

Interim condensed consolidated financial information and review report  
**Ikarus Petroleum Industries Company – KPSC and Subsidiaries**  
**Kuwait**

30 September 2014

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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 (A Kuwaiti Public Shareholding Company) and its Subsidiaries, as of 30 September 2014 and the related interim condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the nine-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*

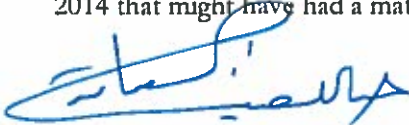
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 matters**

Based on our review, the interim condensed consolidated 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 Companies Law No. 25 of 2012, as amended, nor of the Memorandum of Incorporation and Articles of Association of the Company, as amended, have occurred during the nine month period ended 30 September 2014 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 Parker Randall (Allied Accountants)

## Interim condensed consolidated statement of profit or loss

	Three months ended		Nine months ended	
	30 Sept. 2014 (Unaudited) KD	30 Sept. 2013 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	30 Sept. 2013 (Unaudited) KD
<b>Income</b>				
Realised loss on sale investments at fair value through profit or loss	-	-	-	(161,296)
Unrealised gain/(loss) on investments at fair value through profit or loss	69,481	(310)	97,501	(189,480)
Realised gain on sale of available for sale investments	2,183,002	166,965	5,368,268	3,923,874
Dividend income from available for sale investments	-	1,389,211	6,816,806	8,632,973
Dividend income from investments at fair value through profit or loss	-	-	148,226	152,200
Interest and other income	34,027	34,028	102,082	131,926
Foreign exchange (loss)/gain	(349,786)	185,280	(363,195)	(283,937)
	<b>1,936,724</b>	<b>1,775,174</b>	<b>12,169,688</b>	<b>12,206,260</b>
<b>Expenses and other charges</b>				
Staff costs	99,436	107,737	301,075	315,140
Finance costs	327,166	481,294	944,681	1,093,871
Other operating expenses	61,196	81,114	246,777	250,905
	<b>487,798</b>	<b>670,145</b>	<b>1,492,533</b>	<b>1,659,916</b>
<b>Profit before provision for KFAS, Zakat and NLST</b>	<b>1,448,926</b>	<b>1,105,029</b>	<b>10,677,155</b>	<b>10,546,344</b>
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	(13,040)	(9,963)	(96,094)	(94,935)
Provision for Zakat	(14,528)	(11,104)	(104,153)	(102,355)
Provision for National Labour Support Tax (NLST)	(36,319)	(27,759)	(260,381)	(255,886)
<b>Profit for the period</b>	<b>1,385,039</b>	<b>1,056,203</b>	<b>10,216,527</b>	<b>10,093,168</b>
<b>Basic and diluted earnings per share</b>	<b>4</b>	<b>1.8 Fils</b>	<b>13.1 Fils</b>	<b>12.9 Fils</b>



The notes set out on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

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## Interim condensed consolidated statement of comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2014 (Unaudited) KD	30 Sept. 2013 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	30 Sept. 2013 (Unaudited) KD
Profit for the period	1,385,039	1,056,203	10,216,527	10,093,168
<b>Other comprehensive income:</b>				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
- Net change in fair value arising during the period	45,739,950	7,306,861	43,242,045	13,315,743
- Transferred to statement of income on sale	(1,803,449)	(72,674)	(5,356,810)	(4,079,227)
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	43,936,501	7,234,187	37,885,235	9,236,516
<i>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>	-	-	-	-
Total other comprehensive income for the period	43,936,501	7,234,187	37,885,235	9,236,516
Total comprehensive income for the period	45,321,540	8,290,390	48,101,762	19,329,684



The notes set out on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of financial position

