks, Investments, receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

d) Investments

The Group classifies its investments in the following categories: Investments at fair value through statement of income and investments available for sale. The classification depends on the purpose for which the investments were acquired and is determined at initial recognition by management.

Investments at fair value through income statement

This category has two sub-categories: investments held for trading, and those designated at fair value through statement of income at inception:

- An investment is classified as held for trading if acquired principally for the purpose of selling in the short term or if it forms part of an identified portfolio of investments that are managed together and has a recent actual pattern of short-term profit making or it is a derivative that is not designated and effective as a hedging instrument.
- An investment is designated by the management on initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or; if

they are managed and their performance is evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy.

Investments in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Investments available for sale

Investments available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of the reporting period.

Purchases and sales of investments are recognized on trade date – the date on which a Group commits to purchase or sell the assets. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through income statement.

After initial recognition, investments at fair value through income statement and investments available for sale are subsequently carried at fair value. The fair values of quoted investments are based on current bid prices. If the market for an investment is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Realized and unrealized gains and losses from investments at fair value through income statement are included in the consolidated statement of income. Unrealized gains and losses arising from changes in the fair value of investments available for sale are recognized in cumulative changes in fair value in consolidated statement of other comprehensive income.

Where investments available for sale could not be measured reliably, these are stated at cost less impairment losses, if any.

When an investment available for sale is disposed off or impaired, any prior fair value earlier reported in other comprehensive income is transferred to the consolidated statement of income.

An investment (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the investment have expired; or the Group has transferred its rights to receive cash flows from the investment and either (a) has transferred substantially all the risks and rewards of ownership of the investment, or (b) has neither transferred nor retained substantially all the risks and rewards of the investment, but has transferred control of the investment. Where the Group has retained control, it shall continue to recognize the investment to the extent of its continuing involvement in the investment.

The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. Significant is evaluated against the original cost of the investment and prolonged against the period in which fair value has been below its original cost. If any such evidence exists for investments available for sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in the consolidated statement of income. Impairment losses recognized in the consolidated statement of income on available for sale equity instruments are not reversed through the consolidated statement of income.

e) Wakala Investments

Wakala investments represent an agreement whereby the Group gives certain amount of cash to another party, and invests it according to specific minimum rate of return. Wakala investments are stated at amortized cost less provision for impairment using the effective yield.

f) Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of income.

g) Murabaha receivables

Murabaha receivable represents a sale of commodity with deferred installments. Murabaha receivables are stated net of impairment losses and / or provision for doubtful debts. In addition, in accordance with Central Bank of Kuwait instructions, a minimum general provision of 1% had been accounted on all finance facilities, net of certain restricted categories of collateral, which are in accordance with the Central Bank of Kuwait guidelines.

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h) Fixed assets

The initial cost of fixed assets comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of fixed assets beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of fixed assets.

Fixed assets are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income.

Depreciation is computed on a straight-line basis over the estimated useful lives of other fixed assets as follows:

	Years
Computers	3 - 5
Tools and equipments	3
Furniture and fixtures	5
Cars	5

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets.

i) Impairment of assets

At each date of statement of financial position, the Group reviews the carrying amounts of its tangible and intangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

j) Payables

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

k) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each the date of consolidated statement of financial position and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provision are not recognized for future operating losses.

l) End of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector and employees' contracts. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination on the date of statement of financial position, and approximates the present value of the final obligation.

m) Revenue recognition

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

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Murabaha and Wakala income

Murabaha and Wakala income is recognized on a time apportionment basis using effective rate of return method.

Dividend income

Dividend income is recognized when the right to receive payment is established.

Gain on sale of investments

Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the time of the sale.

Other income

Other revenue and expenses are recognized on an accrual basis.

n) Finance charges

Finance charges are recognized in net profit or loss in the year in which they are incurred on weighted time apportionment basis.

o) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency at the date of statement of financial position are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the conciliated statement of income for the year. Translation differences on non-monetary items such as equity investments which are classified as investments at fair value through income statement are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity investments classified as investments available for sale are included in “cumulative changes in fair value” in the consolidated statement of comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the report’s date. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in the consolidated statement of other comprehensive income. Such translation differences are recognized in profit or loss in the year in which the foreign operation is disposed off.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

p) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements except when the possibility of an outflow of resources embodying economic losses is remote.

