

**Privatization Holding Company K.S.C. (Closed)
and its Subsidiaries**

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

30 SEPTEMBER 2013



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. (CLOSED)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Privatization Holding Company K.S.C. (Closed) (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 30 September 2013 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 the basis of presentation set out in Note 2. 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 the basis of presentation set out in Note 2.

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 account 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 Articles of Association and Memorandum of Incorporation during the nine months period ended 30 September 2013 that might have had a material effect on the business of the Parent 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 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2013.

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

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

12 November 2013
Kuwait

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

Period ended 30 September 2013

| | Notes | Three months ended 30 September | | Nine months ended 30 September | |
|---|-------|------------------------------------|------------------------|-----------------------------------|------------------------|
| | | 2013 KD | 2012 KD | 2013 KD | 2012 KD |
| INCOME | | | | | |
| Realised gain on financial assets at fair value through income statement | | - | 75,435 | 3,784 | 160,120 |
| Unrealised gain (loss) on financial assets at fair value through income statement | | 316,216 | 272,951 | (658,512) | 74,812 |
| (Loss) gain on sale of financial assets available-for-sale | | (216,753) | 11,295 | 314,996 | 130,172 |
| Dividend income | | 162,971 | 587 | 2,246,493 | 1,983,634 |
| Interest income | | 146,372 | 108,497 | 324,296 | 224,992 |
| Murabaha income | 10 | 188,632 | 104,795 | 560,275 | 104,795 |
| Share of results of associates | 4 | 642,535 | 215,339 | 1,292,301 | 547,361 |
| Gain on sale of investment in associates | | - | 3,362,504 | - | 3,362,504 |
| Gain on sale of an equity interest in a subsidiary | | - | - | 137,135 | 37,802 |
| (Loss) gain on sale of investment property | | (1,635) | - | 16,203 | - |
| Foreign exchange gain (loss) | | 211,975 | (88,610) | (116,249) | (250,874) |
| Revenue from services | | 2,722,552 | 1,904,619 | 3,187,868 | 3,875,358 |
| Other income | | 178,514 | 2,950 | 368,321 | 1,089,898 |
| Total income | | 4,351,379 | 5,970,362 | 7,676,911 | 11,340,574 |
| EXPENSES | | | | | |
| Cost of services rendered | | (1,904,626) | (1,316,693) | (2,353,541) | (2,557,167) |
| Administrative expenses | | (965,001) | (509,992) | (1,615,483) | (1,669,699) |
| Portfolio management fees | | (23,947) | (22,398) | (88,586) | (50,641) |
| Finance costs | | (902,517) | (596,941) | (2,307,764) | (1,535,801) |
| Revaluation loss on an investment property | | - | - | - | (496,559) |
| Impairment loss on financial assets available-for-sale | 5 (c) | - | - | - | (1,163,560) |
| Amortisation of intangibles | | - | (69,916) | (139,832) | (209,748) |
| Total expenses | | (3,796,091) | (2,515,940) | (6,505,206) | (7,683,175) |
| PROFIT FOR THE PERIOD BEFORE TAXATION | | | | | |
| Taxation | | 555,288 (4,351) | 3,454,422 (127,419) | 1,171,705 (4,351) | 3,657,399 (127,911) |
| PROFIT FOR THE PERIOD | | 550,937 | 3,327,003 | 1,167,354 | 3,529,488 |
| Attributable to: | | | | | |
| Equity holders of the Parent Company | | 584,161 | 3,283,078 | 1,173,854 | 3,554,037 |
| Non-controlling interests | | (33,224) | 43,925 | (6,500) | (24,549) |
| | | 550,937 | 3,327,003 | 1,167,354 | 3,529,488 |
| BASIC AND DILUTED EARNINGS PER SHARE | | | | | |
| | 3 | 0.8 fils | 4.5 fils | 1.6 fils | 4.9 fils |

