

Interim condensed consolidated financial information and review report

**Ikarus Petroleum Industries Company – KPSC and Subsidiaries**

**Kuwait**

30 June 2015

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## Report on review of interim condensed consolidated financial information

To the board of directors of  
Ikarus Petroleum Industries Company – KPSC  
Kuwait

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Ikarus Petroleum Industries Company (Kuwaiti Public Shareholding Company) (the "Parent Company") and its Subsidiaries (collectively the "Group") as of 30 June 2015 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six-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 six-month period ended 30 June 2015 that might have had a material effect on the business or financial position of the Parent Company.



Abdullatif M. Al-Aiban (CPA)  
(Licence No. 94-A)  
of Grant Thornton – Al-Qatami, Al-Aiban & Partners



Abdullatif A.H. Al-Majid  
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of Parker Randall (Allied Accountants)

## Interim condensed consolidated statement of profit or loss

		Three months ended		Six months ended	
		30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD	30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD
<b>Income</b>					
Unrealised (loss)/ gain on investments at fair value through profit or loss		(178,121)	(23,161)	(274,880)	28,020
Realised gain on sale of investments at fair value through profit or loss		-	-	29,534	-
Realised gain on sale of available for sale investments		1,116,673	1,444,966	1,497,590	3,185,266
Dividend income from available for sale investments		2,902,417	5,268,059	4,501,439	6,816,806
Dividend income from investments at fair value through profit or loss		148,226	148,226	148,226	148,226
Interest and other income		34,195	34,028	68,222	68,055
Foreign exchange loss		(46,035)	(32,705)	(506,922)	(13,409)
		3,977,355	6,839,413	5,463,209	10,232,964
<b>Expenses and other charges</b>					
Staff costs		101,296	97,865	209,822	201,639
Finance costs		355,909	317,948	683,801	617,515
Other operating expenses		78,195	107,523	159,788	185,581
		535,400	523,336	1,053,411	1,004,735
<b>Profit before taxation and other statutory contributions</b>		3,441,955	6,316,077	4,409,798	9,228,229
Taxation and other statutory contributions	5	(282,795)	(270,792)	(399,624)	(396,741)
<b>Profit for the period</b>		3,159,160	6,045,285	4,010,174	8,831,488
<b>Basic and diluted earnings per share</b>	4	4.04 Fils	7.73 Fils	5.13 Fils	11.29 Fils

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.


## Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended		Six months ended	
	30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD	30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD
Profit for the period	3,159,160	6,045,285	4,010,174	8,831,488
<b>Other comprehensive income:</b>				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Available for sale investments:				
- Net change in fair value arising during the period	(621,110)	(4,870,959)	(4,037,911)	(2,497,905)
- Transferred to consolidated statement of profit or loss on sale	(1,190,431)	(1,571,029)	(1,544,646)	(3,553,361)
Total other comprehensive income for the period	(1,811,541)	(6,441,988)	(5,582,557)	(6,051,266)
Total comprehensive income for the period	1,347,619	(396,703)	(1,572,383)	2,780,222

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of financial position

	Note	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
<b>Assets</b>				
<b>Non-current assets</b>				
Available for sale investments	6	161,204,048	165,838,266	184,944,968
<b>Current assets</b>				
Available for sale investments	6	6,466,664	6,702,063	7,328,915
Investments at fair value through profit or loss	7	3,826,217	4,081,316	4,008,552
Due from Ultimate Parent Company	13	3,513,553	3,455,462	3,387,407
Accounts receivable and other assets		31,034	65,846	1,429,747
Cash and cash equivalents	8	1,988,861	1,197,134	3,316,095
<b>Total current assets</b>		<b>15,826,329</b>	<b>15,501,821</b>	<b>19,470,716</b>
<b>Total assets</b>		<b>177,030,377</b>	<b>181,340,087</b>	<b>204,415,684</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	15	78,750,000	78,750,000	78,750,000
Treasury shares		(824,657)	(814,692)	(793,687)
Legal reserve		7,445,326	7,445,326	6,380,906
Voluntary reserve		2,266,720	2,266,720	1,202,300
Cumulative changes in fair value		43,054,414	48,636,971	74,202,906
Retained earnings		4,201,944	8,011,184	8,858,988
<b>Total equity</b>		<b>134,893,747</b>	<b>144,295,509</b>	<b>168,601,413</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Long term borrowings	9	28,136,125	30,363,850	32,347,875
<b>Current liabilities</b>				
Short term borrowings	10	3,962,375	4,200,000	2,500,000
Other liabilities	11	10,038,130	2,480,728	966,396
<b>Total current liabilities</b>		<b>14,000,505</b>	<b>6,680,728</b>	<b>3,466,396</b>
<b>Total liabilities</b>		<b>42,136,630</b>	<b>37,044,578</b>	<b>35,814,271</b>
<b>Total equity and liabilities</b>		<b>177,030,377</b>	<b>181,340,087</b>	<b>204,415,684</b>

