

22/11/15

Interim condensed consolidated financial information and review report

National Industries Company – KPSC and Subsidiaries

Kuwait

30 September 2015 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
National Industries Company – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Industries Company (Kuwaiti Public Shareholding Company) (the "Parent Company") and its subsidiaries (collectively the "Group") as of 30 September 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 nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the 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

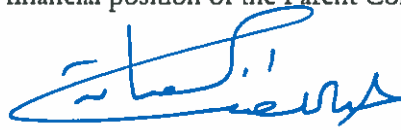
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 the International Accounting Standard 34, "Interim Financial Reporting".

Report on review of other legal and regulatory requirements

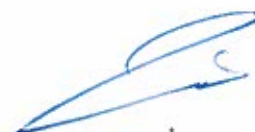
Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the nine-month period ended 30 September 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

(Licence No. 70-A)

of Parker Randall (Allied Accountants)

Kuwait

10 November 2015

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended		Nine months ended	
		30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD
Revenue					
Revenue from sales and services		11,112,144	10,684,179	35,354,548	34,696,056
Cost of sales and services		(8,532,831)	(8,056,153)	(25,461,404)	(25,805,897)
Gross profit		2,579,313	2,628,026	9,893,144	8,890,159
Other operating income		66,079	52,865	152,729	159,645
Share of results of associates		352,966	281,822	83,562	256,290
Investment income	6	375,477	302,842	1,234,448	953,618
Foreign exchange (loss)/gain		(910)	48,794	78,588	49,133
		3,372,925	3,314,349	11,442,471	10,308,845
Expenses and other charges					
Distribution expenses		(576,059)	(432,138)	(1,497,944)	(1,212,647)
General, administrative and other expenses		(624,722)	(612,163)	(2,314,629)	(2,098,146)
Finance costs		(549)	(27,649)	(4,017)	(117,981)
Impairment of available for sale investments		(61,021)	-	(203,891)	(795,128)
		(1,262,351)	(1,071,950)	(4,020,481)	(4,223,902)
Profit before contribution to KFAS, NLST and Zakat		2,110,574	2,242,399	7,421,990	6,084,943
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(14,875)	(19,961)	(60,229)	(55,728)
Provision for National Labour Support Tax (NLST)		(40,629)	(56,356)	(155,046)	(146,275)
Provision for Zakat		(15,896)	(22,543)	(60,492)	(58,510)
Profit for the period		2,039,174	2,143,539	7,146,223	5,824,430
Attributable to :					
Owners of the parent company		1,938,398	2,119,051	6,903,474	5,931,480
Non-controlling interests		100,776	24,488	242,749	(107,050)
Profit for the period		2,039,174	2,143,539	7,146,223	5,824,430
Basic earnings per share attributable to the owners of the parent company	7	5.57 Fils	6.11 Fils	19.85 Fils	17.11 Fils
Diluted earnings per share attributable to the owners of the parent company	7	5.55 Fils	6.09 Fils	19.77 Fils	17.04 Fils

The notes set out on pages 8 to 20 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		Nine months ended	
	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD
Profit for the period	2,039,174	2,143,539	7,146,223	5,824,430
Other comprehensive income:				
<i>Items that will be reclassified subsequently to interim condensed consolidated statement of profit or loss</i>				
Available for sale investments:				
- Net change in fair value during the period	(2,828,876)	3,181,009	(3,339,958)	1,898,670
- Transferred to interim condensed consolidated statement of profit or loss on sale	(261,408)	-	(261,408)	-
- Transferred to interim condensed consolidated statement of income on impairment	61,021	-	203,891	795,128
Exchange differences arising on translation of foreign operations	1,402	55,651	159,199	52,396
Share of other comprehensive income of associates	1,492	(1,047)	12,081	(2,612)
Total other comprehensive (loss)/income	(3,026,369)	3,235,613	(3,226,195)	2,743,582
Total comprehensive (loss)/income for the period	(987,195)	5,379,152	3,920,028	8,568,012
Total comprehensive income attributable to:				
Owners of the parent company	(1,088,673)	5,318,430	3,617,139	8,640,455
Non-controlling interests	101,478	60,722	302,889	(72,443)
	(987,195)	5,379,152	3,920,028	8,568,012



Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		27,202,973	27,933,591	28,268,148
Investment in associates	8	5,306,135	3,062,174	3,003,759
Available for sale investments	9	36,154,946	38,064,959	39,947,587
		68,664,054	69,060,724	71,219,494
Current assets				
Inventories and spare parts		18,465,665	16,380,813	16,315,580
Investments at fair value through profit or loss		2,214,232	2,389,376	3,152,864
Accounts receivable and other assets		11,282,598	10,970,349	11,692,395
Fixed deposits	10	4,575,000	3,725,000	1,875,000
Cash and bank balances		6,045,181	8,422,117	6,235,002
		42,582,676	41,887,655	39,270,841
Total assets		111,246,730	110,948,379	110,490,335
Equity and liabilities				
Equity				
Share capital	11	34,793,546	34,675,783	34,675,783
Share premium	11	32,202,714	32,020,653	32,020,653
Treasury shares	12	(7,658)	(6,440)	(6,440)
Legal reserve		3,825,928	3,825,928	3,042,395
Voluntary reserve		2,243,107	2,243,107	1,459,574
Staff bonus shares reserve		250,002	296,482	296,482
Other components of equity	13	6,701,474	9,987,809	11,232,214
Retained earnings		7,571,279	6,301,688	6,440,504
Total equity attributable to the owners of the parent company		87,580,391	89,345,010	89,161,165
Non-controlling interests		3,609,120	2,853,111	2,716,410
Total equity		91,189,511	92,198,121	91,877,575
Non-current liabilities				
Provision for land-fill expenses		732,011	724,148	722,881
Provision for employees' end of service benefits		4,814,496	4,727,152	4,660,676
		5,546,507	5,451,300	5,383,557
Current liabilities				
Murabaha payables		644,685	629,380	570,660
Term loan		-	102,446	102,446
Accounts payable and other liabilities		13,866,027	12,567,132	12,556,097
		14,510,712	13,298,958	13,229,203
Total liabilities		20,057,219	18,750,258	18,612,760
Total equity and liabilities		111,246,730	110,948,379	110,490,335



Dr. Adel Khated Al Sbaeh
Vice-chairman and Chief Executive
Officer

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the parent company							Non-controlling interests		Total
	Share capital KD	Share premium KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Staff bonus shares reserve KD	Other components of equity (note 13) KD	Retained earnings KD	Sub-total KD	
Balance at 1 January 2015	34,675,783	32,020,653	(6,440)	3,825,928	2,243,107	296,482	9,987,809	6,301,688	89,345,010	2,853,111 92,198,121
Dividend paid (note 14)	-	-	-	-	-	-	-	(5,216,650)	(5,216,650)	- (5,216,650)
Increase in share capital of a subsidiary (note 5)	-	-	-	-	-	-	-	-	-	36,000 36,000
Effect of change in ownership percentage of subsidiary (note 5)	-	-	-	-	-	-	-	(417,120)	(417,120)	417,120 -
Purchase of treasury shares	-	-	(1,541)	-	-	-	-	-	(1,541)	- (1,541)
Sale of treasury shares	-	-	323	-	-	-	-	(113)	210	- 210
Cost of share based payment	-	-	-	-	-	253,343	-	-	253,343	- 253,343
Issue of staff bonus shares (note 11)	117,762	182,061	-	-	-	(299,823)	-	-	-	- -
Transaction with owners	117,762	182,061	(1,218)	-	-	(46,480)	-	(5,633,883)	(5,381,758)	453,120 (4,928,638)
Profit for the period	-	-	-	-	-	-	-	6,903,474	6,903,474	242,749 7,146,223
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	(3,286,335)	-	(3,286,335)	60,140 (3,226,195)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(3,286,335)	6,903,474	3,617,139	302,889 3,920,028
Balance at 30 September 2015	34,793,545	32,202,714	(7,658)	3,825,928	2,243,107	250,002	6,701,474	7,571,279	87,580,391	3,609,120 91,189,511



Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the shareholders of the parent company							Non-controlling interests		Total
	Share capital KD	Share premium KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Staff bonus shares reserve KD	Other components of equity (note 13) KD	Retained earnings KD	Sub-total KD	
Balance at 1 January 2014	34,650,793	31,995,663	(6,440)	3,042,395	1,459,574	163,578	8,523,239	509,024	80,337,826	83,126,679
Cost of share based payment	-	-	-	-	-	182,884	-	-	182,884	182,884
Issue of staff bonus shares (note 11)	24,990	24,990	-	-	-	(49,980)	-	-	-	-
Transactions with shareholders	24,990	24,990	-	-	-	132,904	-	-	182,884	182,884
Profit/(loss) for the period	-	-	-	-	-	-	-	5,931,480	5,931,480	(107,050)
Other comprehensive income for the period	-	-	-	-	-	-	2,708,975	-	2,708,975	34,607
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	2,708,975	5,931,480	8,640,455	(72,443)
Balance at 30 September 2014 (Unaudited)	34,675,783	32,020,653	(6,440)	3,042,395	1,459,574	296,482	11,232,214	6,440,504	89,161,165	91,877,575

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.



Interim condensed consolidated statement of cash flows

	Nine months ended 30 Sept. 2015 (Unaudited)	Nine months ended 30 Sept. 2014 (Unaudited)
	KD	KD
OPERATING ACTIVITIES		
Profit for the period	7,146,223	5,824,430
Adjustments:		
Depreciation of property, plant and equipment	2,393,095	2,532,915
Loss on write off of property, plant and equipment	(22,530)	28,027
Gain on sale of available for sale investments	(291,182)	-
Share of results of associates	(83,563)	(256,290)
Impairment loss on available for sale investments	203,891	795,128
Dividend income from available for sale investments	(767,506)	(679,515)
Income from short term murabaha investment	(168,329)	(114,897)
Share based payment	299,823	182,884
Interest income	(22,591)	(23,787)
Finance costs	4,017	117,981
Foreign exchange (gain)/loss on non-operating liabilities	(175,575)	(74,694)
Provision for land-fill expenses	7,863	5,890
Provision for staff indemnity	552,942	523,493
	9,076,578	8,861,565
Changes in operating assets and liabilities:		
Inventories and spare parts	(2,084,852)	800,836
Investments at fair value through statement of profit or loss	175,144	801,591
Accounts receivable and other assets	(231,567)	(223,093)
Accounts payable and other liabilities	1,298,895	779,996
	8,234,198	11,020,895
Cash from operations	(465,598)	(298,921)
Staff indemnity paid		
Net cash from operating activities	7,768,600	10,721,974
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,390,685)	(935,798)
Investment in associates – net	(2,297,650)	-
Purchase of available for sale investments	(2,012,857)	(5,560)
Proceeds from sale of available for sale investments	612,685	4,286
Dividend income received from available for sale investments	767,506	679,515
Fixed deposits	(700,000)	(1,225,000)
Income received from murabaha investments	168,329	114,897
Interest income received	22,591	23,787
Dividend income from associate	107,571	-
	(4,722,510)	(1,343,873)
Net cash used in investing activities	(4,722,510)	(1,343,873)
FINANCING ACTIVITIES		
Repayment of term loan	(102,446)	(1,800,000)
Repayment of murabaha payables	-	(4,943,507)
Proceeds from murabaha payables	15,305	470,651
Additions by non-controlling interest	36,000	-
Purchase of treasury shares	(1,541)	-
Sale of treasury shares	323	-
Finance costs paid	(4,017)	(117,981)
Dividends paid	(5,216,650)	(29,685)
	(5,273,026)	(6,420,522)
Net cash used in financing activities	(5,273,026)	(6,420,522)
Net increase/(decrease) in cash and cash equivalents	(2,226,936)	2,957,579
Cash and cash equivalents at beginning of the period	8,272,117	3,277,423
Cash and cash equivalents at end of the period	6,045,181	6,235,002

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.