A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

q) Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements but are disclosed in the Notes to the consolidated financial statements.

r) Critical accounting judgments, estimates and assumptions

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

a) Judgments:

In the process of applying the Group's accounting policies which are described in Note (2), management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue Recognition:
Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IAS 18 are met requires significant judgment.

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(ii) Classification of investments:

On acquisition of an investment, the Group decides whether it should be classified as "at fair value through statement of income", "available for sale" The Group follows the guidance of IAS 39 on classifying its investments.

(iii) Impairment of investments:

The Group follows the guidance of IAS 39 to determine when an investment available-for-sale is impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, a significant or prolonged decline in the fair value below its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The determination of what is "significant" or "prolonged" requires significant judgment.

b) Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimating uncertainty at the financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Fair value of unquoted equity investments:

If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(ii) Provision for doubtful debts:

The estimation process of provision for doubtful debts requires judgments. Provision for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of receivables are subject to management approval.

3. Wakala Investments

Wakala investments represent Wakala investments contracts with Islamic financial institution. The effective rate of return ranges from 0.75% to 2% (December 31, 2011 –1.25% to 2.375%).

4. Accounts receivable and other debit balances

	2012	2011
Trade receivables	86,910	266,848
Advance payments to purchase investments	1,662,365	-
Receivable from sale of investments available for sale	-	1,469,290
Staff receivable	1,099	-
Prepaid expenses and other debit balances	28,336	24,959
	1,778,710	1,761,097

Subsequent to the consolidated statement of financial position date, all advance payments to purchase investments were refunded.

During the year, the group collected an amount of KD 1,469,290 receivable from sale of investments available for sale.

5. Related party transactions

The Group has entered into various transactions with related parties, i.e. the ultimate parent company and other related parties in the normal course of its business. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

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Balances included in the consolidated statement of the financial position	Ultimate Parent Company	Other related parties	2012	2011
Accounts receivable and other debit balances	-	-	-	1,469,290
Due from Ultimate Parent Company	259,603	-	259,603	-
Murabaha Receivables	-	31,038	31,038	79,830
Accounts payable and other credit balances	-	-	-	5,101
Balances included in the consolidated statement of income				
Murabaha income	-	1,270	1,270	68,306
Management and consultancy income	250,000	-	250,000	-

Key management compensation	2012	2011
Short term benefits	293,299	250,369
Post - employment benefits	24,058	21,989

6. Murabaha receivables

	2012	2011
Murabaha receivables	42,952	253,178
Less: provision for impairment	(1,592)	(18,020)
	41,360	235,158

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Movement in general provision for impairment of Murabaha receivable is as follows:

	2012	2011
Balance at the beginning of the year	18,020	201,937
General provision charge for the year	467	665
General provision for Murabaha receivables write off	(15,801)	-
Provision no longer required	(1,094)	(184,582)
Balance at the end of the year	1,592	18,020

The provision for impairment for Murabaha receivables complies in all material respects with the specific provision requirements of the Central Bank of Kuwait. In addition, in accordance with Central Bank of Kuwait instructions, a minimum general provision is made on all credit facilities net of certain categories of collateral, to which CBK instructions are applicable and not subject to specific provision.

7. Investments available for sale

	2012	2011
Quoted Equity securities	1,802,878	456,240
Unquoted Equity securities	7,937,717	6,261,920
Funds and portfolios	1,827,188	1,829,666
	11,567,783	8,547,826

It was not possible to measure the fair value of unquoted equity securities amounting to KD 7,937,717 (December 31, 2011 – KD 6,261,920) and investment in funds and portfolios amounting to KD 1,321,053 (December 31, 2011 – KD 1,323,532) due to non-availability of a reliable method that could be used to determine the fair value of such investments. Accordingly, they were stated at their cost less impairment losses, if any.

