

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

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

31 MARCH 2013



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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 31 March 2013 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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 Financial Reporting Standard, IAS 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 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 Articles of Association and Memorandum of Incorporation of the Parent Company, during the three months period ended 31 March 2013 that might have had a material effect on the business of the Parent Company or on its financial position.

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15 May 2013
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

Period ended 31 March 2013

		Three months ended 31 March	
	Notes	2013 KD	2012 KD
INCOME			
Realised (loss) gain on financial assets at fair value through income statement		(9,273)	84,030
Unrealised (loss) gain on financial assets at fair value through income statement		(135,748)	201,367
Gain on sale of financial assets available-for-sale		479,595	21,128
Dividend income		144,957	602,027
Interest income		150,626	67,891
Murabaha income	10	184,885	-
Share of results of associates	4	323,864	99,245
Foreign exchange (loss) gain		(265,515)	46,613
Revenue from services		830,969	1,084,010
Other income		16,188	1,127,768
Total income		1,720,548	3,334,079
EXPENSES			
Cost of services rendered		(551,997)	(403,778)
Administrative expenses		(698,417)	(514,887)
Portfolio management fees		(40,667)	(13,114)
Finance costs		(639,989)	(474,889)
Revaluation loss on an investment property		-	(496,559)
Impairment loss on financial assets available-for-sale	5 (e)	-	(1,163,560)
Amortisation of intangibles		(69,916)	(69,916)
Total expenses		(2,000,986)	(3,136,703)
(LOSS) PROFIT FOR THE PERIOD		(280,438)	197,376
Attributable to:			
Equity holders of the Parent Company		(292,413)	112,986
Non-controlling interests		11,975	84,390
		(280,438)	197,376
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE	3	(0.4) fils	0.2 fils

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)**
Period ended 31 March 2013

	<i>Three months ended 31 March</i>	
	2013	2012
	KD	KD
(Loss) profit for the period	(280,438)	197,376
Other comprehensive income		
<i>Other comprehensive income to be reclassified to interim condensed consolidated income statement in subsequent periods:</i>		
Change in fair values of financial assets available-for-sale	(1,513,302)	2,426,212
Realised gain on sale of financial assets available-for-sale	(479,595)	(21,128)
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 values of associates (Note 4)	227,050	141,404
Share of foreign currency translation reserve of associates (Note 4)	45,209	(8,304)
Other comprehensive (loss) income for the period	(1,720,638)	3,701,744
Total comprehensive (loss) income for the period	(2,001,076)	3,899,120
Attributable to:		
Equity holders of the Parent Company	(2,015,638)	3,785,096
Non-controlling interests	14,562	114,024
	(2,001,076)	3,899,120

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

At 31 March 2013

		31 March 2013 KD	(Audited) 31 December 2012 KD	31 March 2012 KD
	Notes			
ASSETS				
Non-current assets				
Property, plant and equipment		10,153,717	10,105,550	12,037,908
Intangible assets		2,220,087	2,290,003	2,746,228
Investment in associates	4	13,299,869	12,772,146	15,029,600
Held-to-maturity investment		2,700,000	2,700,000	2,700,000
Murabaha receivable	10	15,086,303	15,097,602	-
Financial assets available-for-sale	5	68,619,148	74,367,146	74,047,866
Investment property		3,917,242	3,917,242	2,634,555
		<u>115,996,366</u>	<u>121,249,689</u>	<u>109,196,157</u>
Current assets				
Due from sale of investment in subsidiaries		100,000	200,000	74,322,640
Accounts receivable and prepayments		31,492,687	23,732,283	16,603,684
Financial assets at fair value through income statement	6	15,212,468	14,971,616	15,382,988
Bank balances and cash	7	18,591,991	11,672,815	17,824,073
		<u>65,397,146</u>	<u>50,576,714</u>	<u>124,133,385</u>
TOTAL ASSETS		<u>181,393,512</u>	<u>171,826,403</u>	<u>233,329,542</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
Treasury shares	8	(355,175)	(730,871)	(670,461)
Treasury shares reserve		1,716,251	1,591,786	1,337,366
Cumulative changes in fair value		(249,357)	1,519,077	468,988
Foreign currency translation reserve		48,566	3,357	(91,644)
Retained earnings		4,559,950	4,852,363	5,379,399
Equity attributable to equity holders of the Parent Company		<u>106,432,449</u>	<u>107,947,926</u>	<u>106,280,662</u>
Non-controlling interests		712,374	697,812	1,016,817
Total equity		<u>107,144,823</u>	<u>108,645,738</u>	<u>107,297,479</u>
Non-current liabilities				
Term loan	9	15,000,000	15,000,000	-
Employees' end of service benefits		469,585	443,232	459,397
		<u>15,469,585</u>	<u>15,443,232</u>	<u>459,397</u>
Current liabilities				
Accounts payable and accruals		2,865,495	2,154,112	3,811,625
Bank overdraft	7	5,351,045	5,317,590	9,247,934
Term loans	9	50,562,564	40,265,731	112,513,107
		<u>58,779,104</u>	<u>47,737,433</u>	<u>125,572,666</u>
Total liabilities		<u>74,248,689</u>	<u>63,180,665</u>	<u>126,032,063</u>
TOTAL EQUITY AND LIABILITIES		<u>181,393,512</u>	<u>171,826,403</u>	<u>233,329,542</u>