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Notes to the interim condensed consolidated financial information

1 Incorporation and activities

National Industries Company – KPSC (the parent company) was incorporated on 1 February 1997 as a Kuwaiti public shareholding company and its shares are listed on the Kuwait Stock Exchange. The parent company is a subsidiary of National Industries Group Holding – KPSC (“ultimate parent company”).

The main objectives of the parent company are as follows:

- Manufacturing and marketing building materials and infrastructure products.
- Practicing all industrial activities, re-manufacturing and related activities and implementing those activities directly or through a third party to the account of the company or the third party after obtaining the necessary industrial licenses from the competent authorities.
- Implementing studies, researches and development and providing consultations in all kinds of industrial fields.
- Practicing trade of the materials related to the activities of import, export and marketing of products.
- Transportation, clearance, storage and packaging of raw materials and products and acquisition of the necessary means of transportation and storage.
- Quarry works and extraction, trading, formation and manufacturing of sands and rocks and import of the necessary equipment.
- Acquisition and rental of the movables and real estate properties necessary to carry out the company's activity and market its products.
- Establishing companies or participating therein with other parties to carry out the company's activities.
- Investing surplus funds in financial portfolios managed by specialized companies.
- The company may carry out the above activities inside and outside Kuwait.

The group comprises the parent company and its subsidiaries.

The address of the parent company's registered office is PO Box 3314, Safat 13034, State of Kuwait.

The parent company's board of directors approved this interim condensed consolidated financial information for issue on 10 November 2015.

2 Basis of preparation

The interim condensed consolidated financial information of the group 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 the preparation of the most recent annual financial statements of the group for the year ended 31 December 2014 except for adoption of relevant new standards, amendments to certain standards and interpretations discussed below.

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

This 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 management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

Operating results for the nine month period ended 30 September 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 disclosures for the year ended 31 December 2014.

3 Changes in accounting policies

3.1 New and amended standards adopted by the group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2015. Information on these new standards is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 19 Defined Benefit Plans: Employee Contributions -Amendments	1 July 2014
Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

IAS 19 Defined Benefit Plans: Employee Contributions - Amendments

The Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contribution, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

The amendment did not have any material impact to the group's interim condensed consolidated financial information.

Annual Improvements to IFRSs 2010–2012 Cycle:

(i) *Amendments to IFRS 3*-Contingent consideration that does not meet the definition of an equity instrument is subsequently measured at each reporting date fair value, with changes recognised in interim consolidated statement of profit or loss.

(ii) *Amendments to IFRS 13*- The addition to the Basis for Conclusions confirms the existing measurement treatment of short-term receivables and payables.

(iii) *Amendments to IFRS 8*- Disclosures are required regarding judgements made by management in aggregating operating segments (i.e. description, economic indicators).

A reconciliation of reportable segments' assets to total entity assets is required if this is regularly provided to the chief operating decision maker.

(iv) *Amendments to IAS 16 and IAS 38*- When items are revalued, the gross carrying amount is adjusted on a consistent basis to the revaluation of the net carrying amount.

(v) *Amendments to IAS 24*- Entities that provide key management personnel services to a reporting entity, or the reporting entity's parent, are considered to be related parties of the reporting entity.

The amendment did not have any material impact to the group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the group (continued)

Annual Improvements 2011-2013 Cycle

(i) *Amendments to IFRS 1*-the amendment to the Basis for Conclusions clarifies that an entity preparing its IFRS financial statements in accordance with IFRS 1 is able to use both:

- IFRSs that are currently effective
- IFRSs that have been issued but are not yet effective, that permits early adoption

The same version of each IFRS must be applied to all periods presented.

(ii) *Amendments to IFRS 3*- IFRS 3 is not applied to the formation of a joint arrangement in the financial statements of the joint arrangement itself.