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)
 Period ended 30 September 2013

| | <i>Three months ended</i> | | <i>Nine months ended</i> | |
|--|---------------------------|-------------------|--------------------------|------------------|
| | <i>30 September</i> | | <i>30 September</i> | |
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Profit for the period | 550,937 | 3,327,003 | 1,167,354 | 3,529,488 |
| Other comprehensive income | | | | |
| <i>Other comprehensive income to be reclassified to interim condensed consolidated income statement in subsequent periods:</i> | | | | |
| Change in fair value of financial assets available-for-sale | 4,474,859 | 6,605,674 | (4,249,845) | 4,703,354 |
| Gain (loss) on sale of financial assets available-for-sale | 216,753 | (11,295) | (314,996) | (130,172) |
| Impairment loss on financial assets available-for-sale transferred to the interim condensed consolidated statement of income | - | - | - | 1,163,560 |
| Share of cumulative changes in fair value of associates (Note 4) | 96,969 | 67,452 | 521,441 | 33,195 |
| Share of foreign currency translation reserve of associates (Note 4) | (78,655) | 12,177 | (18,066) | 83,090 |
| Other comprehensive income (loss) for the period | 4,709,926 | 6,674,008 | (4,061,466) | 5,853,027 |
| Total comprehensive income (loss) for the period | 5,260,863 | 10,001,011 | (2,894,112) | 9,382,515 |
| Attributable to: | | | | |
| Equity holders of the Parent Company | 5,291,078 | 9,944,972 | (2,887,338) | 9,368,831 |
| Non-controlling interests | (30,215) | 56,039 | (6,774) | 13,684 |
| | 5,260,863 | 10,001,011 | (2,894,112) | 9,382,515 |

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

At 30 September 2013

| | | 30 September 2013 KD | (Audited) 31 December 2012 KD | 30 September 2012 KD |
|--|----|----------------------------|--|----------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 9,444,945 | 10,105,550 | 9,383,250 |
| Intangible assets | | 2,150,171 | 2,290,003 | 2,359,919 |
| Investment in associates | 4 | 27,253,016 | 12,772,146 | 13,461,152 |
| Held-to-maturity investment | | 2,700,000 | 2,700,000 | 2,700,000 |
| Murabaha receivable | 10 | 15,076,023 | 15,097,602 | 15,104,795 |
| Financial assets available-for-sale | 5 | 66,176,051 | 74,367,146 | 76,823,113 |
| Investment property | | 3,845,938 | 3,917,242 | 2,634,555 |
| | | <u>126,646,144</u> | <u>121,249,689</u> | <u>122,466,784</u> |
| Current assets | | | | |
| Due from sale of investment in subsidiaries | | 39,841 | 200,000 | 1,650,000 |
| Accounts receivable and prepayments | | 22,076,921 | 23,732,283 | 25,180,737 |
| Financial assets at fair value through income statement | 6 | 14,732,249 | 14,971,616 | 15,027,319 |
| Bank balances and cash | 7 | 16,355,438 | 11,672,815 | 7,565,085 |
| | | <u>53,204,449</u> | <u>50,576,714</u> | <u>49,423,141</u> |
| TOTAL ASSETS | | <u>179,850,593</u> | <u>171,826,403</u> | <u>171,889,925</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | | 73,828,000 | 73,828,000 | 73,828,000 |
| Share premium | | 24,761,544 | 24,761,544 | 24,761,544 |
| Statutory reserve | | 1,061,335 | 1,061,335 | 633,735 |
| General reserve | | 1,061,335 | 1,061,335 | 633,735 |
| Other reserve | | (20,790) | - | - |
| Treasury shares | 8 | - | (730,871) | (615,886) |
| Treasury shares reserve | | 1,801,684 | 1,591,786 | 1,539,865 |
| Cumulative changes in fair value | | (2,524,049) | 1,519,077 | 2,520,278 |
| Foreign currency translation reserve | | (14,709) | 3,357 | (250) |
| Retained earnings | | 1,597,719 | 4,852,363 | 5,129,050 |
| | | <u>101,552,069</u> | <u>107,947,926</u> | <u>108,430,071</u> |
| Equity attributable to equity holders of the Parent Company | | <u>101,552,069</u> | <u>107,947,926</u> | <u>108,430,071</u> |
| Non-controlling interests | | 699,380 | 697,812 | 287,990 |
| Total equity | | <u>102,251,449</u> | <u>108,645,738</u> | <u>108,718,061</u> |
| Non-current liabilities | | | | |
| Term loan | 9 | 15,000,000 | 15,000,000 | 15,000,000 |
| Employees' end of service benefits | | 510,235 | 443,232 | 487,420 |
| | | <u>15,510,235</u> | <u>15,443,232</u> | <u>15,487,420</u> |
| Current liabilities | | | | |
| Accounts payable and accruals | | 2,424,052 | 2,154,112 | 2,380,573 |
| Bank overdraft | 7 | 4,950,788 | 5,317,590 | 5,164,666 |
| Term loans | 9 | 54,714,069 | 40,265,731 | 40,139,205 |
| | | <u>62,088,909</u> | <u>47,737,433</u> | <u>47,684,444</u> |
| Total liabilities | | <u>77,599,144</u> | <u>63,180,665</u> | <u>63,171,864</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>179,850,593</u> | <u>171,826,403</u> | <u>171,889,925</u> |