Riyadh S.A. Edrees
Chairman

Mohammad A. Al-Asfor
Vice Chairman

The attached notes 1 to 13 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 31 March 2013

Attributable to equity holders of the Parent Company											
	Share capital KD	Share premium KD	Statutory reserve KD	General reserve KD	Treasury shares 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)	1,519,077	3,357	4,852,363	107,947,926	697,812	108,645,738
(Loss) profit for the period	-	-	-	-	-	-	-	(292,413)	(292,413)	11,975	(280,438)
Other comprehensive (loss) income for the period	-	-	-	-	-	(1,768,434)	45,209	-	(1,723,225)	2,587	(1,720,638)
Total comprehensive (loss) income for the period	-	-	-	-	-	(1,768,434)	45,209	(292,413)	(2,015,638)	14,562	(2,001,076)
Sale of treasury shares	-	-	-	-	375,696	124,465	-	-	500,161	-	500,161
At 31 March 2013	73,828,000	24,761,544	1,061,335	1,061,335	(355,175)	(249,357)	48,566	4,559,950	106,432,449	712,374	107,144,823
At 1 January 2012	73,828,000	24,761,544	633,735	633,735	(456,873)	(3,211,426)	(83,340)	5,266,413	102,688,127	902,793	103,590,920
Profit for the period	-	-	-	-	-	-	-	112,986	112,986	84,390	197,376
Other comprehensive income (loss) for the period	-	-	-	-	-	3,680,414	(8,304)	-	3,672,110	29,634	3,701,744
Total comprehensive income (loss) for the period	-	-	-	-	-	3,680,414	(8,304)	112,986	3,785,096	114,024	3,899,120
Purchase of treasury shares	-	-	-	-	(292,480)	-	-	-	(292,480)	-	(292,480)
Sale of treasury shares	-	-	-	-	78,892	-	-	-	99,919	-	99,919
At 31 March 2012	73,828,000	24,761,544	633,735	633,735	(670,461)	468,988	(91,644)	5,379,399	106,280,662	1,016,817	107,297,479

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)
Period ended 31 March 2013

