

9 - AUG 2012

Kuwait Stock Exchange
Auto. Doc.
& Archival Section Copy

Interim condensed financial information and review report
Ikarus Petroleum Industries Company – SAK (Closed)
Kuwait

30 June 2012

Interim condensed financial information and review report

Ikarus Petroleum Industries Company – SAK (Closed)

Kuwait

30 June 2012

Contents

	Page
Review report	1
Interim condensed statement of income	2
Interim condensed statement of comprehensive income	3
Interim condensed statement of financial position	4
Interim condensed statement of changes in equity	5
Interim condensed statement of cash flows	6
Notes to the interim condensed financial information	7 to 13



Grant Thornton

Al-Qatami, Al-Aiban & Partners

Auditors & Consultants

Souq Al Kaber Building - Block A - 9th Floor

Tel: (965) 2244 3900-9

Fax: (965) 2243 8451

P.O.Box 2986, Safat 13030

Kuwait

www.gtkuwait.com

Allied Accountants

Abdullatif Al-Majid & Co.

Certified Public Accountants - Experts

P.O. Box : 5506 Safat- 13056 Kuwait

Tel: 22432082/3/4

Fax: 22402640

E-mail: info@alliedaccountants-kw.com

Report on review of interim condensed financial information

To the board of directors of
Ikarus Petroleum Industries Company – SAK (Closed)
Kuwait

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Ikarus Petroleum Industries Company (A Kuwaiti Closed Shareholding Company) as of 30 June 2012 and the related interim condensed statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed 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 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 matters

Based on our review, the interim condensed financial information is in agreement with the books of the Company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, or of the articles of association of the Company, as amended, have occurred during the six-month period ended 30 June 2012 that might have had a material effect on the business or financial position of the Company.

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

Abdullatif A.H. Al-Majid
(Licence No. 70-A)
of Allied Accountants

Kuwait
31 July 2012

Interim condensed statement of income

	Three months ended		Six months ended	
	30 June 2012 (Unaudited) KD	30 June 2011 (Unaudited) KD	30 June 2012 (Unaudited) KD	30 June 2011 (Unaudited) KD
Note				
Income				
Realised loss on sale investments at fair value through profit or loss	-	(58,878)	-	(92,639)
Unrealised loss on investments at fair value through profit or loss	(555,461)	(191,301)	(671,703)	(310,027)
Realised gain on sale of available for sale investments	521,026	4,699,466	1,335,076	5,073,203
Dividend income from available for sale investments	3,645,270	2,300,977	6,538,396	2,382,245
Dividend income from investments at fair value through profit or loss	144,953	-	144,953	-
Interest and other income	68,650	164	131,847	1,643
Net (loss)/gain on interest rate swap	(3,710)	4,644	12,098	41,400
Foreign exchange (loss)/gain	(274,777)	332,153	(175,979)	663,119
	3,545,951	7,087,225	7,314,688	7,758,944
Expenses and other charges				
Staff costs	110,500	107,756	230,753	220,182
Finance costs	332,846	262,741	703,278	544,557
Other operating expenses	97,513	103,801	178,425	173,430
	540,859	474,298	1,112,456	938,169
Profit before provision for KFAS, Zakat and NLST	3,005,092	6,612,927	6,202,232	6,820,775
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	(27,046)	(59,518)	(55,820)	(61,387)
Provision for Zakat	(26,417)	(64,143)	(57,941)	(65,451)
Provision for National Labour Support Tax (NLST)	(68,244)	(160,358)	(147,053)	(163,627)
Profit for the period	2,883,385	6,328,908	5,941,418	6,530,310
Basic and diluted earnings per share	3	3.9 Fils	8.4 Fils	8 Fils
		8.7 Fils		



The notes set out on pages 7 to 13 form an integral part of this interim condensed financial information.