Riyadh S.A. Edrees
Chairman

Mohammad A. Al-Asfor
Vice Chairman

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 30 September 2013

Atributable to equity holders of the Parent Company

| | Share capital KD | Share premium KD | Statutory reserve KD | General reserve KD | Other reserve KD | Treasury shares KD | Treasury shares reserve KD | Cumulative changes in fair value KD | Foreign currency translation reserve KD | Retained earnings KD | Sub-total KD | Non-controlling interests KD | Total equity KD |
|--|---------------------|---------------------|-------------------------|-----------------------|---------------------|-----------------------|-------------------------------|--|--|-------------------------|-----------------|---------------------------------|--------------------|
| 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 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 | - | - | - | - | - | - | - | - | - | - | - | 143,748 | 143,748 |
| Dividend paid (Note 14) | - | - | - | - | - | - | - | - | - | (4,428,498) | (4,428,498) | (156,196) | (4,584,694) |
| At 30 September 2013 | 73,828,000 | 24,761,544 | 1,061,335 | 1,061,335 | (20,790) | - | 1,801,684 | (2,524,049) | (14,709) | 1,597,719 | 101,552,069 | 699,380 | 102,251,449 |
| As at 1 January 2012 | 73,828,000 | 24,761,544 | 633,735 | 633,735 | - | (456,873) | 1,316,339 | (3,211,426) | (83,340) | 5,266,413 | 102,688,127 | 902,793 | 103,590,920 |
| Profit (loss) for the period | - | - | - | - | - | - | - | - | - | 3,554,037 | 3,554,037 | (24,549) | 3,529,488 |
| Other comprehensive income for the period | - | - | - | - | - | - | - | 5,731,704 | 83,090 | - | 5,814,794 | 38,233 | 5,853,027 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | 5,731,704 | 83,090 | 3,554,037 | 9,368,831 | 13,684 | 9,382,515 |
| Purchase of treasury shares | - | - | - | - | - | (1,015,671) | - | - | - | - | (1,015,671) | - | (1,015,671) |
| Sale of treasury shares | - | - | - | - | - | 856,658 | 223,526 | - | - | - | 1,080,184 | - | 1,080,184 |
| Disposal of an indirectly held subsidiary | - | - | - | - | - | - | - | - | - | - | - | (320,517) | (320,517) |
| Dividend paid | - | - | - | - | - | - | - | - | - | (3,691,400) | (3,691,400) | (307,970) | (3,999,370) |
| At 30 September 2012 | 73,828,000 | 24,761,544 | 633,735 | 633,735 | - | (615,886) | 1,539,865 | 2,520,278 | (250) | 5,129,050 | 108,430,071 | 287,990 | 108,718,061 |

