

**Privatization Holding Company K.S.C.P.
and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)**

30 SEPTEMBER 2014



Building a better
working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF PRIVATIZATION HOLDING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Privatization Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively "the Group") as at 30 September 2014 and the related interim condensed consolidated statement of income, and interim condensed consolidated statement of comprehensive income for the three and nine months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association that might have had a material effect on the business of the Parent Company or on its financial position during the nine months period ended 30 September 2014.

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 violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations that might have had a material effect on the business of the Group or on its financial position during the nine months period ended 30 September 2014.

WALEED A. AL OSAIMI
LICENCE NO. 68-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

ABDULLATIF M. AL-AIBAN (CPA)
(LICENCE NO. 94-A)
OF GRANT THORNTON –
AL-QATAMI, AL-AIBAN & PARTNERS

10 November 2014
Kuwait

Privatization Holding Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)
Period ended 30 September 2014

	Notes	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
INCOME					
Realised gain on financial assets at fair value through income statement		-	-	29,766	3,784
Unrealised gain (loss) on financial assets at fair value through income statement		180,840	316,216	587,151	(658,512)
Gain on sale of financial assets available-for-sale		405,014	(216,753)	1,648,171	314,996
Dividend income		288,965	162,971	1,585,314	2,246,493
Interest income		97,986	146,372	292,897	324,296
Murabaha income	8	188,361	188,632	559,206	560,275
Share of results of associates	4	1,362,918	642,535	2,241,034	1,292,301
Gain on sale of an equity interest in a subsidiary		-	-	-	137,135
Gain (loss) on sale of investment property		41,679	(1,635)	121,944	16,203
Foreign exchange (loss) gain		(7,010)	211,975	34,115	(116,249)
Revenue from services		1,653,087	2,722,552	6,327,680	3,187,868
Other income		1,928	178,514	112,103	368,321
Total income		4,213,768	4,351,379	13,539,381	7,676,911
EXPENSES					
Cost of services rendered		(1,117,602)	(1,904,626)	(4,644,507)	(2,353,541)
Administrative expenses		(675,024)	(965,001)	(1,998,690)	(1,615,483)
Portfolio management fees		(31,424)	(23,947)	(86,276)	(88,586)
Finance costs		(796,130)	(902,517)	(2,373,099)	(2,307,764)
Amortisation of intangibles		-	-	-	(139,832)
Total expenses		(2,620,180)	(3,796,091)	(9,102,572)	(6,505,206)
PROFIT FOR THE PERIOD BEFORE TAXATION					
Taxation		1,593,588	555,288	4,436,809	1,171,705
		(43,000)	(4,351)	(110,571)	(4,351)
PROFIT FOR THE PERIOD		1,550,588	550,937	4,326,238	1,167,354
Attributable to:					
Equity holders of the Parent Company		1,555,823	584,161	4,245,836	1,173,854
Non-controlling interests		(5,235)	(33,224)	80,402	(6,500)
		1,550,588	550,937	4,326,238	1,167,354
BASIC AND DILUTED EARNINGS PER SHARE					
	3	2.2 fils	0.8 fils	5.8 fils	1.6 fils

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

Period ended 30 September 2014

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
Profit for the period	1,550,588	550,937	4,326,238	1,167,354
Other comprehensive income				
<i>Other comprehensive income (loss) to be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>				
Change in fair value of financial assets available-for-sale	3,278,553	4,474,859	7,203,750	(4,249,845)
Realised (gain) loss on sale of financial assets available-for-sale	(405,014)	216,753	(1,648,171)	(314,996)
Share of cumulative changes in fair value of associates (Note 4)	(135,479)	96,969	129,368	521,441
Share of foreign currency translation reserve of associates (Note 4)	189,245	(78,655)	182,276	(18,066)
Other comprehensive income (loss) for the period	2,927,305	4,709,926	5,867,223	(4,061,466)
Total comprehensive income (loss) for the period	4,477,893	5,260,863	10,193,461	(2,894,112)
Attributable to:				
Equity holders of the Parent Company	4,477,044	5,291,078	10,112,831	(2,887,338)
Non-controlling interests	849	(30,215)	80,630	(6,774)
	4,477,893	5,260,863	10,193,461	(2,894,112)