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The movement during the year is as follows:

	2012	2011
Balance at the beginning of the year	8,547,826	6,819,054
Additions	5,514,032	4,847,133
Disposals	(2,388,267)	(2,539,106)
Changes in fair value	(38,826)	(340,186)
Impairment loss	(66,982)	(239,069)
Balance at the end of the year	11,567,783	8,547,826

Investments available for sale are demonstrated in the following currencies:

	2012	2011
Currency:		
Kuwait Dinar	6,629,462	6,718,159
US Dollar	2,106,133	1,323,532
Bahrain Dinar	506,135	506,135
Other Currency	2,326,053	-
	11,567,783	8,547,826

Investments available for sale include investments pledged to the parent company amounting to KD 1,690,000.

8. Investment in unconsolidated subsidiary

Name of subsidiary	Country of incorporation	Percentage of ownership	2012	2011
Dimah Capital Real Estate Company - W.L.L.	Kuwait	99%	39,600	-
			39,600	-

The Parent Company has not consolidate Dimah Capital Real Estate Company W.L.L. and accounted for its share of results since the subsidiary had not yet commenced any operations.

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9. Accounts payable and other credit balances

	2012	2011
Trade payable	-	20,167
Accrued expenses	13,048	12,312
Portfolios payable	20,102	20,102
Accrued Zakat	250,034	250,034
Accrued staff leave	60,730	19,539
Other credit balances	16,035	2,134
	359,949	324,288

10. Share capital

Authorized issued and paid up capital amounting of 150,000,000 shares of 100 Fils each, all shares are in cash and fully paid.

11. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Incorporation, 10% of the profit for the year attributable to the Parent Company's shareholders before contribution to Zakat and Kuwait Foundation for the Advancement of Sciences (KFAS) is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association. No transfer was made to statutory reserve due to loss incurred by the Group during the year.

12. Voluntary reserve

As required by the Parent Company's Articles of Incorporation, 10% of the profit for the year attributable to the Parent Company's shareholders before contribution to Zakat and KFAS is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors. No transfer was made to voluntary reserves due to the loss incurred by the Group during the year.

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13. Net investment income

	2012	2011
Unrealized gain (loss) from investments at fair value through statement of income	3,825	(720)
Realized gain (loss) from sale of investments at fair value through statement of income	4,166	(7,662)
Realized gain from sale of investments available for sale	69,577	176,630
Dividend income	156,640	75,563
	234,208	243,811

14. General and administrative expenses

During the year ended December 31, 2012 staff costs which are included in general and administrative expenses amounted to KD 706,873 (December 31, 2011 – KD 410,999).

15. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the profit of the Parent Company after deducting its share of income from shareholding subsidiaries and transfer to statutory reserve. KFAS has not been calculated due to loss incurred by the Group during the year.

16. Zakat

Zakat is calculated at 1% of the profit for the Parent Company after in accordance with Ministry of Finance resolution No. 58 / 2007 effective December 10, 2007. Zakat has not been calculated due to loss incurred by the Group during the year.

17. Fiduciary assets

The aggregate value of assets held in a trust or fiduciary capacity by the Ultimate Parent Company (Items off consolidated statement of financial position) as of December 31, 2012 amounted to KD 13,926,539 (December 31, 2011 – KD 1,716,794).

The Company is in the process of signing a consultancy contract with the Ultimate Parent Company (Al Imtiaz Investment Group Co. – K.S.C. (Closed)) in order to manage a part of the ultimate parent company's assets amounting to KD 246,367,369 against a material return which will be agreed upon later between the two parties.

18. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash at banks, investments, receivables and payables. And as a result, it is exposed to the risks indicated below.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, receivables, due from parent company and Murabaha receivables. Cash at banks are placed with high credit rating financial institutions.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash at banks, investment in Wakala, receivable and Murabaha receivable.

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring financial position liquidity ratios against internal and regulatory requirements.
- Managing the concentration and profile of debt maturities.

