

Interim condensed consolidated financial information and review report  
Privatization Holding Co. – KPSC and Subsidiaries

Kuwait

31 March 2015 (Unaudited)

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## Report on review of interim condensed consolidated financial information

To the board of directors of  
Privatization Holding Company – KPSC  
Kuwait

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Privatization Holding Company (Kuwaiti Public Shareholding Company) (the "Parent Company") and its subsidiaries (collectively the "Group") as of 31 March 2015 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". 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.

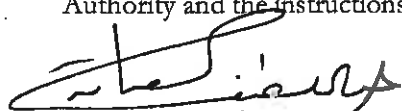
### *Conclusion*

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 International Accounting Standard 34, "Interim Financial Reporting".

### **Report on review of other legal and regulatory requirements**

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the three month period ended 31 March 2015 that might have had a material effect on the business or financial position of the Parent Company.

We also report that during our review and to the best of our knowledge and belief, nothing has come to our attention that indicates any material violations to Law No. (7) of 2010 relating to the Capital Markets Authority and the instructions thereto, during the three-month period ended 31 March 2015.



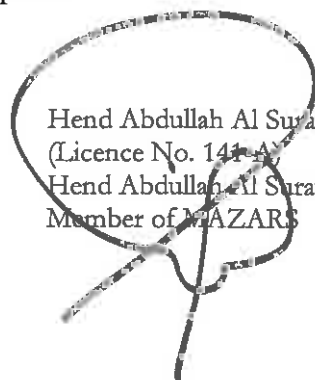
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(Licence No. 94-A)

of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait

14 May 2015



Hend Abdulla Al Surayea

(Licence No. 141-A)

Hend Abdulla Al Surayea & Co.

Member of MAZARS

## Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
<b>INCOME</b>			
Realised gain on financial assets at fair value through profit or loss			28,670
Unrealised (loss) gain on financial assets at fair value through profit or loss		(43,425)	370,954
Gain on sale of financial assets available-for-sale		250,479	426,048
Dividend income		617,420	451,300
Interest income		100,945	118,818
Murabaha income	8	182,045	184,443
Share of results of associates	7	(316,479)	411,223
Gain on sale of investment property		11,419	31,667
Revenue from services		3,617,251	3,130,065
Other income		194,487	93,101
<b>Total income</b>		<b>4,614,142</b>	<b>5,246,289</b>
<b>EXPENSES</b>			
Cost of services rendered		(3,057,552)	(2,192,964)
Administrative expenses		(488,772)	(626,600)
Portfolio management fees		(27,870)	(21,678)
Finance costs		(820,338)	(750,640)
Foreign exchange loss		(21,620)	(18,560)
<b>Total expenses</b>		<b>(4,416,152)</b>	<b>(3,610,442)</b>
<b>PROFIT FOR THE PERIOD BEFORE TAXATION</b>		<b>197,990</b>	<b>1,635,847</b>
Taxation			(62,506)
<b>PROFIT FOR THE PERIOD</b>		<b>197,990</b>	<b>1,573,341</b>
<b>Attributable to:</b>			
Shareholders of the Parent Company		38,361	1,424,655
Non-controlling interests		159,629	148,686
		<b>197,990</b>	<b>1,573,341</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY</b>	3	<b>0.05 fils</b>	<b>1.9 fils</b>

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of comprehensive income

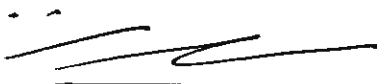
	<i>Notes</i>	Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
Profit for the period		197,990	1,573,341
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to consolidated statement of profit or loss in subsequent periods:</i>			
Change in fair value of financial assets available-for-sale		125,997	7,757,110
Foreign currency translation reserve of subsidiary		386	-
Realised gain on sale of financial assets available-for-sale		(250,479)	(426,048)
Share of cumulative changes in fair value of associates	7	(83,169)	381,004
Share of foreign currency translation reserve of associates	7	217,525	(11,163)
<b>Other comprehensive income for the period</b>		10,260	7,700,903
<b>Total comprehensive income for the period</b>		208,250	9,274,244
<b>Attributable to:</b>			
Shareholders of the Parent Company		74,919	9,118,983
Non-controlling interests		133,331	155,261
		208,250	9,274,244