  
Nader Hamad Sultan  
Chairman



Suhail Yousef Abograis  
Director & CEO

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of changes in equity

	Share capital KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Retained earnings KD	Total KD
Balance as at 1 January 2015	78,750,000	(814,692)	7,445,326	2,266,720	48,636,971	8,011,184	144,295,509
Purchase of treasury shares	-	(9,965)	-	-	-	-	(9,965)
Dividend distribution (Note 16)	-	-	-	-	-	(7,819,414)	(7,819,414)
Transactions with owners	-	(9,965)	-	-	-	(7,819,414)	(7,829,379)
Profit for the period	-	-	-	-	-	4,010,174	4,010,174
Other comprehensive income for the period	-	-	-	-	(5,582,557)	-	(5,582,557)
Total comprehensive income for the period	-	-	-	-	(5,582,557)	4,010,174	(1,572,383)
Balance as at 30 June 2015 (unaudited)	78,750,000	(824,657)	7,445,326	2,266,720	43,054,414	4,201,944	134,893,747

## Interim condensed consolidated statement of changes in equity

	Share capital KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Retained earnings KD	Total KD
Balance as at 1 January 2014	75,000,000	(793,687)	6,380,906	2,164,821	80,254,172	10,263,435	173,269,647
Transfer to retained earnings (note 16)	-	-	-	(962,521)	-	962,521	-
Issuance of bonus shares (Note 15)	3,750,000	-	-	-	-	(3,750,000)	-
Dividend distribution (Note 16)	-	-	-	-	-	(7,448,456)	(7,448,456)
Transactions with owners	3,750,000	-	-	-	-	(11,198,456)	(7,448,456)
Profit for the period	-	-	-	-	-	8,831,488	8,831,488
Other comprehensive income for the period	-	-	-	-	(6,051,266)	-	(6,051,266)
Total comprehensive income for the period	-	-	-	-	(6,051,266)	8,831,488	2,780,222
Balance as at 30 June 2014 (unaudited)	78,750,000	(793,687)	6,380,906	1,202,300	74,202,906	8,858,988	168,601,413

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.



## Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2015 (Unaudited) KD	Six months ended 30 June 2014 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit before taxation and other statutory contributions		4,409,798	9,228,229
Adjustments:			
Realised gain on sale of available for sale investments		(1,497,590)	(3,185,266)
Dividend income from investments at fair value through profit or loss		(148,226)	(148,226)
Dividend income from available for sale investments		(4,501,439)	(6,816,806)
Interest income		(68,222)	(68,055)
Finance costs		683,801	617,515
Foreign exchange loss/(gain) on non-operating liabilities		551,100	(16,250)
		(570,778)	(388,859)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		255,099	(4,355)
Accounts receivable and other assets		34,812	(10,703)
Other liabilities		7,385,147	(323,903)
Net cash from/(used in) operations		7,104,280	(727,820)
KFAS paid		(104,655)	-
Zakat paid		(103,681)	(89,850)
NLST paid		(259,652)	(226,815)
Net cash from/(used in) operating activities		6,636,112	(1,044,485)
<b>INVESTING ACTIVITIES</b>			
Dividend income received		4,649,665	5,603,275
Proceeds on sale of available for sale investments		3,639,434	5,952,611
Purchase of available for sale investments		(2,854,784)	(3,381,403)
Interest income received		167	-
Net cash from investing activities		5,434,482	8,174,483
<b>FINANCING ACTIVITIES</b>			
Dividend paid		(7,578,616)	(7,172,030)
Finance costs paid		(683,801)	(617,515)
Borrowings (repaid)/obtained		(3,016,450)	2,500,000
Net cash used in financing activities		(11,278,867)	(5,289,545)
Net increase in cash and cash equivalents		791,727	1,840,453
Cash and cash equivalents at beginning of the period	8	1,197,134	1,475,642
Cash and cash equivalents at end of the period	8	1,988,861	3,316,095

