

5 - DEC 2012

Kuwait Stock Exchange
Auto. Doc.
& Archival Section Copy

Manafae Investment Company K.S.C. (Closed)

INTERIM CONDENSED FINANCIAL INFORMATION

30 SEPTEMBER 2012 (UNAUDITED)

Manafae Investment Company K.S.C. (Closed)

INTERIM CONDENSED FINANCIAL INFORMATION

30 SEPTEMBER 2012 (UNAUDITED)



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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Manafae Investment Company K.S.C. (Closed) (the “Company”) as at 30 September 2012, and the related interim condensed income statement and the interim condensed statement of comprehensive income for the three and nine month periods then ended, and the interim condensed statements of changes in equity and cash flows for the nine month period then ended. The management of the Company is responsible for the preparation and presentation of this interim condensed financial information in accordance with basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

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

Conclusion

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

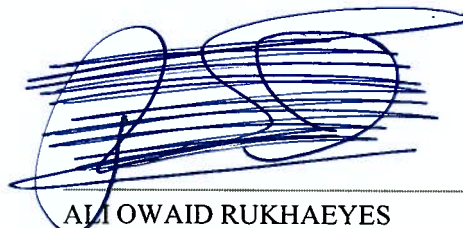
Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed financial information is in agreement with the books of the Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Commercial Companies’ Law of 1960, as amended, or of the Articles of Association of the Company during the nine month period ended 30 September 2012 that might have had a material effect on the business of the Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of investment business, and its related regulations during the nine month period ended 30 September 2012.



WALEED A. AL OSAIMI
LICENCE NO. 68-A
OF ERNST & YOUNG



ALI OWAID RUKHAEYES
LICENCE NO. 72A
MEMBER OF THE INTERNATIONAL
ACCOUNTING GROUP

Manafae Investment Company K.S.C. (Closed)

INTERIM CONDENSED INCOME STATEMENT (UNAUDITED)

For the period ended 30 September 2012

	Note	Three months ended 30 September		Nine months ended 30 September	
		2012	2011	2012	2011
		KD	KD	KD	KD
REVENUE					
Fees and commission income		32,838	43,985	105,064	184,205
Murabaha and finance income		19,973	16,004	69,789	41,286
Realised (loss) gain on financial assets at fair value through income statement		(1,920)	67,304	(9,677)	(142,704)
Unrealised gain (loss) on financial assets at fair value through income statement		84,145	8,570	5,333	(129,540)
Income from financing of future trades		-	1,646	343	25,633
Realised (loss) gain on sale of financial assets available for sale		(25,958)	(874)	(16,332)	183,986
Gain on sale of investment property		-	-	-	100,833
Foreign exchange gain (loss)		1,030	(193)	3,779	(25,941)
Dividend income		-	-	62,551	80,446
Other income		-	-	14,193	-
		<u>110,108</u>	<u>136,442</u>	<u>235,043</u>	<u>318,204</u>
EXPENSES					
Administrative expenses		209,503	227,366	660,008	711,319
Finance costs		-	-	3,244	-
Reversal of provision no longer required		-	-	(144,255)	-
Provision for (reversal of) credit losses		-	341	(409)	(2,089)
Depreciation		4,145	5,031	13,718	28,002
Impairment of financial assets available for sale		311,359	137,500	418,879	461,874
Write-off of property and equipment		-	-	-	4,764
		<u>525,007</u>	<u>370,238</u>	<u>951,185</u>	<u>1,203,870</u>
LOSS FOR THE PERIOD		<u>(414,899)</u>	<u>(233,796)</u>	<u>(716,142)</u>	<u>(885,666)</u>
BASIC AND DILUTED LOSS PER SHARE	3	<u>(2.21) fils</u>	<u>(1.21) fils</u>	<u>(3.81) fils</u>	<u>(4.57) fils</u>

The attached notes 1 to 9 form part of this interim condensed financial information.