Interim condensed statement of comprehensive income

	Three months ended		Six months ended	
	30 June 2012 (Unaudited) KD	30 June 2011 (Unaudited) KD	30 June 2012 (Unaudited) KD	30 June 2011 (Unaudited) KD
Profit for the period	2,883,385	6,328,908	5,941,418	6,530,310
Other comprehensive income:				
Available for sale investments:				
- Net change in fair value arising during the period	(35,792,655)	18,983,684	(11,069,386)	12,995,710
- Transferred to statement of income on sale	(560,875)	(3,929,268)	(1,234,519)	(4,397,026)
Total other comprehensive income for the period	(36,353,530)	15,054,416	(12,303,905)	8,598,684
Total comprehensive income for the period	(33,470,145)	21,383,324	(6,362,487)	15,128,994

The notes set out on pages 7 to 13 form an integral part of this interim condensed financial information.

Interim condensed statement of financial position

	Note	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Assets				
Non-current assets				
Available for sale investments	4	157,040,551	169,140,205	177,719,188
Current assets				
Available for sale investments	4	6,952,889	7,214,954	7,681,621
Investments at fair value through profit or loss	5	4,341,424	5,013,127	4,769,463
Due from parent company	9	5,030,526	-	-
Accounts receivable and other assets		133,331	80,643	65,124
Cash and cash equivalents	6	1,994,379	794,075	2,420,790
Total current assets		18,452,549	13,102,799	14,936,998
Total assets		175,493,100	182,243,004	192,656,186
Equity and liabilities				
Equity				
Share capital		75,000,000	75,000,000	75,000,000
Treasury shares		(611,443)	(611,443)	(15,221)
Legal reserve		4,275,667	4,275,667	3,389,302
Voluntary reserve		2,164,821	2,164,821	1,278,456
Cumulative changes in fair value		48,700,898	61,004,803	73,487,624
Retained earnings		7,259,720	7,287,264	7,178,777
Total equity		136,789,663	149,121,112	160,318,938
Liabilities				
Current liabilities				
Due to parent company	9	-	99,445	99,752
Short term borrowings	7	38,014,400	32,080,400	31,561,750
Other liabilities		689,037	942,047	675,746
Total current liabilities		38,703,437	33,121,892	32,337,248
Total equity and liabilities		175,493,100	182,243,004	192,656,186


Nader Hamad Sultan
Chairman




Suhail Yousef Abograis
Director & CEO

The notes set out on pages 7 to 13 form an integral part of this interim condensed financial information.

Interim condensed 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 2012	75,000,000	(611,443)	4,275,667	2,164,821	61,004,803	7,287,264	149,121,112
Dividends distributions (Note 10)	-	-	-	-	-	(5,968,962)	(5,968,962)
Total transactions with owners	-	-	-	-	-	(5,968,962)	(5,968,962)
Profit for the period	-	-	-	-	-	5,941,418	5,941,418
Other comprehensive income for the period	-	-	-	-	(12,303,905)	-	(12,303,905)
Total comprehensive income for the period	-	-	-	-	(12,303,905)	5,941,418	(6,362,487)
Balance as at 30 June 2012 (unaudited)	75,000,000	(611,443)	4,275,667	2,164,821	48,700,898	7,259,720	136,789,663
Balance as at 1 January 2011	75,000,000	-	3,389,302	1,278,456	64,888,940	648,467	145,205,165
Purchase of treasury shares	-	(15,221)	-	-	-	-	(15,221)
Total transaction with owners	-	(15,221)	-	-	-	-	(15,221)
Profit for the period	-	-	-	-	-	6,530,310	6,531,310
Other comprehensive income for the period	-	-	-	-	8,598,684	-	8,598,684
Total comprehensive income for the period	-	-	-	-	8,598,684	6,530,310	15,128,994
Balance as at 30 June 2011 (unaudited)	75,000,000	(15,221)	3,389,302	1,278,456	73,487,624	7,178,777	160,318,938

The notes set out on pages 7 to 13 form an integral part of this interim condensed financial information.