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

# Notes to the interim condensed consolidated financial information

## 1 Incorporation and activities

Ikarus Petroleum Industries Company – KPSC, (“The Parent Company”) was incorporated on 1 February 1997 and listed on the Kuwait stock exchange on 14 April 2008. The Parent Company is a subsidiary of National Industries Group Holding – KPSC “Ultimate Parent Company”. The Parent Company along with its subsidiaries are jointly referred to as “The Group”.

The objectives for which the Parent Company has been incorporated are as follows:

- 1- Manufacture all kinds of chemical and petrochemical materials and any other related materials (subject to approval by the Public Authority for Industry).
- 2- Establish, manage, operate and acquire chemical projects and market their products.
- 3- Establish, manage, operate and acquire chemical and petrochemical projects and market their products (subject to approval by Kuwait Petroleum Corporation).
- 4- Sell, purchase, supply, distribute, export and store chemical materials and related materials and participate in all related activities, for instance and not limited to establishment and leasing of the necessary services.
- 5- Sell, purchase, supply, distribute, export and store chemical and petrochemical materials and related materials and participate in all related activities, for instance and not limited to establishment and leasing of the necessary services (subject to approval by Kuwait Petroleum Corporation).
- 6- Contribute to the share capitals of all kinds of companies inside and outside Kuwait which perform similar activities for the company's objectives.
- 7- Utilize surplus funds available with the company by investing same in financial portfolios and funds managed by specialized companies and authorities whether inside or outside Kuwait.

The Parent Company has the right to perform the above mentioned activities inside and outside the State of Kuwait directly or through an agent. The Parent Company may have an interest or participate in any aspect with the entities performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The Parent Company may also purchase or share these entities or affiliate them therewith.

The address of the company is Sharq Area – Block 2, Building 25 – Real Estate Investment Company Complex – Mezzanine Floor, Office No. 1.

The Board of Directors of the Parent Company approved this interim condensed consolidated financial information for issue on 2 August 2015.

The annual consolidated financial statements for the year ended 31 December 2014 were authorised for issuance by the Parent Company's board of directors on 19 March 2015 and approved by the shareholders at the Annual General Meeting held on 14 May 2015.

## 2 Basis of presentation

### Basis of presentation

The interim condensed consolidated financial information of the Group for the six month period ended 30 June 2015 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional and presentation currency of the Parent Company.

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

### 2 Basis of presentation (continued)

#### Basis of presentation (continued)

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2014.

Operating results for the six-months period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2014.

### 3 Significant accounting policies

The interim condensed consolidated financial information have been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended 31 December 2014. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although there are certain new standards and amendments which apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statement of the Group or the interim condensed consolidated financial information of the Group.

### 4 Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	Three months ended		Six months ended	
	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
Profit for the period (KD)	3,159,160	6,045,285	4,010,174	8,831,488
Weighted average number of shares outstanding during the period (excluding treasury shares) – shares	781,918,878	782,087,898	781,930,066	782,087,898
Basic and diluted earnings per share	4.04 Fils	7.73 Fils	5.13 Fils	11.29 Fils