Manafae Investment Company K.S.C. (Closed)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(UNAUDITED)

For the period ended 30 September 2012

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Loss for the period	(414,899)	(233,796)	(716,142)	(885,666)
Other comprehensive income:				
Change in fair values of financial assets available for sale	(15,794)	(7,972)	(222,809)	(469,449)
Impairment of financial assets available for sale	311,359	137,500	418,879	461,874
Realised loss (gain) on sale of financial assets available for sale	25,958	874	16,332	(183,986)
Other comprehensive income (loss) for the period	321,523	130,402	212,402	(191,561)
Total comprehensive loss for the period	(93,376)	(103,394)	(503,740)	(1,077,227)

The attached notes 1 to 9 form part of this interim condensed financial information.


Manafae Investment Company K.S.C. (Closed)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2012

		<i>(Audited)</i>	
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2012</i>	<i>2011</i>	<i>2011</i>
<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
ASSETS			
Cash and balances with banks	4	6,083,508	6,528,100
Financial assets at fair value through income statement	5	6,217,308	5,463,128
Receivables from financing of future trades		-	40,498
Other assets		217,368	700,582
Financial assets available for sale	6	8,693,457	8,939,133
Property and equipment		26,367	18,231
TOTAL ASSETS		21,238,008	21,689,672
LIABILITIES			
Other liabilities		632,451	540,401
EQUITY			
Share capital		20,088,143	20,088,143
Share premium		22,917	22,917
Treasury shares		(902,928)	(862,954)
Statutory reserve		737,689	737,689
General reserve		766,953	766,953
Cumulative changes in fair values		1,623,377	1,410,975
Employees' share option reserve		11,459	11,459
(Accumulated losses) retained earnings		(1,742,053)	(1,025,911)
Total equity		20,605,557	21,149,271
TOTAL LIABILITIES AND EQUITY		21,238,008	24,169,422

Eid Hathal Al-Nasafey
Chairman



Talal Mohammed Al Mutawa
Vice Chairman and Chief Executive Officer

The attached notes 1 to 9 form part of this interim condensed financial information.

Manafae Investment Company K.S.C. (Closed)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2012

	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	General reserve KD	Cumulative changes in fair values KD	Employees' share option reserve KD	(Accumulated losses) retained earnings KD	Total KD
As at 1 January 2012	20,088,143	22,917	(862,954)	737,689	766,953	1,410,975	11,459	(1,025,911)	21,149,271
Loss for the period	-	-	-	-	-	-	-	(716,142)	(716,142)
Other comprehensive income for the period	-	-	-	-	-	212,402	-	-	212,402
Total comprehensive income (loss) for the period	-	-	-	-	-	212,402	-	(716,142)	(503,740)
Purchase of treasury shares	-	-	(39,974)	-	-	-	-	-	(39,974)
As at 30 September 2012	20,088,143	22,917	(902,928)	737,689	766,953	1,623,377	11,459	(1,742,053)	20,605,557
As at 1 January 2011	20,088,143	22,917	(497,079)	737,689	766,953	2,197,023	11,459	1,700,728	25,027,833
Loss for the period	-	-	-	-	-	-	-	(885,666)	(885,666)
Other comprehensive loss for the period	-	-	-	-	-	(191,561)	-	-	(191,561)
Total comprehensive loss for the period	-	-	-	-	-	(191,561)	-	(885,666)	(1,077,227)
Purchase of treasury shares	-	-	(350,333)	-	-	-	-	-	(350,333)
As at 30 September 2011	20,088,143	22,917	(847,412)	737,689	766,953	2,005,462	11,459	815,062	23,600,273

The attached notes 1 to 9 form part of this interim condensed financial information.

Manafae Investment Company K.S.C. (Closed)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2012