*The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.*

## Interim condensed consolidated statement of financial position

	Notes	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
<b>ASSETS</b>				
Bank balances and cash	4	14,798,349	11,070,292	13,136,716
Financial assets at fair value through profit or loss	5	14,337,367	14,380,792	14,707,289
Accounts receivable and prepayments		15,378,445	14,520,646	13,140,404
Murabaha receivable	8	15,028,777	15,040,060	15,057,540
Financial assets available-for-sale	6	54,817,098	57,588,215	63,524,296
Investment in associates	7	47,556,381	48,375,955	44,475,353
Investment property		3,597,150	3,663,596	3,755,302
Held-to-maturity investment		2,700,000	2,700,000	2,700,000
Intangible assets		2,150,171	2,150,171	2,150,171
Property, plant and equipment		11,886,200	11,746,334	11,265,716
<b>TOTAL ASSETS</b>		<b>182,249,938</b>	<b>181,236,061</b>	<b>183,912,787</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		73,828,000	73,828,000	73,828,000
Share premium		24,761,544	24,761,544	24,761,544
Statutory reserve		1,486,581	1,486,581	1,061,335
General reserve		1,061,335	1,061,335	1,061,335
Treasury shares		(214,948)	(282,084)	-
Treasury shares reserve		1,805,152	1,801,684	1,801,684
Cumulative changes in fair value		(565,781)	(384,428)	8,715,837
Foreign currency translation reserve		518,311	300,400	(46,125)
Other reserves		15,449	5,336	5,336
Retained earnings		3,780,862	3,742,501	554,702
<b>Equity attributable to shareholders of the Parent Company</b>		<b>106,476,505</b>	<b>106,320,869</b>	<b>111,743,648</b>
<b>Non-controlling interests</b>		<b>1,705,453</b>	<b>988,704</b>	<b>960,445</b>
<b>Total equity</b>		<b>108,181,958</b>	<b>107,309,573</b>	<b>112,704,093</b>
<b>Liabilities</b>				
Term loans		68,442,967	68,229,880	67,147,606
Employees' end of service benefits		690,503	642,938	576,364
Accounts payable and accruals		4,530,011	4,266,613	2,613,390
Bank overdraft		404,499	787,057	871,334
<b>Total liabilities</b>		<b>74,067,980</b>	<b>73,926,488</b>	<b>71,208,694</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>182,249,938</b>	<b>181,236,061</b>	<b>183,912,787</b>

  
 Riyadh S.A. Edrees  
 Chairman

  
 Mohammad A. Al-Asfor  
 Vice Chairman

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of changes in equity

Attributable to shareholders 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 transition reserve KD	Other reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
At 1 January 2015	73,828,000	24,761,544	1,486,581	1,061,335	(282,084)	1,801,684	(384,428)	300,400	5,336	3,742,501	106,320,869	988,704	107,309,573
Profit for the period													
Other comprehensive (loss) income for the period							(181,353)	217,911		38,361	38,361	159,629	197,990
Total comprehensive (loss) income for the period							(181,353)	217,911		38,361	38,361	(26,298)	10,260
Sale of treasury shares Share of other reserves of associate (Note 7)					67,136	3,468					74,919		208,250
Purchase of subsidiary									10,113		10,113		70,604
At 31 March 2015	73,828,000	24,761,544	1,486,581	1,061,335	(214,948)	1,805,152	(565,781)	518,311	15,449	3,780,862	106,476,505	1,705,453	108,181,958
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													
Other comprehensive income (loss) for the period							7,705,491	(11,163)		1,424,655	1,424,655	148,686	1,573,341
Total comprehensive income (loss) for the period							7,705,491	(11,163)		1,424,655	1,424,655	6,575	7,700,903
Share of other reserves of associate (Note 7)													
At 31 March 2014	73,828,000	24,761,544	1,061,335	1,061,335		1,801,684	8,715,837	(46,125)	5,336	554,702	111,743,648	960,445	112,704,093