Interim condensed statement of cash flows

	Note	Six months ended 30 June 2012 (Unaudited) KD	Six months ended 30 June 2011 (Unaudited) KD
OPERATING ACTIVITIES			
Profit before provision for KFAS, Zakat and NLST		6,202,232	6,820,775
Adjustments:			
Realised gain on sale of available for sale investments		(1,335,076)	(5,073,203)
Dividend income from available for sale investments		(6,538,396)	(2,382,245)
Net gain on interest rate swap		(12,098)	(41,400)
Interest income		(125,526)	(1,643)
Finance costs		703,278	544,557
Foreign exchange loss/(gain) on non-operating liabilities		184,000	(707,250)
		(921,586)	(840,409)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		671,703	2,820,574
Accounts receivable and other assets		35,331	2,848,248
Due to/from parent company		(5,005,998)	(7,839)
Other liabilities		(224,701)	(302,780)
Net cash (used in)/from operations		(5,445,251)	4,517,794
KFAS paid		(109,081)	-
Zakat paid		(84,981)	-
NLST paid		(214,865)	-
Net cash (used in)/from operating activities		(5,854,178)	4,517,794
INVESTING ACTIVITIES			
Dividend income received from available for sale investments		6,450,377	2,382,245
Proceeds on sale of available for sale investments		2,332,792	7,778,208
Purchase of available for sale investments		(939,903)	(10,444,770)
Interest income received		1,553	1,643
Net cash from/(used in) investing activities		7,844,819	(282,674)
FINANCING ACTIVITIES			
Dividends paid		(5,829,061)	-
Purchase of treasury shares		-	(15,221)
Finance costs paid		(637,104)	(544,557)
Short term borrowing obtained/(repaid)		5,750,000	(3,000,000)
Net payments made in relation to interest rate swap		(74,172)	(42,680)
Net cash used in financing activities		(790,337)	(3,602,458)
Net increase in cash and cash equivalents		1,200,304	632,662
Cash and cash equivalents at beginning of the period	6	794,075	1,788,128
Cash and cash equivalents at end of the period	6	1,994,379	2,420,790

The notes set out on pages 7 to 13 form an integral part of this interim condensed financial information.

Notes to the interim condensed financial information

1 Incorporation and activities

Ikarus Petroleum Industries Company – SAK (Closed), “the company” was incorporated on 1 February 1997 and listed on the Kuwait stock exchange on 14 April 2008. The company is a subsidiary of National Industries Group Holding – SAK “parent company”. Its principal objective is to engage in chemical and petrochemical related activities and utilise excess funds in investing in securities portfolios managed by other specialised companies.

The address of the company is Al-Qiblah Area – Part 6, Building 3 – Sheikh Salem Al-Ali Al-Subah Complex – Second Floor, Office No. 18.

The Board of Directors of the company approved this interim condensed financial information for issue on 31 July 2012.

The annual financial statements for the year ended 31 December 2011 were approved by the shareholders at the Annual General Meeting which was held on 23 April 2012.

2 Basis of presentation and significant accounting policies

Basis of presentation

The interim condensed financial information of the company has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in preparation of annual financial statements for the year ended 31 December 2011 except for the adoption of new and revised International Financial Reporting Standards discussed below:

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

The interim condensed 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 company’s management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

The preparation of interim condensed 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 financial information, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended 31 December 2011.

Operating results for the six months period ended 30 June 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012. For further details, refer to the financial statements and its related disclosures for the year ended 31 December 2011.

Notes to the interim condensed financial information (continued)

2 Basis of presentation and significant accounting policies (continued)

Significant accounting policies

Adoption of new IASB Standards and amendments during the period

The Company has adopted the following amended IFRS during the period:

IFRS 7 Financial Instruments: Disclosures- amendment

The amendments to IFRS 7 Financial Instruments: Disclosures resulted as a part of comprehensive review of off financial position activities. The amendments allows users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also required additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this amendment did not have any significant impact on the financial position or performance of the Company.

IASB Standards issued but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015
IFRS 13 Fair Value Measurement	1 January 2013

IAS 1 Presentation of Financial Statements

The amendment to IAS 1 requires entities to group other comprehensive income items presented in the statement of comprehensive income based on those:

- Potentially reclassifiable to statement of income in a subsequent period, and
- That will not be reclassified to statement of income subsequently.