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

Period ended 30 September 2013

| | Notes | Nine months ended 30 September | |
|---|-------|--------------------------------|---------------------|
| | | 2013 KD | 2012 KD |
| OPERATING ACTIVITIES | | | |
| Profit for the period | | 1,167,354 | 3,529,488 |
| Adjustments for: | | | |
| Depreciation | | 563,711 | 626,597 |
| Amortisation of intangibles | | 139,832 | 209,748 |
| Provision for employees' end of service benefits | | 88,347 | 159,895 |
| Impairment loss on financial assets available-for-sale | 5 (c) | - | 1,163,560 |
| Gain on sale of financial assets available-for-sale | | (314,996) | (130,172) |
| Revaluation loss on an investment property | | - | 496,559 |
| Realised gain on financial assets at fair value through income statement | | (3,784) | (160,120) |
| Unrealised loss (gain) on financial assets at fair value through income statement | | 658,512 | (74,812) |
| Dividend income | | (2,246,493) | (1,983,634) |
| Interest income | | (324,296) | (224,992) |
| Murabaha income | | (560,275) | (104,795) |
| Finance costs | | 2,307,764 | 1,535,801 |
| Foreign exchange loss | | 116,249 | 250,874 |
| Gain on sale of investment in associates | | - | (3,362,504) |
| Share of results of associates | 4 | (1,292,301) | (547,361) |
| Gain on sale of investment property | | (16,203) | - |
| (Gain) loss on sale of property, plant and equipment | | (83,214) | 3,163 |
| Gain on sale of a subsidiary | | (137,135) | (37,802) |
| | | <u>63,072</u> | <u>1,349,493</u> |
| Working capital changes: | | | |
| Accounts receivable and prepayments | | (2,088,547) | (8,436,977) |
| Financial assets at fair value through income statement | | (415,361) | 1,389,774 |
| Accounts payable and accruals | | (19,854) | 792,388 |
| Due from sale of investment in subsidiary | | 160,159 | - |
| Cash flow used in operating activities | | <u>(2,300,531)</u> | <u>(4,905,322)</u> |
| Taxation paid | | (143,366) | (103,547) |
| Employees' end of service benefits paid | | (21,344) | (13,255) |
| Net cash flows used in operating activities | | <u>(2,465,241)</u> | <u>(5,022,124)</u> |
| INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (346,357) | (784,860) |
| Proceeds from sale of property, plant and equipment | | 526,465 | 227,108 |
| Proceeds from sale of investment property | | 87,507 | - |
| Purchase of investment in associates | 4 | (9,295,691) | - |
| Dividend received from associates | 4 | 747,633 | 1,018,052 |
| Purchase of financial assets available-for-sale | | (3,883,842) | (4,310,738) |
| Proceeds from sale of financial assets available-for-sale | | 7,825,090 | 2,687,543 |
| Murabaha receivable | | 581,854 | (15,000,000) |
| Interest income received | | 99,821 | 126,218 |
| Dividend income received | | 2,246,493 | 1,983,634 |
| Net movement in due from sale of investment in subsidiaries | | - | (16,400) |
| Receipt of amount due from sale of investment in subsidiaries | | - | 400,000 |
| Net cash flows used in investing activities | | <u>(1,411,027)</u> | <u>(13,669,443)</u> |
| FINANCING ACTIVITIES | | | |
| Purchase of treasury shares | | - | (1,015,671) |
| Proceeds from sale of treasury shares | | 940,769 | 1,080,184 |
| Finance costs paid | | (2,047,627) | (1,390,604) |
| Dividends paid | | (4,421,313) | (3,791,023) |
| Term loan obtained | | 14,320,116 | 15,000,000 |
| Repayment of short term loan | | (10,000) | - |
| Capital contribution from non-controlling interest | | 143,748 | - |
| Net cash flows from financing activities | | <u>8,925,693</u> | <u>9,882,886</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | <u>5,049,425</u> | <u>(8,808,681)</u> |
| Cash and cash equivalents at 1 January | | 6,355,225 | 11,209,100 |
| CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER | 7 | <u>11,404,650</u> | <u>2,400,419</u> |

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2013

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Privatization Holding Company K.S.C. (Closed) (the "Parent Company") and its subsidiaries (collectively, the "Group") for the nine months period ended 30 September 2013 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 12 November 2013.

The Parent Company is a Kuwaiti shareholding company registered in Kuwait on 10 October 1994 and is listed on 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 New Companies Law issued on 26 November 2012 by Decree Law no. 25 of 2012 (the "Companies Law") cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no. 97 of 2013 (the Decree). The Executive Regulations of the new amended law, issued on 29 September 2013 was published in the official Gazette on 6 October 2013. As per article three of the Executive Regulations, companies have one year from the date of publishing the executive regulations to comply with the new amended law.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICY

Basis of preparation

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2013 have 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 2012. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the nine months period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

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 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

- IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7*
- IFRS 10 *Consolidated Financial Statements and IAS 27 Separate Financial Statements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*
- IAS 1 *Presentation of Items of Other Comprehensive Income - Amendments to IAS 1*
- IAS 1 *Clarification of the requirement for comparative information (Amendment)*
- IAS 34 *Interim financial reporting and segment information for total assets and liabilities (Amendment)*

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

At 30 September 2013

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICY (continued)

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

The above amendments do not have an impact on the Group interim condensed consolidated financial information.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet 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 30 September</i> | | <i>Nine months ended 30 September</i> | |
|---|--|--------------------|---|--------------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| Profit for the period attributable to equity holders of the Parent Company (KD) | <u>584,161</u> | <u>3,283,078</u> | <u>1,173,854</u> | <u>3,554,037</u> |
| Weighted average number of shares outstanding during the period | <u>738,280,000</u> | <u>732,382,667</u> | <u>734,764,731</u> | <u>730,377,376</u> |
| Basic and diluted earnings per share from continuing operations | <u>0.8 fils</u> | <u>4.5 fils</u> | <u>1.6 fils</u> | <u>4.9 fils</u> |

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

| | <i>Three months ended 30 September</i> | | <i>Nine months ended 30 September</i> | |
|---|--|--------------------|---|--------------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</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 | - | (5,897,333) | (3,515,269) | (7,902,624) |
| Weighted average number of shares outstanding during the period | <u>738,280,000</u> | <u>732,382,667</u> | <u>734,764,731</u> | <u>730,377,376</u> |

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4 INVESTMENT IN ASSOCIATES

The movement in investment in associates is as follows:

| | <i>30 September</i> <i>2013</i> <i>KD</i> | <i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i> | <i>30 September</i> <i>2012</i> <i>KD</i> |
|---|---|--|---|
| Opening balance | 12,772,146 | 14,865,658 | 14,865,658 |
| Transfer from investment in subsidiary | - | 587,396 | 587,396 |
| Additions | 13,432,827 | - | - |
| Disposals | - | (2,437,494) | (1,637,496) |
| Dividends received | (747,633) | (1,498,051) | (1,018,052) |
| Share of results | 1,292,301 | 1,139,437 | 547,361 |
| Cumulative changes in fair values | 521,441 | 28,501 | 33,195 |
| Foreign currency translation adjustment | (18,066) | 86,699 | 83,090 |
| Closing balance | <u>27,253,016</u> | <u>12,772,146</u> | <u>13,461,152</u> |

During the current period the Group purchased additional equity interest in Strategia Investment Company K.S.C (Closed) resulting in an increase in ownership from 32% to 43% and Kingdom Electricity Company resulting in an increase in ownership from 18% to 30%.

One of the investment in associates is secured against a term loan (Note 9).

5 FINANCIAL ASSETS AVAILABLE-FOR-SALE

| | <i>30 September</i> <i>2013</i> <i>KD</i> | <i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i> | <i>30 September</i> <i>2012</i> <i>KD</i> |
|----------------------------|---|--|---|
| Quoted equity securities | 52,450,045 | 56,518,816 | 57,005,347 |
| Unquoted equity securities | 12,512,996 | 16,687,289 | 16,849,547 |
| Mutual funds | 1,213,010 | 1,161,041 | 2,968,219 |
| | <u>66,176,051</u> | <u>74,367,146</u> | <u>76,823,113</u> |

- (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's (30 September 2012: KD 1,163,560) interim condensed consolidated income statement.
- (d) Previously, the Group reclassified a trading investment with a fair value of KD 3,412,981 from the "financial assets at fair value through income statement" to "financial assets available-for-sale" category. At 30 September 2013, the carrying value of the reclassified trading investment amounted to KD 275,608 (31 December 2012: KD 275,608 and 30 September 2012: KD 275,608). The Group has recorded a total impairment loss of KD 3,137,373 in previous financial years.

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6 FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

| | <i>30 September 2013 KD</i> | <i>(Audited) 31 December 2012 KD</i> | <i>30 September 2012 KD</i> |
|--|-------------------------------------|--|-------------------------------------|
| Held for trading | | | |
| Quoted equity securities | 3,343,428 | 3,610,017 | 3,619,355 |
| Designated upon initial recognition | | | |
| Unquoted equity security | 10,672,634 | 10,672,634 | 10,672,634 |
| Mutual funds | 716,187 | 688,965 | 735,330 |
| | <u>14,732,249</u> | <u>14,971,616</u> | <u>15,027,319</u> |

Mutual funds are carried at net asset values provided by the fund managers and portfolio managers.