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

### 5 Taxation and other statutory contributions

	Three months ended		Six months ended	
	30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD	30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD
Taxation – current period charge (a)	138,343	-	216,480	-
Contributions to Kuwait Foundation for Advancement of Science (KFAS)	30,977	56,845	39,688	83,054
Provision for National Labour Support Tax (NLST)	81,054	152,819	102,469	224,062
Provision for Zakat	32,421	61,128	40,987	89,625
Total other statutory contributions	144,452	270,792	183,144	396,741
Total Taxation and other statutory contributions	282,795	270,792	399,624	396,741

(a) The above represents tax related to dividend income received from investments in a GCC Country. During the fourth quarter of the previous year the Parent Company has discovered that their maybe a potential tax liability on dividend income received from foreign entities located in a GCC country ( at the rate of 5%), which the Parent Company's management was not aware of in the past. No tax claims or assessments have been made by any regulatory authority as of date. However based on advice received from consultants and other information available to the Parent Company's management, on a conservative basis, the Group provided an amount of KD1,322,979 at the end of 31 December 2014. Accordingly, during the current period the Group has also made a provision of KD216,480 on any taxes which may arise on the dividend income recognised as income during the period. The provisions have been included under accounts payable and other liabilities.

### 6 Available for sale investments

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Non-current Quoted shares - foreign	130,513,836	135,148,054	154,254,756
	130,513,836	135,148,054	154,254,756
Unquoted shares - local	3,066,032	3,066,032	3,066,032
- foreign	27,624,180	27,624,180	27,624,180
	30,690,212	30,690,212	30,690,212
	161,204,048	165,838,266	184,944,968
Current Quoted shares – local	6,466,664	6,702,063	7,328,915
Total	167,670,712	172,540,329	192,273,883

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

### 6 Available for sale investments (continued)

- a. The local quoted shares represent investments in various sectors. Local quoted shares with a carrying value of KD5,793,123 (31 December 2014: KD5,967,130 and 30 June 2014: KD6,345,816) are pledged against a short term loan facility from a local bank (refer note 10a).
- b. Foreign quoted shares represent investment in quoted GCC companies operating in the fields of chemicals and petrochemicals. Majority of these shares, with a carrying value of KD130,496,805 as at 30 June 2015 (31 December 2014: KD135,125,191 and 30 June 2014: KD153,497,451) are held through two 100% owned special purpose vehicles incorporated in the Kingdom of Bahrain solely to own these shares.

Foreign quoted shares with a carrying value and KD46,238,915 (31 December 2014: KD45,252,244 and 30 June 2014: KD52,345,699) are pledged against long term loans (refer note 9)

- c. Investments in unquoted shares are stated at cost due to the non-availability of quoted market prices or other reliable measures of its fair value. Management is not aware of any circumstances that would indicate impairment in the value of these investments. The local and foreign unquoted shares represent investments in a local unlisted company operating in the field of oil and gas and in Saudi unlisted companies operating in the field of petrochemical and related products respectively.
- d. During June 2015, the Group entered into an agreement with a foreign party to dispose foreign unquoted shares with a carrying value of KD27,624,180, however, the agreement is subject to preconditions which have not been met yet. As per the agreement the total expected net consideration amounted to approximately KD29,850,000 (subject to tax changes). Consequently, the Group received an advance payment of KD7,518,125 from the total selling price which has been classified under "other liabilities" at the end of the current quarter (refer note 11). The management of the Group expects to finalise the sale, including the transfer of shares, during the 3<sup>rd</sup> quarter and the expected gain which approximates 2.2 million KD from the sale transaction is expected to be recorded during the third quarter.

### 7 Investments at fair value through profit or loss

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
<b>Designated on initial recognition :</b>			
Local money market funds	1,696,765	1,788,445	-
Managed portfolios:			
- Local quoted shares	2,038,108	2,292,871	2,223,390
- Foreign quoted shares	91,344	-	1,785,162
	<b>3,826,217</b>	<b>4,081,316</b>	<b>4,008,552</b>

- a) During October 2008, a local money market fund, in which the company has investments totaling to KD1,532,315 as at 30 June 2015 (31 December 2014: KD1,623,993 and 30 June 2014: KD1,620,710), suspended redemption requests. The parent company's management has been informed by the manager of the fund that the liquidation request made have been accepted by the relevant authorities. The investment has been fair valued based on the last unaudited net asset value reported by the fund manager as of 31 May 2014. The parent company's management expects to realise these investments at not less than its carrying value.
- b) Local quoted shares with a carrying value of KD2,038,108 (31 December 2014: KD2,292,871 and 30 June 2014: KD2,223,390) are pledged against a short term loan facility from a local bank (refer note 10a).