		Three months ended 31 March	
		2013	2012
	Notes	KD	KD
OPERATING ACTIVITIES			
(Loss) profit for the period		(280,438)	197,376
Adjustments for:			
Depreciation		144,794	230,123
Amortisation of intangibles		69,916	69,916
Provision for employees' end of service benefits		37,929	80,631
Impairment loss on financial assets available-for-sale	5 (e)	-	1,163,560
Gain on sale of financial assets available-for-sale		(479,595)	(21,128)
Revaluation loss on an investment property		-	496,559
Realised loss (gain) on financial assets at fair value through income statement		9,273	(84,030)
Unrealised loss (gain) on financial assets at fair value through income statement		135,748	(201,367)
Dividend income		(144,957)	(602,027)
Interest income		(150,626)	(67,891)
Murabaha income		(184,885)	-
Finance costs		639,989	474,889
Foreign exchange gain		265,515	(46,613)
Share of results of associates	4	(323,864)	(99,245)
Gain on sale of property, plant and equipment		-	(8,665)
		(261,201)	1,582,088
Working capital changes:			
Accounts receivable and prepayments		(7,751,612)	(4,085,366)
Due from sale of investment in subsidiary		100,000	400,000
Financial assets at fair value through income statement		(385,873)	1,084,570
Accounts payable and accruals		464,643	420,368
Cash flow used in operating activities		(7,834,043)	(598,340)
Taxation paid		-	(72,128)
Employees' end of service benefits paid		(11,576)	(3,539)
Net cash flows used in operating activities		(7,845,619)	(674,007)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(192,961)	(923,641)
Proceeds from sale of property, plant and equipment		-	16,375
Dividend received from associates	4	68,400	68,403
Purchase of financial assets available-for-sale		(451,722)	(2,996,329)
Proceeds from sale of financial assets available-for-sale		4,686,418	1,871,239
Net movement in murabaha receivable		196,184	-
Interest income received		183,954	29,795
Dividend income received		144,957	602,027
Net cash flows from (used in) investing activities		4,635,230	(1,332,131)
FINANCING ACTIVITIES			
Purchase of treasury shares		-	(292,480)
Proceeds from sale of treasury shares		500,161	99,919
Finance costs paid		(379,852)	(434,262)
Term loan obtained		10,000,000	-
Repayment of short term loan		(24,199)	-
Net cash flows from (used in) financing activities		10,096,110	(626,823)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		6,885,721	(2,632,961)
Cash and cash equivalents at 1 January		6,355,225	11,209,100
CASH AND CASH EQUIVALENTS AT 31 MARCH			
	7	13,240,946	8,576,139

The attached notes 1 to 13 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 31 March 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 three months period ended 31 March 2013 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 16 May 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 Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, 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).

According to Article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Ministry of Industry and Commerce by 26 September 2013 will determine the basis and rules which the Parent Company shall adopt to regularise its affairs with the Companies Law as amended.

At the Annual General Assembly meeting held on 7 May 2013, the shareholders of the Parent Company approved the consolidated financial statements for the year ended 31 December 2012. The Board of Director's proposal to distribute the cash dividend of 6 fils per share on shares outstanding excluding treasury shares for the year ended 31 December 2012 was also approved in the meeting.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICY

Basis of preparation

The interim condensed consolidated financial information of the Group for the three months ended 31 March 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 three months period ended 31 March 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 31 March 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 (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) 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 31 March</i>	
	<i>2013</i>	<i>2012</i>
(Loss) profit for the period attributable to equity holders of the Parent Company (KD)	(292,413)	112,986
Weighted average number of shares outstanding during the period	729,443,553	727,582,418
Basic and diluted (loss) earnings per share	(0.4) fils	0.2 fils

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

	<i>Three months ended 31 March</i>	
	<i>2013</i>	<i>2012</i>
Weighted average number of paid up shares	738,280,000	738,280,000
Less: Weighted average number of treasury shares	(8,836,447)	(10,697,582)
Weighted average number of shares outstanding during the period	729,443,553	727,582,418

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)
 At 31 March 2013

4 INVESTMENT IN ASSOCIATES

The movement in investment in associates is as follows:

	31 March 2013 KD	(Audited) 31 December 2012 KD	31 March 2012 KD
Opening balance	12,772,146	14,865,658	14,865,658
Transfer from investment in subsidiary	-	587,396	-
Disposals	-	(2,437,494)	-
Dividends received	(68,400)	(1,498,051)	(68,403)
Share of results	323,864	1,139,437	99,245
Cumulative changes in fair values	227,050	28,501	141,404
Foreign currency translation adjustment	45,209	86,699	(8,304)
Closing balance	13,299,869	12,772,146	15,029,600