	Note	Nine months ended 30 September	
		2012 KD	2011 KD
OPERATING ACTIVITIES			
Loss for the period		(716,142)	(885,666)
Non-cash adjustments to reconcile loss for the period to net cash flows:			
Unrealised (gain) loss on financial assets at fair value through income statement		(5,333)	129,540
Realised loss (gain) on sale of financial assets available for sale		16,332	(183,986)
Gain on sale of investment property		-	(100,833)
Dividend income		(62,551)	(80,446)
Reversal of provision no longer required		(144,255)	-
Reversal for credit losses		(409)	(2,089)
Impairment of financial assets available for sale		418,879	461,874
Finance costs		3,244	-
Write off of property and equipment		-	4,764
Provision for employees' end of service benefits		53,595	59,605
Depreciation		13,718	28,001
		(422,922)	(569,236)
Working capital adjustments:			
Financial assets at fair value through income statement		(748,847)	2,411,768
Receivables from financing of future trades		40,498	205,687
Other assets		611,546	1,249,707
Other liabilities		61,532	47,430
Cash flows (used in) from operations		(458,193)	3,345,356
Employees' end of service benefits paid		(23,077)	(36,686)
Net cash flows (used in) from operating activities		(481,270)	3,308,670
INVESTING ACTIVITIES			
Purchase of financial assets available for sale		(488,017)	(96,215)
Proceeds from sale of financial assets available for sale		527,216	301,650
Proceeds from sale of investment property		-	937,500
Purchase of property and equipment		(21,854)	(2,301)
Dividends received		62,551	80,446
Net cash flows from investing activities		79,896	1,221,080
FINANCING ACTIVITIES			
Purchase of treasury shares		(39,974)	(350,333)
Finance cost paid		(3,244)	-
Net cash flows used in financing activities		(43,218)	(350,333)
NET (DECREASE) INCREASE IN CASH AND BALANCES WITH BANK			
Cash and balances with bank at 1 January		6,528,100	2,952,911
CASH AND BALANCES WITH BANK AT 30 SEPTEMBER	4	6,083,508	7,132,328

The attached notes 1 to 9 form part of this interim condensed financial information.

Manafae Investment Company K.S.C. (Closed)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2012

1 CORPORATE INFORMATION

The interim condensed financial information of Manafae Investment Company K.S.C. (Closed) (the "Company") for the period ended 30 September 2012 were authorised for issue in accordance with a resolution of the board of directors on 18 October 2012.

The Company is a Kuwaiti closed shareholding company registered and incorporated in Kuwait on 5 October 2005 under the Commercial Companies Law No. 15 of 1960 and amendments thereto and is listed on the Kuwait Stock Exchange. The Company is registered with the Central Bank of Kuwait ("CBK") as an investment company and is subject to the supervision of Capital Markets Authority ("CMA").

The Company's shares are listed on the Kuwait Stock Exchange. The Company's registered head office is at Al Sharq Khaled Bin Al-Waleed Street, Al-Shaheed Tower, 11 Floor P.O. Box 3132, Safat, Kuwait.

The Company's main activities are to invest in all sectors, manage third parties funds and portfolios, to act as investment trustees, to perform economical and fiscal activities as per Sharee'a law, to act as an intermediary to provide loans, to provide consumer finance, to provide consultancy and undertake technical and economic feasibility studies.

2 BASIS OF PRESENTATION

The interim condensed financial information of the Company has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" except as noted below.

The annual financial statements for the year ended 31 December 2011 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK. These regulations require adoption of all International Financial Reporting Standards ("IFRS") except for the IAS 39 requirement for a collective impairment provision, which has been replaced by the CBK's requirement for a minimum general provision.

The interim condensed financial information does not contain all information and disclosures required in the annual financial statements prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2011. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. In addition, results for the nine month ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2011, except for the adoption of the following amended International Accounting Standards Board ("IASB") Standard during the period:

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

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company'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 continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets.

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

The Company has not early adopted any IASB standards, International Financial Reporting Interpretations Committee ("IFRIC") interpretations or amendments that have been issued but not yet effective.

Manafae Investment Company K.S.C. (Closed)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2012

3 BASIC AND DILUTED LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares, less treasury shares outstanding during the period.

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2012 KD</i>	<i>2011 KD</i>	<i>2012 KD</i>	<i>2011 KD</i>
Loss for the period	(414,899)	(233,796)	(716,142)	(885,666)
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of paid-up shares, less treasury shares outstanding during the period	187,661,430	193,261,865	187,859,386	193,726,778
Basic and diluted loss per share	(2.21) fils	(1.21) fils	(3.81) fils	(4.57) fils

4 CASH AND BALANCES WITH BANKS

	<i>30 September 2012 KD</i>	<i>(Audited) 31 December 2011 KD</i>	<i>30 September 2011 KD</i>
Cash at banks and on hand	1,083,508	1,528,100	3,132,328
Short term deposits	5,000,000	5,000,000	4,000,000
	6,083,508	6,528,100	7,132,328