	Note	30 Sept. 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 Sept. 2013 (Unaudited) KD
<b>Assets</b>				
<b>Non-current assets</b>				
Available for sale investments	5	230,940,073	190,694,397	160,262,969
<b>Current assets</b>				
Available for sale investments	5	7,812,067	7,016,694	7,034,609
Investments at fair value through profit or loss	6	4,078,033	4,004,197	4,210,069
Due from Parent Company	11	3,421,435	3,319,353	3,285,326
Accounts receivable and other assets		56,859	57,287	56,377
Cash and cash equivalents	7	2,789,203	1,475,642	1,362,603
<b>Total current assets</b>		<b>18,157,597</b>	<b>15,873,173</b>	<b>15,948,984</b>
<b>Total assets</b>		<b>249,097,670</b>	<b>206,567,570</b>	<b>176,211,953</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	13	78,750,000	75,000,000	75,000,000
Treasury shares		(793,687)	(793,687)	(793,687)
Legal reserve		6,380,906	6,380,906	5,218,070
Voluntary reserve	14	1,202,300	2,164,821	2,164,821
Cumulative changes in fair value		118,139,407	80,254,172	50,054,069
Retained earnings		10,244,027	10,263,435	10,464,383
<b>Total equity</b>		<b>213,922,953</b>	<b>173,269,647</b>	<b>142,107,656</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Long term borrowings	8	32,754,775	32,364,125	32,412,550
<b>Current liabilities</b>				
Short term borrowings	9	1,500,000	-	863,185
Other liabilities		919,942	933,798	828,562
<b>Total current liabilities</b>		<b>2,419,942</b>	<b>933,798</b>	<b>1,691,747</b>
<b>Total liabilities</b>		<b>35,174,717</b>	<b>33,297,923</b>	<b>34,104,297</b>
<b>Total equity and liabilities</b>		<b>249,097,670</b>	<b>206,567,570</b>	<b>176,211,953</b>

Dr. Adel Khaled Al Sbaeh  
Vice-chairman

Suhail Yousef Abograis  
Director & CEO

The notes set out on pages 7 to 16 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 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 14)	-	-	-	(962,521)	-	962,521	-
Issuance of bonus shares (Note 13)	3,750,000	-	-	-	-	(3,750,000)	-
Dividend distribution (Note 14)	-	-	-	-	-	(7,448,456)	(7,448,456)
Transactions with owners	3,750,000	-	-	-	-	(11,198,456)	(7,448,456)
Profit for the period	-	-	-	-	-	10,216,527	10,216,527
Other comprehensive income for the period	-	-	-	-	37,885,235	-	37,885,235
Total comprehensive income for the period	-	-	-	-	37,885,235	10,216,527	48,101,762
Balance as at 30 September 2014 (unaudited)	78,750,000	(793,687)	6,380,906	1,202,300	118,139,407	10,244,027	213,922,953
Balance as at 1 January 2013	75,000,000	(611,443)	5,218,070	2,164,821	40,817,553	9,324,655	131,913,656
Purchase of treasury shares	-	(182,244)	-	-	-	-	(182,244)
Dividend distribution (Note 14)	-	-	-	-	-	(8,953,440)	(8,953,440)
Total transactions with owners	-	(182,244)	-	-	-	(8,953,440)	(9,135,684)
Profit for the period	-	-	-	-	-	10,093,168	10,093,168
Other comprehensive income for the period	-	-	-	-	9,236,516	-	9,236,516
Total comprehensive income for the period	-	-	-	-	9,236,516	10,093,168	19,329,684
Balance as at 30 September 2013 (unaudited)	75,000,000	(793,687)	5,218,070	2,164,821	50,054,069	10,464,383	142,107,656

The notes set out on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2014 (Unaudited) KD	Nine months ended 30 Sept. 2013 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit before provision for KFAS, Zakat and NLST		10,677,155	10,546,344
Adjustments:			
Realised gain on sale of available for sale investments		(5,368,268)	(3,923,874)
Dividend income from available for sale investments		(6,816,806)	(8,632,973)
Dividends income from investments at fair value through profit or loss		(148,226)	(152,200)
Interest income		(102,082)	(131,926)
Finance costs		944,681	1,093,871
Foreign exchange loss on non-operating liabilities		390,650	333,986
		(422,896)	(866,772)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		(73,836)	1,140,568
Accounts receivable and other assets		428	8,921
Due to/from parent company		-	2,000,220
Other liabilities		(245,850)	(123,953)
Net cash (used in)/from operations		(742,154)	2,158,984
KFAS paid		-	(79,773)
Zakat paid		(113,184)	(89,850)
NLST paid		(282,961)	(226,815)
Net cash (used in)/from operating activities		(1,138,299)	1,762,546
<b>INVESTING ACTIVITIES</b>			
Dividend income received		6,965,032	8,785,173
Proceeds on sale of available for sale investments		9,648,198	7,548,064
Purchase of available for sale investments		(7,435,744)	(4,043,675)
Interest income received		-	131
Net cash from investing activities		9,177,486	12,289,693
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(7,280,945)	(8,953,440)
Purchase of treasury shares		-	(182,244)
Finance costs paid		(944,681)	(1,093,871)
Net borrowings obtained/(repaid)		1,500,000	(4,450,676)
Net cash used in financing activities		(6,725,626)	(14,680,231)
Net increase/(decrease)increase in cash and cash equivalents		1,313,561	(627,992)
Cash and cash equivalents at beginning of the period	7	1,475,642	1,990,595
Cash and cash equivalents at end of the period	7	2,789,203	1,362,603

The notes set out on pages 7 to 16 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 main objectives of the Parent Company 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 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 Law No. 97 of 2013.