(iii) *Amendments to IFRS 13*- the scope of the portfolio exemption (IFRS 13.52) includes all items that have offsetting positions in market and/or counterparty credit risk that are recognised and measured in accordance with IAS 39/IFRS 9, irrespective of whether they meet the definition of a financial asset/liability.

iv) *Amendments to IAS 40* - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as an investment property or owner-occupied property

The amendment did not have any material impact to the group's interim condensed consolidated financial information.

4 Judgement and estimates

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 consolidated financial statements as at and for the year ended 31 December 2014.

5 Change in the group's ownership interest in subsidiary

During the period, one of the group's subsidiaries National Industries Company for Ceramic – KSCC increased its share capital by KD10,000,000. The parent company participated in this increase by KD9,964,000 by way of transfer of KD8,804,000 from amount due from the subsidiary and a cash payment of KD1,160,000. Since, some of the shareholders waived their rights to participate in the increase of capital of investee, the percentage ownership of the group increased from 60% to 86.427% equity interest. This change in the ownership resulted in a loss of KD417,120 and is recognised in the shareholders' equity.

Notes to the interim condensed consolidated financial information (continued)

6 Investment income

	Three months ended		Nine months ended	
	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD
Dividend income from available for sale investments	34,423	-	767,506	679,515
Gain on sale of available for sale Investments	291,182	-	291,182	-
(Loss)/income from investments at fair value through profit or loss	(14,915)	254,421	(49,741)	32,538
Dividend income from investments at fair value through profit or loss	-	-	34,581	102,881
Income from short term Murabaha	59,784	40,727	168,329	114,897
Interest and other income	5,003	7,694	22,591	23,787
	375,477	302,842	1,234,448	953,618

7 Basic and diluted earnings per share

Basic and diluted earnings per share attributable to the owners of the parent company is calculated by dividing the parent company's profit for the period by the weighted average number of shares outstanding during the period excluding treasury shares as follows:

	Three months ended		Nine months ended	
	30 Sept. 2015 (Unaudited)	30 Sept. 2014 (Unaudited)	30 Sept. 2015 (Unaudited)	30 Sept. 2014 (Unaudited)
Profit for the period attributable to the owners of the parent (KD)	1,938,398	2,119,051	6,903,474	5,931,480
Weighted average number of shares outstanding during the period to be used for basic earnings per share (excluding treasury shares)	347,917,182	346,737,890	347,721,965	346,698,769
Shares to be issued for no consideration under share based payments	1,508,186	1,459,457	1,508,186	1,459,457
Weighted average number of shares to be used for diluted earnings per share (excluding treasury shares)	349,425,368	348,197,347	349,230,151	348,158,226
Basic earnings per share attributable to the owners of the parent company	5.57 Fils	6.11 Fils	19.85 Fils	17.11 Fils
Diluted earnings per share attributable to the owners of the parent company	5.55 Fils	6.09 Fils	19.77 Fils	17.04 Fils

Notes to the interim condensed consolidated financial information (continued)

8 Investment in associates

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Balance at beginning of the year	3,062,174	2,753,183	2,753,183
Share of results of associates	83,562	258,261	256,290
Losses adjusted (from)/to due from associate	(80,682)	43,841	13,716
Additions	2,297,650	-	-
Dividend received	(107,571)	-	-
Share of other comprehensive income	12,081	2,308	(2,612)
Foreign exchange translation	38,921	4,581	(16,818)
	5,306,135	3,062,174	3,003,759

8.1 During the period, the group participated in increase in capital of Insulation System Factory – WLL (Bahrain) amounting to KD1,433,177 which was settled by way of transfer from amount due from the associate. The percentage ownership remained at 50% equity interest. The legal formalities for this increase are still in progress.