The Company will change the current presentation of the statement of comprehensive income when the amendment becomes effective however, it will not affect the measurement or recognition of such items.

IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Notes to the interim condensed financial information (continued)

2 Basis of presentation and significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice.

Management has yet to assess the impact that this amendment is likely to have on the financial statements of the Company. However, they do not expect to implement the amendments until all chapters of IFRS 9 have been published and they can comprehensively assess the impact of all changes.

IFRS 13 Fair Value Measurement

IFRS 13 does not affect which items to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. The Company's management have yet to assess the impact of this new standard.

3 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 2012 (Unaudited)	30 June 2011 (Unaudited)	30 June 2012 (Unaudited)	30 June 2011 (Unaudited)
Profit for the period (KD)	2,883,385	6,328,908	5,941,418	6,530,310
Weighted average number of shares outstanding during the period (excluding treasury shares) – shares	746,120,000	749,981,319	746,120,000	749,990,608
Basic and diluted earnings per share	3.9 Fils	8.4 Fils	8 Fils	8.7 Fils

4 Available for sale investments

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Non-current			
Quoted shares			
- foreign	126,350,334	138,449,988	147,088,518
	126,350,334	138,449,988	147,088,518
Unquoted shares			
- local	3,066,032	3,066,032	3,006,490
- foreign	27,624,185	27,624,185	27,624,180
	30,690,217	30,690,217	30,630,670
	157,040,551	169,140,205	177,719,188
Current			
Quoted shares – local	6,952,889	7,214,954	7,681,621
Total	163,993,440	176,355,159	185,400,809

Notes to the interim condensed financial information (continued)

4 Available for sale investments (continued)

- The local quoted shares represent investments in various sectors. Local quoted shares with a carrying value of KD5,995,843 (31 December 2011: KD6,264,663 and 30 June 2011: Nil) are pledged against a short term loan facility from a local bank (refer note 7).
- Foreign quoted shares mainly represent investment in quoted Saudi companies operating in the fields of chemicals and petrochemicals. These shares, with a carrying value of KD126,308,320 as at 30 June 2012 (31 December 2011: KD138,131,800 and 30 June 2011: 123,394,831) are held through two 100% owned special purpose vehicles incorporated in the Kingdom of Bahrain solely to own these shares.
- 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.

5 Investments at fair value through profit or loss

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Designated on initial recognition :			
Quoted shares – local	2,343,882	3,015,012	2,812,079
Local money market funds	1,997,542	1,998,115	1,957,384
	4,341,424	5,013,127	4,769,463

- During October 2008, a local money market fund, in which the company has investments totaling to KD1,809,424 as at 30 June 2012 (31 December 2011: KD1,809,998 and 30 June 2011: KD2,018,268), suspended redemption requests. Management has been informed by the manager of the fund that redemptions will be made depending on availability of liquid funds. The company's management considers this to be a situation arising from the current crisis in the global financial market and its impact on the local market. The investment has been fair valued based on the unaudited net asset value reported by the fund manager as of 30 June 2012. Therefore the company's management expects to realise these investments at not less than its carrying value.
- Local quoted shares with a carrying value of KD2,343,882 (31 December 2011: KD3,015,012 and 30 June 2011: Nil) are pledged against a short term loan facility from a local bank (refer note 7).

Notes to the interim condensed financial information (continued)

6 Cash and cash equivalents

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Cash and bank balances	719,495	260,600	1,131,512
Cash balances held with portfolio managers	1,274,884	33,475	74,278
Short term deposits	-	500,000	1,215,000
Cash and cash equivalents	1,994,379	794,075	2,420,790

7 Short-term borrowings

	Effective interest rate %	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Local bank – US Dollar	3.625	32,264,400	32,080,400	31,561,750
Local bank – Kuwaiti Dinar	5%	5,750,000	-	-
		38,014,400	32,080,400	31,561,750

The US Dollar loans from the local bank had originally matured in March 2009 and has been rolled over on a quarterly/monthly basis. The company has principally agreed with the bank to restructure the loan to a long term loan secured by the company's investments. At 30 June 2012, negotiations with the local bank are continuing to finalize the detailed terms. The loan is presently secured by a corporate guarantee from the parent company.