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

### 8 Cash and cash equivalents

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Cash and bank balances	1,413,966	401,276	892,924
Cash balances held with portfolio managers	534,784	756,964	2,423,171
Short term bank deposit	40,111	38,894	-
<b>Cash and cash equivalents</b>	<b>1,988,861</b>	<b>1,197,134</b>	<b>3,316,095</b>

### 9 Long term borrowings

	Effective interest rates %	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Local bank – US Dollar	3.216%	18,148,500	19,063,850	18,347,875
Local bank – Kuwaiti Dinar	4.5%	12,750,000	14,000,000	14,000,000
		<b>30,898,500</b>	<b>33,063,850</b>	<b>32,347,875</b>
Less: Due within one year		(2,762,375)	(2,700,000)	-
<b>Total</b>		<b>28,136,125</b>	<b>30,363,850</b>	<b>32,347,875</b>

- The above two loans are to be repaid in instalments commencing from July 2015 and ending in January 2018, and the loan facilities are secured against quoted investments (refer note 6b).
- During the current period, the Parent company pre-settled USD5,000,000 (equivalent to KD1,466,450) from the US Dollar loan, and KD1,250,000 from the Kuwaiti Dinar loan, which is due in July 2015.

### 10 Short-term borrowings

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Local bank – Kuwaiti Dinar	1,200,000	1,500,000	2,500,000
Long term borrowings due within one year	2,762,375	2,700,000	-
	<b>3,962,375</b>	<b>4,200,000</b>	<b>2,500,000</b>

- The Parent Company utilised KD1,200,000 (net) (31 December 2014: KD1,500,000 and 30 June 2014: KD2,500,000) from the KD7,000,000 loan facility from a local bank, which is secured against local investments with a fair value of KD7,831,231 (31 December 2014: KD8,260,001 and 30 June 2014: KD8,569,206) (refer note 6a and 7b).

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

### 11 Other liabilities

Other liabilities include an advance payment of KD7,518,125 received by the Group against the expected sale of certain available for sale investments (refer note 6d).

### 12 Segmental analysis

The segments' results are based on internal management reporting information that is reported to the higher management of the Parent Company.

The Group's activities are concentrated in two main segments: Domestic (Kuwait) and International (Kingdom of Saudi Arabia). The following is the segments information, which conforms with the internal reporting presented to management:

	Domestic KD	International KD	Total KD
<b>Three months ended 30 June 2015 (Unaudited)</b>			
Segment income	292,570	3,730,820	4,023,390
Segment profit	113,079	3,730,820	3,843,899
Foreign exchange loss and finance costs			(401,944)
Profit before provision for KFAS, Zakat and NLST			3,441,955
<b>Three months ended 30 June 2014 (Unaudited)</b>			
Segment income	159,093	6,713,025	6,872,118
Segment profit	(46,295)	6,713,025	6,666,730
Foreign exchange loss and finance costs			(350,653)
Profit before taxation and other statutory contributions			6,316,077
<b>Six months ended 30 June 2015 (Unaudited)</b>			
Segment income	344,263	5,625,868	5,970,131
Segment (loss)/profit	(25,347)	5,625,868	5,600,521
Finance costs and foreign exchange loss			(1,190,723)
Profit before taxation and other statutory contributions			4,409,798
Segment assets	18,404,451	158,625,926	177,030,377
Segment liabilities	(10,038,130)	-	(10,038,130)
Segment net assets	8,366,321	158,625,926	166,992,247
Borrowings			(32,098,500)
Net assets			134,893,747

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

### 11 Other liabilities

Other liabilities include an advance payment of KD7,518,125 received by the Group against the expected sale of certain available for sale investments (refer note 6d).