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of cash flows

	Notes	Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		197,990	1,573,341
Adjustments for:			
Depreciation		366,293	187,376
Provision for employees' end of service benefits		59,767	61,761
Gain on sale of financial assets available-for-sale		(250,479)	(426,048)
Realised gain on financial assets at fair value through profit or loss		-	(28,670)
Unrealised loss (gain) on financial assets at fair value through profit or loss		43,425	(370,954)
Dividend income		(617,420)	(451,300)
Interest income		(100,945)	(118,818)
Murabaha income		(182,045)	(184,443)
Finance costs		820,338	750,640
Foreign exchange loss		21,620	18,560
Share of results of associates	7	316,479	(411,223)
Gain on sale of investment property		(11,419)	(31,667)
		<u>663,604</u>	<u>568,555</u>
Working capital changes:			
Accounts receivable and prepayments		(122,926)	(1,878,974)
Financial assets at fair value through profit or loss		-	531,628
Accounts payable and accruals		(353,806)	342,439
Cash flows from/(used in) operating activities		<u>186,872</u>	<u>(436,352)</u>
Employees' end of service benefits paid		(12,202)	(8,398)
Net cash flows from/(used in) operating activities		<u>174,670</u>	<u>(444,750)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(166,159)	(330,429)
Proceeds from sale of investment property		77,865	119,023
Dividend received from associates	7	647,599	143,646
Purchase of financial assets available-for-sale		(45,293)	(945,033)
Proceeds from sale of financial assets available-for-sale		2,942,411	4,179,800
Murabaha receivable		193,328	195,734
Interest income received		100,945	118,818
Dividend income received		617,420	451,300
Purchase of investment in subsidiary		(300,000)	-
Net cash flows from investing activities		<u>4,068,116</u>	<u>3,932,859</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from sale of treasury shares		70,604	-
Finance costs paid		(256,518)	(536,395)
Dividends paid		-	(33,205)
Term loan obtained		419,504	330,563
Repayment of short term loan		(366,147)	(605,000)
Net cash flows used in financing activities		<u>(132,557)</u>	<u>(844,037)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>4,110,229</u>	<u>2,644,072</u>
Foreign currency translation reserve		386	-
Cash and cash equivalents at beginning of the period		<u>10,283,235</u>	<u>9,621,310</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	4	<u><u>14,393,850</u></u>	<u><u>12,265,382</u></u>

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.



# Notes to the interim condensed consolidated financial information

## 1 Corporate information

The interim condensed consolidated financial information of Privatization Holding Company - KPSC (the "Parent Company") and its subsidiaries (collectively, the "Group") for the three months period ended 31 March 2015 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 14 May 2015.

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, 23<sup>rd</sup> Floor, P.O. Box 4323, Safat 13104, Kuwait.

The Annual General Assembly meeting held on 12 May 2015 approved 5% cash dividends per share (2013: Nil) for the year ended 31 December 2014 on outstanding shares excluding treasury shares amounting to KD3,680,694.

## 2 Basis of preparation

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 2014. Operating results for the three months period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

### New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group. The nature and the impact of each new standard or amendment are described below:

#### *Annual Improvements 2010-2012 Cycle*

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in this interim condensed consolidated financial information. They include:

##### *IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy

##### *IFRS 8 Operating Segments*

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

## Notes to the interim condensed consolidated financial information (continued)

### 2 Basis of preparation (continued)

#### New standards, interpretations and amendments adopted by the Group (continued)

##### *Annual Improvements 2010-2012 Cycle (continued)*

###### *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

###### *IAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

##### *Annual Improvements 2011-2013 Cycle*

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in this interim condensed consolidated financial information. They include:

###### *IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The Group is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

###### *IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

###### *IAS 40 Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

#### Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial information are disclosed below. The group intends to adopt these standards, if applicable, when they become effective.