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>30 September 2012 KD</i>	<i>(Audited) 31 December 2011 KD</i>	<i>30 September 2011 KD</i>
Held for trading:			
Quoted equity securities	942,914	236,720	84,121
Designated:			
Unquoted equity securities	5,274,394	5,226,408	5,907,810
	6,217,308	5,463,128	5,991,931

Manafae Investment Company K.S.C. (Closed)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2012

6 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>(Audited)</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2012</i>	<i>2011</i>	<i>2011</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Unquoted equity securities	5,706,534	5,817,285	7,089,334
Managed equity funds	1,892,094	2,033,195	2,112,298
Managed portfolios	1,094,829	1,088,653	1,123,222
	<u>8,693,457</u>	<u>8,939,133</u>	<u>10,324,854</u>

As at 30 September 2012, certain financial assets (unquoted equity securities, managed equity funds and managed portfolios) amounting to KD 1,830,525 (31 December 2011: KD 2,325,101 and 30 September 2011: KD 3,147,849) were carried at cost less impairment due to the non availability of their fair value. The management believes that there is no impairment in value of these investments.

7 CONTINGENT LIABILITIES

As at 30 September 2012, the Company had contingent liabilities amounting to KD 105,000 (31 December 2011: KD 105,000 and 30 September 2011: KD 105,000) in respect of bank guarantees and letters of credit arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. The bank guarantees are secured against other assets of KD 105,000 (31 December 2011: KD 105,000 and 30 September 2011: KD 105,000).

8 RELATED PARTY TRANSACTIONS

Related parties represent major shareholder, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Significant balances and transactions with related parties are as follows:

	<i>Major shareholders</i>	<i>Other related parties</i>	<i>(Audited)</i>		
			<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
			<i>2012</i>	<i>2011</i>	<i>2011</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Interim condensed statement of financial position:					
Financial assets available for sale	1,524,993	226,755	1,751,748	1,854,597	1,951,048
				<i>Nine months ended</i>	
				<i>30 September</i>	
				<i>2012</i>	<i>2011</i>
				<i>KD</i>	<i>KD</i>
Interim condensed income statement:					
Fees and commission income		6,454	1,401	7,855	16,029

Manafae Investment Company K.S.C. (Closed)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2012

8 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

The remuneration of directors and other members of key management during the period is as follows:

	<i>Nine months ended 30 September</i>	
	<i>2012</i>	<i>2011</i>
	<i>KD</i>	<i>KD</i>
Short-term benefits	346,622	363,052
Employees' end of service benefits	42,988	44,462
	<u>389,610</u>	<u>407,514</u>

9 SEGMENTAL INFORMATION

For management reporting purposes, the Company is organised into three major operating segments based on internal reporting provided to the chief operating decision maker. The Company does not have material inter-segment transactions. The principal activities and services under these segments are as follows:

- Proprietary investment management : Investing of Company funds in securities, lending to corporate and individual customers and managing the Company'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.
- Trading : Investing of funds in quoted securities.

Management monitors operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segmental return on investments. Property and equipment (including depreciation) and taxation are managed on an overall basis and are not allocated to individual business segments.

Manafae Investment Company K.S.C. (Closed)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2012

9 SEGMENTAL INFORMATION (continued)

The following table presents information regarding the Company's operating segments.

	<i>30 September 2012</i>				
	<i>Proprietary investment management KD</i>	<i>Investment management and advisory services KD</i>	<i>Trading KD</i>	<i>Others KD</i>	<i>Total KD</i>
Total revenue (loss)	65,735	95,618	(10,292)	83,982	235,043
(Loss) profit for the period	(389,587)	35,674	(355,162)	(7,067)	(716,142)
Total assets	13,967,882	-	942,914	6,327,242	21,238,008
	<i>30 September 2011</i>				
	<i>Proprietary investment management KD</i>	<i>Investment management and advisory services KD</i>	<i>Trading KD</i>	<i>Others KD</i>	<i>Total KD</i>
Total revenue (loss)	175,287	209,837	(113,797)	46,877	318,204
(Loss) profit for the period	(479,736)	144,164	(491,629)	(58,465)	(885,666)
Total assets	16,420,819	-	84,121	7,664,482	24,169,422