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

At 30 September 2014

		(Audited)	
	Notes	30 September 2014 KD	31 December 2013 KD
		30 September 2013 KD	
ASSETS			
Non-current assets			
Property, plant and equipment		11,904,366	11,122,663
Intangible assets		2,150,171	2,150,171
Investment in associates	4	45,885,316	43,811,809
Held-to-maturity investment		2,700,000	2,700,000
Murabaha receivable	8	15,047,252	15,068,831
Financial assets available-for-sale	5	63,049,062	59,001,954
Investment property		3,576,594	3,842,658
		<u>144,312,761</u>	<u>137,698,086</u>
			<u>126,646,144</u>
Current assets			
Due from sale of investment in subsidiaries		-	39,841
Accounts receivable and prepayments		12,362,464	11,304,472
Financial assets at fair value through income statement	6	14,990,944	14,839,294
Bank balances and cash	7	11,957,680	14,930,092
		<u>39,311,088</u>	<u>41,073,858</u>
			<u>53,204,449</u>
TOTAL ASSETS		<u>183,623,849</u>	<u>178,771,944</u>
			<u>179,850,593</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		73,828,000	73,828,000
Share premium		24,761,544	24,761,544
Statutory reserve		1,061,335	1,061,335
General reserve		1,061,335	1,061,335
Treasury shares		(151,584)	-
Treasury shares reserve		1,801,684	1,801,684
Cumulative changes in fair value		6,695,068	1,010,346
Foreign currency translation reserve		147,311	(34,962)
Other reserves		5,336	(20,790)
Retained earnings (accumulated losses)		3,375,883	(869,953)
		<u>112,585,912</u>	<u>102,598,539</u>
			<u>101,552,069</u>
Equity attributable to equity holders of the Parent Company		<u>112,585,912</u>	<u>102,598,539</u>
Non-controlling interests		893,981	805,184
			<u>699,380</u>
Total equity		<u>113,479,893</u>	<u>103,403,723</u>
			<u>102,251,449</u>
Non-current liabilities			
Term loans		27,890,000	15,532,125
Employees' end of service benefits		623,630	523,001
		<u>28,513,630</u>	<u>16,055,126</u>
			<u>15,510,235</u>
Current liabilities			
Accounts payable and accruals		1,950,921	2,078,725
Bank overdraft	7	214,064	5,308,782
Term loans		39,465,341	51,925,588
		<u>41,630,326</u>	<u>59,313,095</u>
			<u>62,088,909</u>
Total liabilities		<u>70,143,956</u>	<u>75,368,221</u>
			<u>77,599,144</u>
TOTAL EQUITY AND LIABILITIES		<u>183,623,849</u>	<u>178,771,944</u>
			<u>179,850,593</u>