During the period the company utilised KD5,750,000 from the KD8,000,000 loan facility from a local bank, which is secured against local investments with a fair value of KD8,339,725 (refer note 4 and 5).

8 Segmental analysis

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

The company 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:

Notes to the interim condensed financial information (continued)

8 Segmental analysis (continued)

	Domestic KD	International KD	Total KD
Three months ended 30 June 2012 (Unaudited)			
Segment income	(123,051)	3,943,779	3,820,728
Segment (loss)/profit	(331,064)	3,943,779	3,612,715
Foreign exchange loss and finance costs			(607,623)
Profit before provision for KFAS, Zakat and NLST			3,005,092
Three months ended 30 June 2011 (Unaudited)			
Segment income	(26,225)	6,781,297	6,755,072
Segment (loss)/profit	(237,782)	6,781,297	6,543,515
Foreign exchange gain net of finance costs			69,412
Profit before provision for KFAS, Zakat and NLST			6,612,927
Six months ended 30 June 2012 (Unaudited)			
Segment income	(96,872)	7,587,539	7,490,667
Segment (loss)/profit	(506,050)	7,587,539	7,081,489
Foreign exchange loss and finance costs			(879,257)
Profit before provision for KFAS, Zakat and NLST			6,202,232
Six months ended 30 June 2011 (Unaudited)			
Segment income	(59,209)	7,155,034	7,095,825
Segment (loss)/profit	(452,821)	7,155,034	6,702,213
Foreign exchange gain net of finance cost			118,562
Profit before provision for KFAS, Zakat and NLST			6,820,775

9 Related party transactions

Related parties represent, the parent company, the company's directors and key management personnel of the company, and other related parties such as subsidiaries of the parent company (fellow subsidiaries), major shareholders and companies in which directors and key management personnel of the 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 company's management.

Notes to the interim condensed financial information (continued)

9 Related party transactions (continued)

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

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Interim condensed statement of financial position			
Due from parent company (*)	5,030,526	-	-
Due to parent company	-	99,445	99,752
	Three months ended		Six months ended
	30 June 2012 (Unaudited) KD	30 June 2011 (Unaudited) KD	30 June 2012 (Unaudited) KD
			30 June 2011 (Unaudited) KD
Transactions included under the interim condensed statement of income			
Interest income - from the parent company (*)	62,329	-	123,973
Management fees (included in other operating expense)	179	1,195	309
			4,015
Compensation of key management personnel of the company			
Short-term employee benefits	24,750	23,400	49,500
			46,800

* Due from parent company at 30 June 2012 includes a short term advance of KD5,000,000 at an interest rate of 5% per annum.

10 Dividend distribution

At the annual general meeting held on 23 April 2012, the shareholders approved a cash dividend of 8 fils per share amounting to KD5,968,962 for the year ended 31 December 2011.

11 Derivative financial instruments

During 2008 the company entered into a 4 year callable range accrual interest rate swap (callable at the option of the bank) with a notional value of USD100,000,000 (equivalent to KD28,056,000 at 30 June 2012, KD27,896,000 at 31 December 2011 and KD27,445,000 at 30 June 2011) with a local bank. The interest rate swap is based on 3 months LIBOR and accordingly the underlying rates are reset every 3 months and settled on a quarterly basis. The negative fair value of the interest rate swap as at 30 June 2012 amounted to KD36,472 (31 December 2011: KD122,742 and 30 June 2011: KD120,758) and it has been recognised under "other liabilities". During the period the company made net payments totalling to KD74,172 to the bank to settle the quarterly payments due on the interest rate swap.

The negative fair value of the derivative financial instrument is equivalent to the market value and the notional amount is the amount of a derivative's underlying asset, and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions and are not indicative of credit risk.

Credit risk in respect to derivative financial instrument arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that is favourable to the Company.