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The maturity profile of assets and liabilities as of December 31, 2012 is as follows:

Assets	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Cash on hand and at banks	897,598	-	-	897,598
Investments at fair value through income statement	20,400	-	-	20,400
Wakala Investments	40,720	-	-	40,720
Accounts receivable and other debit balances	1,778,710	-	-	1,778,710
Due from Ultimate Parent Company	259,603	-	-	259,603
Murabaha receivables	41,360	-	-	41,360
Investments available for sale	3,619,616	7,948,167	-	11,567,783
Investment in unconsolidated subsidiary	-	-	39,600	39,600
Fixed assets	-	-	65,306	65,306
Total assets	6,658,007	7,948,167	104,906	14,711,080
Liabilities				
Accounts payable and other credit balances	359,949	-	-	359,949
End of service indemnity	-	-	49,255	49,255
Total liabilities	359,949	-	49,255	409,204

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The maturity profile of assets and liabilities as of December 31, 2011 was as follows:

Assets	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Cash on hand and at banks	2,141,697	-	-	2,141,697
Investments at fair value through income statement	16,575	-	-	16,575
Wakala Investments	2,282,958	-	-	2,282,958
Accounts receivable and other debit balances	1,675,502	85,595	-	1,761,097
Murabaha receivables	214,760	20,398	-	235,158
Investments available for sale	736,415	7,811,411	-	8,547,826
Fixed assets	-	51,655	-	51,655
Total assets	7,067,907	7,969,059	-	15,036,966
Liabilities				
Accounts payable and other credit balances	324,288	-	-	324,288
End of service indemnity	-	-	19,736	19,736
Total liabilities	324,288	-	19,736	344,024

c) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as rate of returns, foreign exchange rates and equity prices as indicated below.

i) Rate of return risk

According to Islamic Sharia'a interest is not accounted as debit or credit for any translation carried out by the Group.

ii) Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

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The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange and Kuwaiti Dinar.

	Increase / (Decrease) against KD for the year ended December 31, 2012	Effect on consolidated statement of comprehensive income for the year ended December 31, 2012	Increase / (Decrease) against KD for the year ended December 31, 2011	Effect on consolidated statement of comprehensive income for the year ended December 31, 2011
U S Dollar	±5%	±105,307	±5%	±66,177
Bahrain Dinar	±5%	±25,307	±5%	±25,307
Other currency	±5%	±116,303	±5%	-

iii) Equity price risk

Equity price risk is the risk that fair values of equities decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as 'at fair value through profit or loss' and 'available for sale' arises from the Group's investment portfolio.

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The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these investments, to which the Group had significant exposure at December 31, 2012.

	2012		
Market Indices	**Change in equity price %**	**Effect on consolidated statement of income**	**Effect on consolidated statement of comprehensive income**
KSE	±5%	±1,020	±18,377
Fund's manager report	±5%	-	±560,012

	2011		
Market Indices	**Change in equity price %**	**Effect on consolidated statement of income**	**Effect on consolidated statement of comprehensive income**
KSE	±5%	-	±66,161
Fund's manager report	±5%	±828	±361,229

d) Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from current bid prices, discounted cash flow models and other models as appropriate. At December 31, the fair values of financial instruments approximate their carrying amounts except for unquoted securities available for sale as mentioned in Note (7).

The Group had measured fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

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The following table presents the group's assets that are measured at fair value at December 31:

2012	Level 1	Level 2	Total
Assets			
Investments at fair value through income statement	-	20,400	20,400
Investments available for sale	1,802,878	506,134	2,309,012

2011	**Level 1**	**Level 2**	**Total**
Assets			
Investments at fair value through income statement	-	16,575	16,575
Investments available for sale	456,240	506,134	962,374

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Instruments included in level 1 comprise primarily traded equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012
(All amounts are in Kuwaiti Dinars)

19. Capital risk management

The Group's objective when managing capital resources is to safeguard the Group's ability to continue as a going concern in order to provide returns and benefits for shareholders and to maintain an optimal capital resources structure to reduce the cost of capital.

In order to maintain or adjust the capital resources structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

20. Contingent liabilities

	2012	2011
Letters of guarantee	10,201	10,201