Riyadh S. A. Edrees
Chairman

Mohammad A. Al-Asfor
Vice Chairman

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 30 September 2014

	Attributable to equity holders of the Parent Company												
	Share capital KD	Share premium KD	Statutory reserve KD	General reserve KD	Treasury shares KD	Treasury shares reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Other reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
At 1 January 2014	73,828,000	24,761,544	1,061,335	1,061,335	-	1,801,684	1,010,346	(34,962)	(20,790)	(869,953)	102,598,539	805,184	103,403,723
Profit for the period	-	-	-	-	-	-	-	-	-	4,245,836	4,245,836	80,402	4,326,238
Other comprehensive income for the period	-	-	-	-	-	-	5,684,722	182,273	-	-	5,866,995	228	5,867,223
Total comprehensive income for the period	-	-	-	-	-	-	5,684,722	182,273	-	4,245,836	10,112,831	80,630	10,193,461
Purchase of treasury shares	-	-	-	-	(151,584)	-	-	-	-	-	(151,584)	-	(151,584)
Share of other reserves of associate (Note 4)	-	-	-	-	-	-	-	-	26,126	-	26,126	-	26,126
Ownership changes in equity of a subsidiary without loss of control	-	-	-	-	-	-	-	-	-	-	-	8,167	8,167
At 30 September 2014	73,828,000	24,761,544	1,061,335	1,061,335	(151,584)	1,801,684	6,695,068	147,311	5,336	3,375,883	112,585,912	893,981	113,479,893
At 1 January 2013	73,828,000	24,761,544	1,061,335	1,061,335	(730,871)	1,591,786	1,519,077	3,357	-	4,852,363	107,947,926	697,812	108,645,738
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	1,173,854	1,173,854	(6,500)	1,167,354
Other comprehensive loss for the period	-	-	-	-	-	-	(4,043,126)	(18,066)	-	-	(4,061,192)	(274)	(4,061,466)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(4,043,126)	(18,066)	-	1,173,854	(2,887,338)	(6,774)	(2,894,112)
Sale of treasury shares	-	-	-	-	730,871	209,898	-	-	-	-	940,769	-	940,769
Ownership changes in equity of an indirectly held subsidiary without loss of control	-	-	-	-	-	-	-	-	(20,790)	-	(20,790)	20,790	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	(4,428,498)	-	143,748	143,748
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(156,196)	(156,196)
At 30 September 2013	73,828,000	24,761,544	1,061,335	1,061,335	-	1,801,684	(2,524,049)	(14,709)	(20,790)	1,597,719	101,552,069	699,380	102,251,449

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

Period ended 30 September 2014

	Notes	Nine months ended 30 September	
		2014 KD	2013 KD
OPERATING ACTIVITIES			
Profit for the period		4,326,238	1,167,354
Adjustments for:			
Depreciation		540,897	563,711
Amortisation of intangibles		-	139,832
Provision for employees' end of service benefits		156,026	88,347
Gain on sale of financial assets available-for-sale		(1,648,171)	(314,996)
Realised gain on financial assets at fair value through income statement		(29,766)	(3,784)
Unrealised (gain) loss on financial assets at fair value through income statement		(587,151)	658,512
Dividend income		(1,585,314)	(2,246,493)
Interest income		(292,897)	(324,296)
Murabaha income		(559,206)	(560,275)
Finance costs		2,373,099	2,307,764
Foreign exchange (gain) loss		(34,115)	116,249
Share of results of associates	4	(2,241,034)	(1,292,301)
Gain on sale of investment property		(121,944)	(16,203)
Gain on sale of property, plant and equipment		-	(83,214)
Gain on sale of a subsidiary		-	(137,135)
		<u>296,662</u>	<u>63,072</u>
Working capital changes:			
Accounts receivable and prepayments		(1,094,772)	(2,088,547)
Financial assets at fair value through income statement		465,267	(415,361)
Accounts payable and accruals		(71,708)	(19,854)
Due from sale of investment in subsidiary		-	160,159
Cash flows used in operating activities		<u>(404,551)</u>	<u>(2,300,531)</u>
Taxation paid		-	(143,366)
Employees' end of service benefits paid		<u>(55,397)</u>	<u>(21,344)</u>
Net cash flows used in operating activities		<u>(459,948)</u>	<u>(2,465,241)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,322,600)	(346,357)
Proceeds from sale of property, plant and equipment		-	526,465
Proceeds from sale of investment property		388,008	87,507
Purchase of investment in associates	4	-	(9,295,691)
Dividend received from associates	4	505,297	747,633
Purchase of financial assets available-for-sale		(4,324,357)	(3,883,842)
Proceeds from sale of financial assets available-for-sale		7,478,388	7,825,090
Murabaha receivable		580,785	581,854
Interest income received		292,897	99,821
Dividend income received		1,585,314	2,246,493
Net cash flows from (used in) investing activities		<u>5,183,732</u>	<u>(1,411,027)</u>
FINANCING ACTIVITIES			
Purchase of treasury shares		(151,584)	-
Proceeds from sale of treasury shares		-	940,769
Finance costs paid		(2,163,062)	(2,047,627)
Dividends paid		(91,074)	(4,421,313)
Term loan obtained		1,059,729	14,320,116
Repayment of short term loan		(1,263,654)	(10,000)
Movement in non-controlling interest		8,167	143,748
Net cash flows (used in) from financing activities		<u>(2,601,478)</u>	<u>8,925,693</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>2,122,306</u>	<u>5,049,425</u>
Cash and cash equivalents at 1 January		9,621,310	6,355,225
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	7	<u>11,743,616</u>	<u>11,404,650</u>

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2014

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Privatization Holding Company K.S.C.P. (Closed) (the "Parent Company") and its subsidiaries (collectively, the "Group") for the nine months period ended 30 September 2014 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 10 November 2014.