5 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	31 March 2013 KD	(Audited) 31 December 2012 KD	31 March 2012 KD
Quoted equity securities	52,598,037	56,518,816	54,091,455
Unquoted equity securities	14,854,775	16,687,289	16,849,547
Mutual funds	1,166,336	1,161,041	3,106,864
	68,619,148	74,367,146	74,047,866

- (a) Quoted equity securities include investments with a carrying value of KD 5,072,169 (31 December 2012: KD 4,945,891 and 31 March 2012: KD 7,868,181) managed by related parties (Note 10 (a)). At the reporting date, the Group also held shares of related parties with a carrying value of KD 22,615,035 (31 December 2012: KD 23,956,165 and 31 March 2012: KD 22,690,833) (Note 10).
- (b) Mutual funds include investments with a carrying value of KD 188,069 (31 December 2012: KD 202,412 and 31 March 2012: KD 222,973) managed by a related party (Note 10 (a)).
- (c) Mutual funds are carried at net asset values provided by the fund managers and portfolio managers.
- (d) 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. At 31 March 2013, the Group also held shares of related parties with a carrying value of KD 2,290,773 (31 December 2012: KD 2,290,773 and 31 March 2012: KD 2,290,773) (Note 10).
- (e) 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 (31 March 2012: KD 1,163,560) interim condensed consolidated income statement.
- (f) 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 31 March 2013, the carrying value of the reclassified trading investment amounted to KD 275,608 (31 December 2012: KD 275,608 and 31 March 2012: KD 275,608). The Group has recorded a total impairment loss of KD 3,137,373 in previous financial years.
- (g) Financial assets available-for-sale with a carrying value of KD 5,904,527 (31 December 2012: KD 5,904,527 and 31 March 2012: KD 5,898,096) are registered in the name of a major shareholder of the Parent Company who has confirmed in writing that it holds those financial assets on behalf of the Parent Company (Note 10).

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**
At 31 March 2013

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>31 March 2013 KD</i>	<i>(Audited) 31 December 2012 KD</i>	<i>31 March 2012 KD</i>
Held for trading			
Quoted equity securities	3,842,566	3,610,017	3,711,817
Designated upon initial recognition			
Unquoted equity security	10,672,634	10,672,634	10,672,634
Mutual funds	697,268	688,965	998,537
	<u>15,212,468</u>	<u>14,971,616</u>	<u>15,382,988</u>

Quoted equity securities include investments with a carrying value of KD 47,291 (31 December 2012: KD 58,628 and 31 March 2012: KD 71,000) managed by related parties (Note 10 (a)). At the reporting date, the Group also held shares of a related party with a carrying value of KD 33,000 (31 December 2012: KD 35,000 and 31 March 2012: KD 30,000) (Note 10).

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

Unquoted equity security is registered in the name of a major shareholder of the Parent Company who has confirmed in writing that it holds this security on behalf of the Parent Company (Note 10 (c)).

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>31 March 2013 KD</i>	<i>(Audited) 31 December 2012 KD</i>	<i>31 March 2012 KD</i>
Bank balances and cash	17,073,425	7,085,023	14,806,943
Cash with a portfolio manager	1,518,566	4,587,792	3,017,129
	<u>18,591,991</u>	<u>11,672,815</u>	<u>17,824,073</u>
Bank overdraft	(5,351,045)	(5,317,590)	(9,247,934)
	<u>13,240,946</u>	<u>6,355,225</u>	<u>8,576,139</u>

8 TREASURY SHARES

	<i>31 March 2013</i>	<i>(Audited) 31 December 2012</i>	<i>31 March 2012</i>
Number of shares	4,083,714	9,884,984	11,360,000
Percentage of issued shares	0.55%	1.34%	1.54%
Cost (KD)	355,175	730,871	670,461
Market value (KD)	359,367	879,764	897,440

The treasury shares reserve is not available for distribution.