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 2013 KD</i> | <i>(Audited) 31 December 2012 KD</i> | <i>30 September 2012 KD</i> |
|-------------------------------|-------------------------------------|--|-------------------------------------|
| Bank balances and cash | 15,929,553 | 7,085,023 | 6,543,842 |
| Cash with a portfolio manager | 425,885 | 4,587,792 | 1,021,243 |
| | <u>16,355,438</u> | <u>11,672,815</u> | <u>7,565,085</u> |
| Bank overdraft | (4,950,788) | (5,317,590) | (5,164,666) |
| | <u>11,404,650</u> | <u>6,355,225</u> | <u>2,400,419</u> |

8 TREASURY SHARES

| | <i>30 September 2013</i> | <i>(Audited) 31 December 2012</i> | <i>30 September 2012</i> |
|-----------------------------|------------------------------|---|------------------------------|
| Number of shares | - | 9,884,984 | 9,183,284 |
| Percentage of issued shares | - | 1.34% | 1.24% |
| Cost (KD) | - | 730,871 | 615,886 |
| Market value (KD) | - | 879,764 | 642,830 |

The treasury shares reserve is not available for distribution.

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9 TERM LOANS

Term loans include Tawarruq finance amounting to KD 6,850,000 (31 December 2012: KD 6,850,000 and 30 September 2012: KD 6,850,000). Tawarruq carries profit at a rate of 7.27% (31 December 2012: 7.27% and 30 September 2012: 7.27%) per annum. The amount is repayable in twelve monthly equal installments starting from January 2013. During the period, the Group has rescheduled the principal monthly installments due in 2013 to 2014.

On 30 January 2013 the Parent Company obtained a secured loan of KD 10,000,000 from a local financial institution which is repayable on 13 November 2013. It carries interest at the rate of 4.5% per annum. The term loan is secured against murabaha receivable.

On 12 May 2013 the Group obtained a secured loan of KD 4,000,000 from a local financial institution which is repayable on 12 November 2013. It carries interest at the rate of 4.75% per annum. The term loan is secured against one of the investment in associates.

10 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</i> | | |
|---|--------------------------|--------------------|---------------------|
| | <i>30 September</i> | | |
| | <i>2013</i> | <i>2012</i> | |
| | <i>KD</i> | <i>KD</i> | |
| Interim condensed consolidated income statement | | | |
| Gain on sale of financial assets available-for-sale | - | 27,092 | |
| Gain on sale of investment in an associate | - | 3,362,504 | |
| Interest income | 180,814 | 73,298 | |
| Dividend income | 1,098,963 | - | |
| Murabaha income | 560,275 | 104,795 | |
| Portfolio management fees | (3,846) | (5,455) | |
| Impairment loss on financial assets-available-for-sale | - | (31,982) | |
| | | <i>(Audited)</i> | |
| | <i>30 September</i> | <i>31 December</i> | <i>30 September</i> |
| | <i>2013</i> | <i>2012</i> | <i>2012</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Interim condensed consolidated statement of financial position | | | |
| Murabaha receivable | 15,076,023 | 15,097,602 | 15,104,795 |
| Financial assets available-for-sale | 21,678,471 | 26,246,938 | 18,901,454 |
| Financial assets at fair value through income statement | 201,010 | 35,000 | 37,500 |
| Due from related parties | 12,503,342 | 16,733,095 | 15,726,002 |
| Due to related parties | (287,982) | (50,015) | (45,903) |
| Cash with portfolio manager | 215,019 | 3,581 | - |

Amounts due from and due to related parties are interest free and receivable/payable on demand except for amount of KD 4,800,000 (31 December 2012: KD 4,800,000 and 30 September 2012: KD 4,800,000) due from a major shareholder which carries interest at the rate of 5% (31 December 2012: 5% and 30 September 2012: 5%) per annum.