The Parent Company is a Kuwaiti shareholding company registered in Kuwait on 10 October 1994 and is listed on the Kuwait Stock Exchange. It is licensed to invest in Kuwaiti and foreign shareholding companies and limited liability companies and to participate in the establishment and management of such entities. The Parent Company is also licensed to lend to such entities and act as their guarantor. The Parent Company may also invest in real estate, hold patents and copy rights, and advance loans to associates. The Parent Company's registered office is located in Sharq, Ahmad Al-Jaber Street, Dar Al-Awadi Tower, 23rd Floor, P.O. Box 4323, Safat 13104, Kuwait.

The Annual General Assembly meeting held on 1 June 2014 approved nil cash dividends per share (2012: 6 fils per share) for the year ended 31 December 2013 on outstanding shares excluding treasury shares.

2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* ("IAS 34").

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2013. Operating results for the nine months period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

New standards, interpretations and amendments adopted by the Group

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014:

IAS 32: Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amendment)

These amendments are effective for annual periods beginning on or after 1 January 2014 and clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendment has not resulted in any impact on the financial position or performance of the Group.

IAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendment)

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

The adoption of these standards did not have any significant or material impact on the interim condensed consolidated financial information of the Group and relevant disclosures will be made in the annual consolidated financial statements of the Group.

Privatization Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2014

2 BASIS OF PRESENTATION (continued)

Standards issued but not yet effective

The following new and amended IASB Standards have been issued but not yet effective, upto the date of issuance of the Group's interim condensed consolidated financial information as discussed below. The Group intends to adopt these standards, if applicable, when they become effective:

IFRS 9: Financial Instruments: Classification and Measurement

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial assets. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of this standard will have an effect on the classification and measurement of Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 15 – Revenue from Contracts with customers

IFRS 15 was issued by IASB on 28 May 2014 is effective for annual periods beginning on or after 1 January 2017. IFRS 15 supersedes IAS 11 – Construction Contracts and IAS 18 – Revenue along with related IFRIC 13, IFRS 15, IFRIC 18 and SIC 31 from the effective date. This new standard would remove inconsistencies and weaknesses in previous revenue requirements, provide a more robust framework for addressing revenue issues and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The Group is in the process of evaluating the effect of IFRS 15.

Additional disclosures will be made in the annual consolidated financial statements of the Group when these standards become effective.

3 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	<u>1,555,823</u>	<u>584,161</u>	<u>4,245,836</u>	<u>1,173,854</u>
Weighted average number of shares outstanding during the period	<u>735,838,000</u>	<u>738,280,000</u>	<u>737,176,403</u>	<u>734,764,731</u>
Basic and diluted earnings per share from continuing operations	<u>2.2 fils</u>	<u>0.8 fils</u>	<u>5.8 fils</u>	<u>1.6 fils</u>

Privatization Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2014

3 BASIC AND DILUTED EARNINGS PER SHARE (continued)

The weighted average number of shares outstanding during the period is calculated after adjusting for treasury shares as follows:

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Weighted average number of paid up shares	738,280,000	738,280,000	738,280,000	738,280,000
Less: Weighted average number of treasury shares	(2,442,000)	-	(1,103,597)	(3,515,269)
Weighted average number of shares outstanding during the period	735,838,000	738,280,000	737,176,403	734,764,731

4 INVESTMENT IN ASSOCIATES

The movement in investment in associates is as follows:

	<i>30 September</i>	<i>(Audited)</i> <i>31 December</i>	<i>30 September</i>
	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Opening balance	43,811,809	12,772,146	12,772,146
Additions	-	13,432,826	13,432,827
Transfer from financial assets available for sale	-	16,644,512	-
Dividends received	(505,297)	(1,538,889)	(747,633)
Share of results	2,241,034	2,427,896	1,292,301
Cumulative changes in fair values	129,368	111,638	521,441
Foreign currency translation adjustment	182,276	(38,320)	(18,066)
Other reserve	26,126	-	-
Closing balance	45,885,316	43,811,809	27,253,016