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)
 At 31 March 2013

9 TERM LOANS

Term loan include Tawarruq finance amounting to KD 6,850,000 (31 December 2012: KD 6,850,000 and 31 March 2012: 6,850,000). Tawarruq carries profit at rate of 7.27% (31 December 2012: 7.27% and 31 March 2012: 7.27%) per annum. The amount was repayable in twelve monthly equal installments starting from January 2013. During the period, the Group has rescheduled the principal installments due in January, February and March 2013 to January, February and March 2014 respectively. Also subsequent to the reporting date the Group has rescheduled the principal installments due in April 2013 to April 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 30 April 2013. It carries interest at the rate of 4.5% (31 December 2012: Nil and 31 March 2012: Nil) per annum. The term loan is secured against murabaha receivable. Subsequent to the reporting date repayment of term loan was rescheduled to 13 August 2013.

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>Three months ended</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Interim condensed consolidated income statement		
Interest income	359	6,875
Murabaha income	184,885	-
Portfolio management fees	(1,179)	(1,009)
	<i>(Audited)</i>	
	<i>31 March</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of financial position		
Murabaha receivable	15,086,303	15,097,602
Financial assets available-for-sale (Note 5 (a) and (d))	24,905,808	26,246,938
Financial assets at fair value through income statement (Note 6)	33,000	35,000
Due from related parties	16,700,279	16,733,095
Due to related parties	(18,381)	(50,015)
Cash with portfolio manager	204,369	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 31 March 2012: Nil) due from a major shareholder which carries interest at the rate of 5% (31 December 2012: 5% and 31 March 2012: Nil) per annum.

Compensation of key management personnel

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

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Short-term employee benefits	82,147	112,628
End of service benefits	29,929	33,856
	112,076	146,484

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)**
 At 31 March 2013

10 RELATED PARTY TRANSACTIONS (continued)

Other information

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

	<i>31 March 2013 KD</i>	<i>(Audited) 31 December 2012 KD</i>	<i>31 March 2012 KD</i>
Financial assets available-for-sale			
Quoted equity securities	5,072,169	4,945,891	7,868,181
Mutual funds	188,069	202,412	222,973
Financial assets at fair value through income statement			
Quoted equity securities	47,291	58,628	71,000

- b) The unquoted equity securities classified as financial assets available-for-sale with a carrying value of KD 5,904,627 (31 December 2012: KD 5,904,527 and 31 March 2012: KD 5,898,096) 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 (Note 5).
- 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 (Note 6).
- 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>31 March 2013 KD</i>	<i>(Audited) 31 December 2012 KD</i>	<i>31 March 2012 KD</i>
Commitments			
Purchase of financial assets available-for-sale	2,356,101	5,468,748	4,076,835
Purchase of property, plant and equipment	-	-	793,484

Contingencies

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 2,072,000 (31 December 2012: KD 2,072,000 and 31 March 2012: KD 2,118,000), 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 loan of KD 72,672,640.

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)
 At 31 March 2013

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>Three months ended 31 March 2013</i>	<i>Investment KD</i>	<i>Other KD</i>	<i>Total KD</i>
Income	738,359	982,189	1,720,548
Results			
Segment (loss) profit	(304,133)	23,695	(280,438)
 <i>Three months ended 31 March 2012</i>			
Income	1,120,751	2,213,328	3,334,079
Results			
Segment (loss) profit	(874,640)	1,072,016	197,376

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 31 March 2013</i>	156,148,225	25,245,287	181,393,512
<i>At 31 December 2012</i>	148,817,293	23,009,110	171,826,403
<i>At 31 March 2012</i>	208,907,827	24,421,715	233,329,542
 Liabilities			
<i>At 31 March 2013</i>	64,442,021	9,806,668	74,248,689
<i>At 31 December 2012</i>	54,122,437	9,058,228	63,180,665
<i>At 31 March 2012</i>	115,677,493	10,354,570	126,032,063

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)
 At 31 March 2013

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</i> <i>KD</i>	<i>Level 2</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
31 March 2013				
Financial assets available-for-sale	52,598,043	1,166,336	-	53,764,379
Financial assets at fair value through income statement	3,842,566	11,369,902	-	15,212,468
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	11,361,599	-	14,971,616
31 March 2012				
Financial assets available-for-sale	54,091,455	3,106,864	-	57,198,319
Financial assets at fair value through income statement	3,711,817	11,671,171	-	15,382,988

During the three months period ended 31 March 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.