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10 RELATED PARTY TRANSACTIONS (continued)

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>2013</i> | <i>2012</i> |
| | <i>KD</i> | <i>KD</i> |
| Short-term employee benefits | 233,178 | 291,529 |
| End of service benefits | 31,848 | 58,410 |
| | <u>265,026</u> | <u>349,939</u> |

Other information

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

| | <i>(Audited)</i> | | |
|--|---------------------|--------------------|---------------------|
| | <i>30 September</i> | <i>31 December</i> | <i>30 September</i> |
| | <i>2013</i> | <i>2012</i> | <i>2012</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Financial assets available-for-sale | | | |
| Quoted equity securities | 5,418,740 | 4,945,891 | 3,115,808 |
| Mutual funds | 186,718 | 202,412 | 202,304 |
| Financial assets at fair value through income statement | | | |
| Quoted equity securities | 53,123 | 58,628 | 65,013 |

b) The unquoted equity securities classified as financial assets available-for-sale with a carrying value of KD 5,907,679 (31 December 2012: KD 5,904,527 and 30 September 2012: KD 5,904,326) are registered in the name of a major shareholder of the Parent Company who has confirmed in writing that it holds these unquoted equity securities on behalf of the Parent Company.

c) The unquoted equity security classified as financial assets at fair value through income statement is registered in the name of a major shareholder of the Parent Company who has confirmed in writing that it holds this unquoted equity security on behalf of the Parent Company.

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

11 COMMITMENTS AND CONTINGENCIES

| | <i>(Audited)</i> | | |
|---|---------------------|--------------------|---------------------|
| | <i>30 September</i> | <i>31 December</i> | <i>30 September</i> |
| | <i>2013</i> | <i>2012</i> | <i>2012</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Commitments | | | |
| Purchase of financial assets available-for-sale | 976,382 | 5,468,748 | 4,083,403 |
| Purchase of property, plant and equipment | - | - | 112,736 |

Contingencies

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 2,580,725 (31 December 2012: KD 2,072,000 and 30 September 2012: KD 2,072,000) 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 National Bank of Kuwait against a loan of KD 72,672,640.

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12 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 KD</i> | <i>Other KD</i> | <i>Total KD</i> |
|--|--------------------------|---------------------|---------------------|
| <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> |
| <i>Nine months ended 30 September 2012</i> | | | |
| Income | <u>6,417,260</u> | <u>4,923,314</u> | <u>11,340,574</u> |
| Results | | | |
| Segment profit | <u>2,604,695</u> | <u>924,793</u> | <u>3,529,488</u> |

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

| | <i>Investment KD</i> | <i>Other KD</i> | <i>Total KD</i> |
|-----------------------------|--------------------------|---------------------|---------------------|
| Assets | | | |
| <i>At 30 September 2013</i> | <u>155,117,459</u> | <u>24,733,134</u> | <u>179,850,593</u> |
| <i>At 31 December 2012</i> | <u>148,817,293</u> | <u>23,009,110</u> | <u>171,826,403</u> |
| <i>At 30 September 2012</i> | <u>149,319,020</u> | <u>22,570,905</u> | <u>171,889,925</u> |
| Liabilities | | | |
| <i>At 30 September 2013</i> | <u>68,122,080</u> | <u>9,477,064</u> | <u>77,599,144</u> |
| <i>At 31 December 2012</i> | <u>54,122,437</u> | <u>9,058,228</u> | <u>63,180,665</u> |
| <i>At 30 September 2012</i> | <u>53,925,194</u> | <u>9,246,670</u> | <u>63,171,864</u> |

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13 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.

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 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 |
| 31 December 2012 | | | | |
| Financial assets available-for-sale | 56,518,816 | 1,161,041 | - | 57,679,857 |
| Financial assets at fair value through income statement | 3,610,017 | 688,965 | 10,672,634 | 14,971,616 |
| 30 September 2012 | | | | |
| Financial assets available-for-sale | 57,005,347 | 2,968,219 | - | 59,973,566 |
| Financial assets at fair value through income statement | 3,619,355 | 735,330 | 10,672,634 | 15,027,319 |

During the nine months period ended 30 September 2013, 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.

14 DIVIDEND

The Annual General Assembly meeting held on 7 May 2013 approved and distributed the cash dividend of 6 fils per share (2012: 5 fils per share) for the year ended 31 December 2012 on outstanding shares excluding treasury shares.