5 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	<i>30 September</i>	<i>(Audited)</i> <i>31 December</i>	<i>30 September</i>
	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Quoted equity securities	44,300,566	39,276,022	52,450,045
Unquoted equity securities	9,134,135	10,105,980	12,512,996
Mutual funds	9,614,361	9,619,952	1,213,010
	63,049,062	59,001,954	66,176,051

- (a) Mutual funds are carried at net asset values provided by the fund managers and portfolio managers.
- (b) Unquoted equity securities are carried at cost, less impairment, if any, due to the unpredictable nature of their future cash flows and lack of other suitable methods for arriving at a reliable fair value of these investments. There is no active market for these financial assets and the Group intends to hold them for the long term.
- (c) Management has performed a review of financial assets available-for-sale to assess whether impairment has occurred and are of the view that there are no indications of impairment. No impairment loss was recorded in the current period (30 September 2013: Nil) interim condensed consolidated statement of income.

Privatization Holding Company K.S.C.P. and its Subsidiaries

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6 FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>30 September 2014 KD</i>	<i>(Audited) 31 December 2013 KD</i>	<i>30 September 2013 KD</i>
Held for trading			
Quoted equity securities	<u>3,659,049</u>	<u>3,452,264</u>	<u>3,343,428</u>
Designated upon initial recognition			
Unquoted equity security	10,672,634	10,672,634	10,672,634
Mutual funds	659,261	714,396	716,187
	<u><u>14,990,944</u></u>	<u><u>14,839,294</u></u>	<u><u>14,732,249</u></u>

7 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprises of the following:

	<i>30 September 2014 KD</i>	<i>(Audited) 31 December 2013 KD</i>	<i>30 September 2013 KD</i>
Bank balances and cash	10,770,245	13,868,068	15,929,553
Cash with a portfolio manager	<u>1,187,435</u>	<u>1,062,024</u>	<u>425,885</u>
	11,957,680	14,930,092	16,355,438
Bank overdraft	<u>(214,064)</u>	<u>(5,308,782)</u>	<u>(4,950,788)</u>
	<u><u>11,743,616</u></u>	<u><u>9,621,310</u></u>	<u><u>11,404,650</u></u>

8 RELATED PARTY TRANSACTIONS

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

Transactions with related parties included in the interim condensed consolidated financial information are as follows:

	<i>Nine months ended 30 September</i>	
	<i>2014 KD</i>	<i>2013 KD</i>
Interim condensed consolidated statement of income		
Interest income	17,162	180,814
Dividend income	385,932	1,098,963
Murabaha income	559,206	560,275
Portfolio management fees	(1,774)	(3,846)

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8 RELATED PARTY TRANSACTIONS (continued)

	<i>30 September</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD</i>	<i>30 September</i> <i>2013</i> <i>KD</i>
Interim condensed consolidated statement of financial position			
Cash with portfolio manager	4,707	91,745	215,019
Murabaha receivable	15,047,252	15,068,831	15,076,023
Financial assets available-for-sale	10,390,815	8,966,583	21,678,471
Financial assets at fair value through income statement	241,132	19,200	201,010
Due from related parties	3,197,094	2,958,226	12,503,342
Due to related parties	19,275	17,770	(287,982)

The amount due from/to related parties are interest free and are receivable/payable on demand.