### 12 Segmental analysis

The segments' results are based on internal management reporting information that is reported to the higher management of the Parent Company.

The Group's activities are concentrated in two main segments: Domestic (Kuwait) and International (Kingdom of Saudi Arabia). The following is the segments information, which conforms with the internal reporting presented to management:

	Domestic KD	International KD	Total KD
<b>Three months ended 30 June 2015 (Unaudited)</b>			
Segment income	292,570	3,730,820	4,023,390
Segment profit	113,079	3,730,820	3,843,899
Foreign exchange loss and finance costs			(401,944)
Profit before taxation and other statutory contributions			3,441,955
<b>Three months ended 30 June 2014 (Unaudited)</b>			
Segment income	159,093	6,713,025	6,872,118
Segment profit	(46,295)	6,713,025	6,666,730
Foreign exchange loss and finance costs			(350,653)
Profit before taxation and other statutory contributions			6,316,077
<b>Six months ended 30 June 2015 (Unaudited)</b>			
Segment income	344,263	5,625,868	5,970,131
Segment (loss)/profit	(25,347)	5,625,868	5,600,521
Finance costs and foreign exchange loss			(1,190,723)
Profit before taxation and other statutory contributions			4,409,798
Segment assets	18,404,451	158,625,926	177,030,377
Segment liabilities	(10,038,130)	-	(10,038,130)
Segment net assets	8,366,321	158,625,926	166,992,247
Borrowings			(32,098,500)
Net assets			134,893,747



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

### 12 Segmental analysis (continued)

	Domestic KD	International KD	Total KD
Six months ended 30 June 2014 (Unaudited)			
Segment income	368,214	9,878,159	10,246,373
Segment (loss)/profit	(19,006)	9,878,159	9,859,153
Finance costs, net of foreign exchange gain			(630,924)
Profit before taxation and other statutory contributions			9,228,229
Segment assets	19,731,380	184,684,304	204,415,684
Segment liabilities	(966,396)	-	(966,396)
Segment net assets	18,764,984	184,684,304	203,449,288
Borrowings			(34,847,875)
Net assets			168,601,413

### 13 Related party transactions

Related parties represent, the Ultimate Parent Company, the Parent Company's directors and key management personnel of the Parent Company, and other related parties such as subsidiaries of the Ultimate Parent Company (fellow subsidiaries), major shareholders and Companies in which directors and key management personnel of the Parent Company are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Details of significant related party transactions and balances are as follows:

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Interim condensed consolidated statement of financial position			
Due from Ultimate Parent Company (*)	3,513,553	3,455,462	3,387,407
Transactions included under the interim condensed consolidated statement of income			
Interest income - from the Ultimate parent company (*)			
	34,028	34,028	68,055
Management fees (included in other operating expense)	-	1,031	387
Compensation of key management personnel of the group			
Short-term employee benefits	24,750	24,750	49,500

\* Due from Ultimate Parent Company at 30 June 2015 includes a short term advance of KD3,000,000 at an interest rate of 4.5% per annum.

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

### 14 Summary of financial assets and liabilities by category and fair value measurement

#### 14.1 Categories of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position may also be categorized as follows:

	30 June 2015 (Unaudited) KD	31 Dec 2014 (Audited) KD	30 June 2014 (Unaudited) KD
<b>Financial assets:</b>			
Loans and receivables (at amortised cost):			
• Cash and cash equivalents	1,988,861	1,197,134	3,316,095
• Accounts receivable and other assets	31,034	65,846	1,429,747
• Due from Ultimate Parent Company	3,513,553	3,455,462	3,387,407
	5,533,448	4,718,442	8,133,249
<b>Assets at fair value through profit or loss:</b>			
• Investments at fair value through profit or loss (refer Note 7) - Designated on initial recognition	3,826,217	4,081,316	4,088,552
	3,826,217	4,081,316	4,008,552
<b>Available for sale investments (refer Note 6)</b>			
- At fair value	136,980,500	141,850,117	161,583,671
- At cost / cost less impairment (refer note 6c)	30,690,212	30,690,212	30,690,212
	167,670,712	172,540,329	192,273,883
<b>Total financial assets</b>	<b>177,030,377</b>	<b>181,340,087</b>	<b>204,415,684</b>
<b>Financial liabilities:</b>			
At amortised cost:			
• Long term borrowings	28,136,125	30,363,850	32,347,875
• Short term borrowings	3,962,375	4,200,000	2,500,000
• Other liabilities	10,038,130	2,480,728	966,396
<b>Total financial liabilities</b>	<b>42,136,630</b>	<b>37,044,578</b>	<b>35,814,271</b>