On 29 September 2013, Ministry of Commerce and Industry issued its regulation No. 425/2013 regarding the Executive by-laws of the Companies Law. All existing companies are required to comply with articles of these by-laws within one year from the date of its issuance.

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 consolidated financial information for issue on 4 November 2014.

The annual consolidated financial statements for the year ended 31 December 2013 were approved by the shareholders at the annual General Meeting which was held on 11 May 2014.

### 2 Basis of presentation

#### Basis of presentation

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

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

### 2 Basis of presentation (continued)

#### Basis of presentation (continued)

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

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 2013.

Operating results for the nine months period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2013.

### 3 Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of the following new standards and amendments effective as of 1 January 2014:

#### Adoption of new IASB Standards and amendments during the period

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 32 Financial Instruments: Presentation - Amendments	1 January 2014
IAS 36 Impairment of Assets- Amendments	1 January 2014
Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
IFRIC 21 Levies	1 January 2014

The nature and the impact of applying each new standard/amendment is described below:

#### 3.1 IAS 32 Financial Instruments: Presentation - Amendments

The amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- that some gross settlement systems may be considered equivalent to net settlement.

The amendments are required to be applied retrospectively. The adoption of the amendment did not result in any material impact on the Group's interim condensed consolidated financial information.

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

### 3 Changes in accounting policies (continued)

#### 3.2 IAS 36 Impairment of Assets- Amendments

The amendments to IAS 36 reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The adoption of this amendment did not have any significant impact on the financial position or performance of the Group.

#### 3.3 Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27

The Amendments define the term ‘investment entity’, provide supporting guidance and require investment entities to measure investments in the form of controlling interests in another entity at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

#### 3.4 Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

The Amendment makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. The adoption of this amendment did not have any significant impact on the financial position or performance of the Group.

#### 3.5 IFRIC 21 ‘Levies’ (IFRIC 21)

IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government’s legislation. If this activity arises on specific date within an accounting period then the entire obligation is recognised on that date
- the same recognition principles apply in the annual and interim financial statements.

IFRIC 21 has been applied retrospectively in accordance with its transitional provisions but the adoption of this amendment did not have any significant impact on the financial position or performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

### 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		Nine months ended	
	30 Sept. 2014 (Unaudited)	30 Sept. 2013 (Unaudited)	30 Sept. 2014 (Unaudited)	30 Sept. 2013 (Unaudited)
Profit for the period (KD)	1,385,039	1,056,203	10,216,527	10,093,168
Weighted average number of shares outstanding during the period (excluding treasury shares) – shares	782,087,898	782,087,898	782,087,898	782,831,876
Basic and diluted earnings per share	1.8 Fils	1.4 Fils	13.1 Fils	12.9 Fils

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

### 4 Basic and diluted earnings per share (continued)

The basic and diluted earnings per share for the three months ended 30 September 2013 and nine months ended 30 September 2013 was 1.4 Fils and 13.5 Fils respectively before retrospective adjustment to the number of shares for bonus shares issued in 2014 which was approved by the general assembly held on 11 May 2014 (Note 14).

### 5 Available for sale investments

	30 Sept. 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 Sept. 2013 (Unaudited) KD
<b>Non-current</b>			
Quoted shares			
- foreign	200,249,861	160,004,185	129,572,757
	<b>200,249,861</b>	<b>160,004,185</b>	<b>129,572,757</b>
Unquoted shares			
- local	3,066,032	3,066,032	3,066,031
- foreign	27,624,180	27,624,180	27,624,181
	<b>30,690,212</b>	<b>30,690,212</b>	<b>30,690,212</b>
	<b>230,940,073</b>	<b>190,694,397</b>	<b>160,262,969</b>
<b>Current</b>			
Quoted shares – local	7,812,067	7,016,694	7,034,609
<b>Total</b>	<b>238,752,140</b>	<b>197,711,091</b>	<b>167,297,578</b>

- The local quoted shares represent investments in various sectors. Local quoted shares with a carrying value of KD6,847,980 (31 December 2013 KD6,016,263 and 30 September 2013 KD5,140,434) are pledged against a short term loan facility of KD5,820,000 from a local bank (refer note 9a).
- Foreign quoted shares represent investment in quoted Saudi companies operating in the fields of chemicals and petrochemicals. Majority of these shares, with a carrying value of KD200,223,530 as at 30 September 2014 (31 December 2013: KD158,694,180 and 30 September 2013: KD122,434,377) 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 KD68,284,552 (31 December 2013: KD52,827,693) are pledged against long term loans (refer note 8)
- 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.