Compensation of key management personnel

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

	<i>Nine months ended</i> <i>30 September</i>	
	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
Short-term employee benefits	416,942	233,178
End of service benefits	101,529	31,848
	<u>518,471</u>	<u>265,026</u>

Other information

a) The following financial assets are managed by related parties:

	<i>30 September</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD</i>	<i>30 September</i> <i>2013</i> <i>KD</i>
Financial assets available-for-sale			
Quoted equity securities	1,498,056	5,438,751	5,418,740
Mutual funds	190,176	186,223	186,718
Financial assets at fair value through income statement			
Quoted equity securities	26,320	54,855	53,123

b) The equity securities classified as financial assets available-for-sale with a carrying value of KD 8,677,471 (quoted KD 569,380, unquoted KD 2,674,329, mutual funds KD 5,433,762), (31 December 2013: KD 12,659,846 (quoted KD 557,536, unquoted KD 2,674,330, mutual funds KD 9,427,980), (30 September 2013: KD 5,907,679 (quoted KD 559,020, unquoted KD 5,348,659, mutual funds KD Nil) are registered in the name of a major shareholder of the Parent Company who has confirmed in writing that they hold these equity securities on behalf of the Parent Company.

c) The real estate properties in Egypt classified as investment properties are registered in the name of a key management personnel who has confirmed in writing that he holds the investment property on behalf of the Parent Company.

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9 COMMITMENTS AND CONTINGENCIES

	<i>30 September</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD</i>	<i>30 September</i> <i>2013</i> <i>KD</i>
Commitments			
Purchase of financial assets available-for-sale	<u>3,972,371</u>	<u>4,506,062</u>	<u>976,382</u>

Contingencies

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 3,878,250 (31 December 2013: KD 3,007,751 and 30 September 2013: KD 2,580,725) from which it is anticipated that no material liabilities will arise.

The Parent Company and Al Khair National for Stocks and Real Estate Company have provided a guarantee to NBK against loan of KD 72,672,640 assigned to a third party during 2012. This loan was rescheduled during 2013 and the principal (excluding interest) is repayable in eleven annual installments commencing 15 June 2016.

10 SEGMENT INFORMATION

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

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

	<i>Investment</i> <i>KD</i>	<i>Other</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<i>Nine months ended 30 September 2014</i>			
Income	<u>6,976,243</u>	<u>6,563,138</u>	<u>13,539,381</u>
Results			
Segment profit	<u>3,442,732</u>	<u>883,506</u>	<u>4,326,238</u>
<i>Nine months ended 30 September 2013</i>			
Income	<u>3,942,593</u>	<u>3,734,318</u>	<u>7,676,911</u>
Results			
Segment profit	<u>912,761</u>	<u>254,593</u>	<u>1,167,354</u>

The following table presents segment assets and liabilities of the Group's business segments:

	<i>Investment</i> <i>KD</i>	<i>Other</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Assets			
At 30 September 2014	<u>159,573,467</u>	<u>24,050,382</u>	<u>183,623,849</u>
At 31 December 2013	<u>156,201,263</u>	<u>22,570,681</u>	<u>178,771,944</u>
At 30 September 2013	<u>155,117,459</u>	<u>24,733,134</u>	<u>179,850,593</u>

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10 SEGMENT INFORMATION (continued)

	<i>Investment KD</i>	<i>Other KD</i>	<i>Total KD</i>
Liabilities			
At 30 September 2014	<u>62,898,717</u>	<u>7,245,239</u>	<u>70,143,956</u>
At 31 December 2013	<u>68,377,216</u>	<u>6,991,005</u>	<u>75,368,221</u>
At 30 September 2013	<u>68,122,080</u>	<u>9,477,064</u>	<u>77,599,144</u>

11 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset, liability or financial instrument could be exchanged or settled between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms. Financial instruments comprise financial assets and financial liabilities.

The estimated fair values of financial instruments, except for unquoted equity securities classified as financial assets available-for-sale (Note 5) approximated their carrying values at the reporting date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial assets recorded at fair value by level of the fair value hierarchy:

	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
30 September 2014				
Financial assets available-for-sale	44,300,566	9,614,361	-	53,914,927
Financial assets at fair value through income statement	3,659,049	659,261	10,672,634	14,990,944
31 December 2013				
Financial assets available-for-sale	39,276,022	9,619,957	-	48,895,979
Financial assets at fair value through income statement	3,452,264	714,396	10,672,634	14,839,294
30 September 2013				
Financial assets available-for-sale	52,450,045	1,213,010	-	53,663,055
Financial assets at fair value through income statement	3,343,428	716,187	10,672,634	14,732,249

During the nine months period ended 30 September 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.