8.2 During the period, the group participated in increase in capital of United Gulf Pipes Factory – LLC (Oman) amounting to KD864,473 which was paid in cash. Since, some of the partners did not participate in the increase of capital, the percentage ownership of the group increased from 30% to 45% equity interest. There is embedded goodwill of KD 317,439 on this acquisition. This amount was recorded based on provisional fair value of the identifiable assets and liabilities of the associate at the date of increase in capital, and is subject to completion of purchase price allocation exercise. The legal formalities for this increase are still in progress.

9 Available for sale investments

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Local quoted securities	9,258,359	12,612,118	15,943,183
Local unquoted securities	6,646,672	6,749,352	7,040,734
Foreign quoted securities	1,857,421	1,740,940	2,406,841
Foreign unquoted securities	13,392,494	13,975,406	11,568,258
Murabaha investment	5,000,000	2,987,143	2,988,571
	36,154,946	38,064,959	39,947,587

During the period, the parent company recognised an impairment loss of KD203,891 (31 December 2014: KD1,376,018 and 30 September 2014: KD795,128) against certain investments. Management has performed an analysis of the underlying investments which indicates that there is no further impairment.

Murabaha investment is with local Islamic financial institution and carries effective profit rate of 2% above CBK rate and matures in August 2018 and is carried at cost. This investment represents the parent company's participation in a syndicated arrangement of murabaha provided to the ultimate parent company by a local Islamic financial institution. The investment carries an option to convert this investment into equity shares of a Kuwaiti listed company at an agreed price in the event of default or on maturity, whichever is earlier.

Notes to the interim condensed consolidated financial information (continued)

10 Fixed deposits

Fixed deposits carry average interest rate of 1.8% (31 December 2014: 1.8% and 30 September 2014: 1.5%) per annum and mature within one year of the financial position date.

11 Share capital and share premium

	30 Sept. 2015 (Unaudited)	31 Dec. 2014 (Audited)	30 Sept. 2014 (Unaudited)
Authorised share capital of KD 0.100 each	35,320,187	35,320,187	35,320,187
Issued and paid up capital of KD 0.100 each	34,793,545	34,675,783	34,675,783

During the period, the parent company issued 1,177,629 shares (31 December 2014: 249,901 shares and 30 September 2014: 249,901 shares) under the staff share based payment scheme at price ranging from KD0.200 to KD0.335 per share. The amount in excess of the nominal amount of KD0.100 each was credited to the share premium account.

12 Treasury shares

	30 Sept. 2015 (Unaudited)	31 Dec. 2014 (Audited)	30 Sept. 2014 (Unaudited)
Number of shares	26,062	19,932	19,932
Percentage of issued shares	0.01%	0.01%	0.01%
Cost of treasury shares (KD)	7,658	6,440	6,440
Market value (KD)	5,421	4,146	4,146

Reserves of the parent company equivalent to the cost of treasury shares have been earmarked as non-distributable.

13 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2015	9,951,418	36,391	9,987,809
Exchange differences arising on translation of foreign operations	-	99,059	99,059
Share of other comprehensive income of associates	(3,381)	15,462	12,081
Available for sale investments:			
- Net change in fair value arising during the period	(3,339,958)	-	(3,339,958)
- Transferred to interim condensed consolidated statements of profit or loss on sale	(261,408)	-	(261,408)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	203,891	-	203,891
Total other comprehensive (loss)/income for the period	(3,400,856)	114,521	(3,286,335)
Balance at 30 September 2015 (Unaudited)	6,550,562	150,912	6,701,474

Notes to the interim condensed consolidated financial information (continued)

13 Other components of equity (contienud)

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2014	8,558,067	(34,828)	8,523,239
Exchange differences arising on translation of foreign operations	-	17,789	17,789
Share of other comprehensive income of associates	139	(2,751)	(2,612)
Available for sale investments:			
- Net change in fair value arising during the period	1,898,670	-	1,898,670
- Transferred to interim condensed consolidated statement of profit or loss on impairment	795,128	-	795,128
Total other comprehensive loss for the period	2,693,937	15,038	2,708,975
Balance at 30 September 2014 (Unaudited)	11,252,004	(19,790)	11,232,214

14 Dividends

The Annual General Assembly of shareholders held on 23 April 2015, approved the consolidated financial statements for the year ended 31 December 2014 and cash dividend of 15 Fils (2013: Nil Fils) per share amounting to KD5,216,650 (2013: KD Nil) for the year ended 31 December 2014 which was paid following that approval.