#### 14.2 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments at fair value through profit or loss and available for sale investments (excluding certain available for sale investments and investment at fair value through profit or loss which are carried at cost/cost less impairment/last reported NAV for reasons specified in Note 6c and 7 respectively) are carried at fair value and measurement details are disclosed in Note 14.4 to the interim condensed consolidated financial information. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are at amortised costs (see note 14.1) is considered a reasonable approximation of their fair values.

#### 14.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

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

### 14 Summary of financial assets and liabilities by category and fair value measurement (continued)

#### 14.3 Fair value hierarchy (continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

#### 14.4 Fair value measurement of financial instruments

The financial assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

30 June 2015		Level 1	Level 2	Level 3	Total
	Note	KD	KD	KD	KD
<b>Assets at fair value</b>					
Available for sale investments					
- Local quoted shares	a	6,466,664	-	-	6,466,664
- Foreign quoted shares	a	130,513,836	-	-	130,513,836
Investments at fair value through profit or loss					
• Managed portfolios:					
- Local quoted shares	a	2,038,108	-	-	2,038,108
- Foreign quoted shares	a	91,344	-	-	91,344
<b>Total assets</b>		<b>139,109,952</b>	<b>-</b>	<b>-</b>	<b>139,109,952</b>
<b>31 December 2014</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	Note	KD	KD	KD	KD
<b>Assets at fair value</b>					
Available for sale investments					
- Local quoted shares	a	6,702,063	-	-	6,702,063
- Foreign quoted shares	a	135,148,054	-	-	135,148,054
Investments at fair value through profit or loss					
• Managed portfolios:					
- Local quoted shares	a	2,292,871	-	-	2,292,871
• Local money market funds	b	-	1,788,445	-	1,788,445
<b>Total assets</b>		<b>144,142,988</b>	<b>1,788,445</b>	<b>-</b>	<b>145,931,433</b>

There have been no transfers between level 1, level 2 and level 3 during the reporting period.

#### Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value, which are unchanged compared to the previous reporting period, are as follows:

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

### 14 Summary of financial assets and liabilities by category and fair value measurement (continued)

#### Financial instruments in level 1

##### a) Local and foreign quoted securities

All quoted equity securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

#### Financial instruments in level 2

##### b) Local money market funds

The underlying investments of these funds mainly comprise of local and foreign variable and fixed income monetary instruments including treasury bills, bonds and sukuk. The fair values of these funds have been determined based on latest net asset values reported by the investment managers.

### 15 Share capital

As of 30 June 2015, the authorised, issued and fully paid up share capital of the Parent company comprised 787,500,000 shares of 100 fils each (31 December 2014: 787,500,000 shares of 100 fils each and 30 June 2014: 787,500,000 share of 100 fils each), all shares are fully paid.

During the previous year the Parent Company's authorized, issued and fully paid share capital was increased by way of issuing 37,500,000 bonus share of 100 fils each and the revised authorized and issued share capital was registered in the commercial register on 1 June 2014 (refer note 16).

### 16 Dividend distribution

At the Annual General Meeting held on 14 May 2015, the shareholders approved a cash dividend of 10% equivalent to 10 Fils per share amounting to KD7,819,414 for the year ended 31 December 2014.

At the annual general meeting held on 11 May 2014, the shareholders approved a cash dividend of 10% equivalent to 10 fils per share amounting to KD7,448,455 for the year ended 31 December 2013 and bonus shares of 5% of capital and transfer of KD962,521 from voluntary reserve to retained earnings.