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

	30 Sept. 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 Sept. 2013 (Unaudited) KD
<b>Designated on initial recognition :</b>			
Quoted shares – local	2,292,871	2,200,230	2,269,711
Local money market funds	1,785,162	1,803,967	1,940,358
	<b>4,078,033</b>	<b>4,004,197</b>	<b>4,210,069</b>

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

### 6 Investments at fair value through profit or loss (continued)

- a) During October 2008, a local money market fund, in which the company has investments totaling to KD1,620,710 as at 30 September 2014 (31 December 2013: KD1,615,850 and 30 September 2013: KD1,752,552), suspended redemption requests. The parent company's management has been informed by the manager of the fund that the liquation 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 KD2,292,871 (31 December 2013: KD2,200,230 and 30 September 2013: KD2,246,551) are pledged against a short term loan facility of KD5,820,000 from a local bank which has been partly utilised as of the reporting date (refer note 9b).

### 7 Cash and cash equivalents

	30 Sept. 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 Sept. 2013 (Unaudited) KD
Cash and bank balances	1,112,127	637,007	722,136
Cash balances held with portfolio managers	1,677,076	838,635	640,467
<b>Cash and cash equivalents</b>	<b>2,789,203</b>	<b>1,475,642</b>	<b>1,362,603</b>

### 8 Long term borrowings

	Effective interest rates %	30 Sept. 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 Sept. 2013 (Unaudited) KD
Local bank – US Dollar	3.216%	18,754,775	18,364,125	18,412,550
Local bank – Kuwaiti Dinar	4.5%	14,000,000	14,000,000	14,000,000
		<b>32,754,775</b>	<b>32,364,125</b>	<b>32,412,550</b>

- a. During the third quarter of the year 2013, the Parent Company has completed the restructuring of the short term US Dollar loan (equivalent KD32,880,800 at 30 June 2013) which was obtained from a local bank, by way of entering into a new agreement with the same bank. As per the new agreement the Parent Company received two secured long term loans aggregating to KD32,364,125 (a US Dollar loan of 65,000,000 and a KD loan of 14,000,000) which was utilised to repay the old US Dollar loan in full. As per the new agreement the 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 5b).

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

### 9 Short-term borrowings

	30 Sept. 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 Sept. 2013 (Unaudited) KD
Local bank – Kuwaiti Dinar	1,500,000	-	863,185
	<b>1,500,000</b>	<b>-</b>	<b>863,185</b>

- a) During the period, the Parent Company had utilised KD1,500,000 (net) from the KD5,820,000 loan facility from a local bank, which is secured against local investments with a fair value of KD9,140,850 (31 Dec. 2013 : KD8,216,493 and 30 September 2013: KD7,410,145) (refer note 5a and 6b).

### 10 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 September 2014 (Unaudited)</b>			
Segment income	103,508	2,183,002	2,286,510
Segment (loss)/profit	(57,124)	2,183,002	2,125,878
Foreign exchange loss and finance costs			(676,952)
Profit before provision for KFAS, Zakat and NLST			1,448,926
<b>Three months ended 30 September 2013 (Unaudited)</b>			
Segment income	33,717	1,556,177	1,589,894
Segment profit	(155,134)	1,556,177	1,401,043
Foreign exchange loss and finance costs			(296,014)
Profit before provision for KFAS, Zakat and NLST			1,105,029

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

### 10 Segmental analysis (continued)

	Domestic KD	International KD	Total KD
<b>Nine months ended 30 September 2014 (Unaudited)</b>			
Segment income	471,722	12,061,161	12,532,883
Segment (loss)/profit	(76,130)	12,061,161	11,985,031
Foreign exchange loss and finance costs			(1,307,876)
Profit before provision for KFAS, Zakat and NLST			10,677,155
Segment assets	19,107,927	229,989,743	249,097,670
Segment liabilities	(919,942)	-	(919,942)
Segment net assets	18,187,985	229,989,743	248,177,728
Borrowings			(34,254,775)
Net assets			213,922,953
<b>Nine months ended 30 September 2013 (Unaudited)</b>			
Segment income	715,598	11,774,599	12,490,197
Segment profit	149,553	11,774,599	11,924,152
Foreign exchange loss and finance costs			(1,377,808)
Profit before provision for KFAS, Zakat and NLST			10,546,344
Segment assets	18,357,076	157,854,877	176,211,953
Segment liabilities	(828,562)	-	(828,562)
Segment net assets	17,528,514	157,854,877	175,383,391
Borrowings			(33,275,735)
Net assets			142,107,656