###### *IFRS 9 Financial Instruments*

The IASB issued IFRS 9 Financial Instruments in its final form in July 2014 and 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 is in the process of quantifying the impact of this standard on the Group's financial statements, when adopted.

## Notes to the interim condensed consolidated financial information (continued)

### 2 Basis of preparation (continued)

#### Standards issued but not yet effective (continued)

##### *IFRS 15 – Revenue from Contracts with customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

##### *Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the group has not used a revenue-based method to depreciate its non-current assets.

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 shareholders of the Parent Company by the weighted average number of shares outstanding during the period less treasury shares as follows:

	Three months ended 31 March 2015 (Unaudited)	Three months ended 31 March 2014 (Unaudited)
Profit for the period attributable to shareholders of the Parent Company (KD)	38,361	1,424,655
Weighted average number of shares outstanding during the period	733,996,355	738,280,000
Basic and diluted earnings per share	0.05 fils	1.9 fils

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

	Three months ended 31 March 2015 (Unaudited)	Three months ended 31 March 2014 (Unaudited)
Weighted average number of paid up shares	738,280,000	738,280,000
Less: Weighted average number of treasury shares	(4,283,645)	-
Weighted average number of shares outstanding during the period	733,996,355	738,280,000

## Notes to the interim condensed consolidated financial information (continued)

### 4 Cash and cash equivalents

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

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Bank balances and cash	13,476,939	10,867,521	10,255,639
Cash with a portfolio manager	1,321,410	202,771	2,881,077
	<u>14,798,349</u>	<u>11,070,292</u>	<u>13,136,716</u>
Bank overdraft	(404,499)	(787,057)	(871,334)
	<u>14,393,850</u>	<u>10,283,235</u>	<u>12,265,382</u>

### 5 Financial assets at fair value through profit or loss

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
<b>Held for trading</b>			
Quoted equity securities	3,026,592	3,085,825	3,396,079
<b>Designated upon initial recognition</b>			
Unquoted equity security	10,672,634	10,672,634	10,672,634
Mutual funds	638,141	622,333	638,576
	<u>14,337,367</u>	<u>14,380,792</u>	<u>14,707,289</u>

### 6 Financial assets available-for-sale

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Quoted equity securities	36,499,020	39,144,267	44,639,871
Unquoted equity securities	9,031,135	9,238,203	9,240,564
Mutual funds	9,286,943	9,205,745	9,643,861
	<u>54,817,098</u>	<u>57,588,215</u>	<u>63,524,296</u>

- Mutual funds are carried at net asset values provided by the fund managers and portfolio managers.
- 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.
- 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 (31 December 2014: Nil, 31 March 2014: Nil) interim condensed consolidated statement of profit or loss.

## Notes to the interim condensed consolidated financial information (continued)

### 7 Investment in associates

The movement in investment in associates is as follows:

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Opening balance	48,375,954	43,811,809	43,811,809
Additions	-	4,730	-
Dividends received	(647,599)	(505,297)	(143,646)
Share of results	(316,479)	4,137,881	411,223
Cumulative changes in fair values	(83,169)	565,439	381,004
Foreign currency translation adjustment	217,525	335,267	(11,163)
Other reserve	10,149	26,126	26,126
Closing balance	<u>47,556,381</u>	<u>48,375,955</u>	<u>44,475,353</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:

	Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD	
<b>Interim condensed consolidated statement of profit or loss</b>			
Interest income	17,753	647	
Murabaha income	182,045	184,443	
Portfolio management fees	(1,122)	(497)	
Other income	3,000	60,000	
	<b>31 March 2015 (Unaudited) KD</b>	<b>31 Dec. 2014 (Audited) KD</b>	
	<b>31 March 2014 (Unaudited) KD</b>		
<b>Interim condensed consolidated statement of financial position</b>			
Cash with portfolio manager	29,486	7,900	41,407
Murabaha receivable	15,028,777	15,040,060	15,057,540
Financial assets available-for-sale	8,247,425	8,661,086	9,600,727
Financial assets at fair value through profit or loss	181,676	187,736	216,411
Due from related parties	3,731,049	3,833,003	3,053,001
Due to related parties	721,304	559,626	67,951