### 11 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 Sept. 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 Sept. 2013 (Unaudited) KD
<b>Interim condensed consolidated statement of financial position</b>			
Due from Ultimate Parent Company (*)	3,421,435	3,319,353	3,285,326
Cash balance held with portfolio manger	3,565	-	102,420

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

### 11 Related party transactions (continued)

	Three months ended		Nine months ended	
	30 Sept. 2014 (Unaudited) KD	30 Sept. 2013 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	30 Sept. 2013 (Unaudited) KD
Transactions included under the interim condensed consolidated statement of income				
Interest income - from the Ultimate parent company (*)	34,027	34,028	102,082	131,795
Management fees (included in other operating expense)	267	763	2,275	4,165
Compensation of key management personnel of the group				
Short-term employee benefits	24,750	24,750	74,250	74,250

\* Due from Ultimate Parent Company at 30 September 2014 includes a short term advance of KD3,000,000 at an interest rate of 4.5% per annum.

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

#### 12.1 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 Sept. 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD
<b>Financial assets:</b>		
Loans and receivables(at amortised cost):		
• Cash and cash equivalents	2,789,203	1,475,642
• Accounts receivable and other assets	56,859	57,287
• Due from Ultimate Parent Company	3,421,435	3,319,353
	<b>6,267,497</b>	<b>4,852,282</b>
Assets at fair value through profit or loss:		
• Investments at fair value through profit or loss (refer Note 6) - Designated on initial recognition	4,078,033	4,004,197
	<b>4,078,033</b>	<b>4,004,197</b>
Available for sale investments (refer Note 5)		
- At fair value	208,061,928	167,020,879
- At cost / cost less impairment (refer note 5c)	30,690,212	30,690,212
	<b>238,752,140</b>	<b>197,711,091</b>
<b>Total financial assets</b>	<b>249,097,670</b>	<b>206,567,570</b>



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

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

	30 Sept. 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD
<b>Financial liabilities:</b>		
<b>At amortised cost:</b>		
• Long term borrowings	32,754,775	32,364,125
• Short term borrowings	1,500,000	-
• Other liabilities	919,942	933,798
<b>Total financial liabilities</b>	<b>35,174,717</b>	<b>33,297,923</b>

#### 12.2 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 5c) are carried at fair value and measurement details are disclosed in Note 12.4 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 12.1) is considered a reasonable approximation of their fair values.

#### 12.3 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:

- 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.

#### 12.4 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 September 2014	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>Assets at fair value</b>					
<b>Available for sale investments</b>					
- Local quoted shares	a	7,812,067	-	-	7,812,067
- Foreign quoted shares	a	200,249,861	-	-	200,249,861
<b>Investments at fair value through profit or loss</b>					
- Local quoted shares	a	2,292,871	-	-	2,292,871
- Local money market funds	b	-	1,785,162	-	1,785,162
<b>Total assets</b>		<b>210,354,799</b>	<b>1,785,162</b>	<b>-</b>	<b>212,139,961</b>

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

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

#### 12.4 Fair value measurement of financial instruments (continued)

31 December 2013	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>Assets at fair value</b>					
Available for sale investments					
- Local quoted shares	a	7,016,694	-	-	7,016,694
- Foreign quoted shares	a	160,004,185	-	-	160,004,185
Investments at fair value through profit or loss					
- Local quoted shares	a	2,200,230	-	-	2,200,230
- Local money market funds	b	-	1,803,967	-	1,803,967
<b>Total assets</b>		<b>169,221,109</b>	<b>1,803,967</b>	<b>-</b>	<b>171,025,076</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:

#### 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.

### 13 Share capital

As of 30 September 2014, the authorised, issued and fully paid up share capital of the Parent company comprised 787,500,000 shares of 100 fils each (31 December 2013 & 30 September 2013: 750,000,000 shares of 100 fils each), all shares are fully paid. During the period the parent company's authorize 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 14).

### 14 Dividend distribution

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 KD 7,448,456 and bonus shares of 5% of the Parent Company's paid up share capital (amounting to KD3,750,000) to the shareholders registered in the Parent Company's records as at the date of the general assembly.

Further at the Annual General Meeting held on 11 May 2014 the shareholders also approved the transfer of KD 962,521 from voluntary reserve to retained earnings for the purpose of distributing dividends.

At the Annual General Meeting held on 11 April 2013, the shareholders approved a cash dividend of 12% equivalent to 12 fils per share amounting to KD 8,953,440 for the year ended 31 December 2012.