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

## Notes to the interim condensed consolidated financial information (continued)

### 8 Related party transactions (continued)

#### Compensation of key management personnel

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

	Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
Short-term employee benefits	137,839	126,422
End of service benefits	56,497	51,083
	<u>194,336</u>	<u>177,505</u>

#### Other information

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

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
<b>Financial assets available-for-sale</b>			
Quoted equity securities	1,275,586	1,322,013	1,306,378
Mutual funds	198,217	199,307	185,960
<b>Financial assets at fair value through income statement</b>			
Quoted equity securities	21,715	22,872	55,072

b) The equity securities classified as financial assets available-for-sale with a carrying value of KD3,267,783 (quoted KD593,453, unquoted KD2,674,330, mutual funds KD Nil), (31 December 2014: KD8,275,251 (quoted KD578,753, unquoted KD2,674,330, mutual funds KD5,022,168), (31 March 2014: KD12,509,897 (quoted KD556,752, unquoted KD2,674,330, mutual funds KD9,278,815) 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.

### 9 Commitments and contingencies

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
<b>Commitments</b>			
Purchase of financial assets available-for-sale	3,365,716	3,691,224	5,308,515
Purchase of property, plant and equipment	-	-	520,000

#### Contingencies

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD4,373,570 (31 December 2014: KD4,611,835 and 31 March 2014: KD3,788,581) from which it is anticipated that no material liabilities will arise.

## Notes to the interim condensed consolidated financial information (continued)

### 9 Commitments and contingencies (continued)

#### Contingencies (continued)

The Parent Company and Al Khair National for Stocks and Real Estate Company have provided a guarantee to NBK against loan of KD72,672,640 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:

	Investment KD	Other KD	Total KD
<i>Three months ended 31 March 2015</i>			
Income	754,053	3,860,089	4,614,142
Results			
Segment (loss) profit	(295,466)	493,456	197,990
<i>Three months ended 31 March 2014</i>			
Income	2,013,188	3,233,101	5,246,289
Results			
Segment profit	946,856	626,485	1,573,341

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

	Investment KD	Other KD	Total KD
<b>Assets</b>			
At 31 March 2015	153,590,094	28,659,844	182,249,938
At 31 December 2014	153,769,094	27,466,967	181,236,061
At 31 March 2014	159,185,858	24,726,929	183,912,787
<b>Liabilities</b>			
At 31 March 2015	64,372,009	9,695,971	74,067,980
At 31 December 2014	64,286,498	9,639,990	73,926,488
At 31 March 2014	62,887,351	8,321,343	71,208,694

## Notes to the interim condensed consolidated financial information (continued)

### 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 6) 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:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<i>31 March 2015 (Unaudited)</i>				
Financial assets available-for-sale	36,499,020	9,286,943	-	45,785,963
Financial assets at fair value through profit or loss	3,026,592	638,141	10,672,634	14,337,367
Investment properties	-	-	3,597,150	3,597,150
<i>31 December 2014 (Audited)</i>				
Financial assets available-for-sale	39,144,267	9,205,745	-	48,350,012
Financial assets at fair value through profit or loss	3,085,825	622,333	10,672,634	14,380,792
Investment properties	-	-	3,663,596	3,663,596
<i>31 March 2014 (Unaudited)</i>				
Financial assets available-for-sale	44,639,871	9,643,861	-	54,283,732
Financial assets at fair value through profit or loss	3,396,079	638,576	10,672,634	14,707,289
Investment properties	-	-	3,755,302	3,755,302

During the three months period ended 31 March 2015, 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.