Notes to the interim condensed consolidated financial information (continued)

15 Segmental information

The group's format for reporting segment information is business segments and the group primarily operates in two business segments: Building materials and contracting services, and Investments. The segment information is as follows:

	Building materials and contracting services		Investments		Total
	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	
Three months ended: Segment revenue	11,112,144	10,684,179	375,477	302,842	11,487,621
Loss from investment	-	-	(61,021)	-	(61,021)
Share of results of associates	-	-	352,966	281,822	352,966
					11,779,566
Segment results	1,444,610	1,636,590	667,422	584,664	2,112,032
Unallocated expenses			(72,858)	(77,715)	(72,858)
Profit for the period per interim condensed consolidated statement of income					2,221,254
Depreciation	981,659	786,697	-	-	2,039,174
Impairment loss on available for sale investments	-	-	(61,021)	-	981,659
					(61,021)
Nine months ended: Segment revenue	35,354,548	34,696,056	1,234,448	953,618	36,588,996
Loss from investment					35,649,674
Share of results of associates			(203,891)	(795,128)	(203,891)
			83,562	256,290	83,562
Segment results	6,233,299	5,739,011	1,114,119	414,780	36,468,668
Unallocated expenses					35,110,836
Profit for the period per interim condensed consolidated statement of income	-	-	(201,195)	(329,361)	7,347,418
Depreciation	2,393,095	2,532,915	-	-	6,153,791
Impairment loss on available for sale investments	-	-	(203,891)	(795,128)	7,146,223
					5,824,430
Total assets	56,319,332	54,184,200	54,927,398	56,306,135	2,393,095
					(203,891)
					(795,128)
					111,246,730
					110,490,335

Notes to the interim condensed consolidated financial information (continued)

16 Related party transactions

Related parties represent, major shareholders, directors and key management personnel of the group, and companies of which they are principal shareholders or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the group's management.

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

	30 Sept. 2015 (Unaudited)	31 Dec. 2014 (Audited)	30 Sept. 2014 (Unaudited)	
	KD	KD	KD	
Amounts included in interim condensed consolidated statement of financial position				
Due from ultimate parent company (included in accounts receivable and other assets)	432,281	347,016	335,308	
Due from other related companies (included in accounts receivable and other assets)	9,023	9,023	9,023	
Due from associate (included in accounts receivable and other assets)	199,623	1,724,149	1,629,275	
Due to associate (included in accounts payable and other liabilities)	88,385	-	-	
Due to other related companies (non-controlling interests)	2,449,836	2,371,163	2,332,376	
	Three months ended		Nine months ended	
	30 Sept. 2015 (Unaudited)	30 Sept. 2014 (Unaudited)	30 Sept. 2015 (Unaudited)	30 Sept. 2014 (Unaudited)
	KD	KD	KD	KD
Condensed consolidated statement of income				
Interest income	1,419	980	10,544	2,691
Compensation of key management personnel				
Short term employee benefits	59,086	52,196	176,532	116,134
End of service benefits	(10,535)	8,041	10,152	19,729
Cost of share based payments	-	-	118,612	89,251
	48,551	60,237	305,296	225,114

17 Commitments and contingent liabilities

	30 Sept. 2015 (Unaudited)	31 Dec. 2014 (Audited)	30 Sept. 2014 (Unaudited)
	KD	KD	KD
Capital commitments	2,821	2,821	2,821
Letters of guarantee	4,289,889	4,289,889	4,109,164
Letters of guarantee from ultimate parent company	200,000	200,000	200,000
	4,492,710	4,492,710	4,311,985

Notes to the interim condensed consolidated financial information (continued)

18 Financial risk management

All aspects of the group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements for the year ended 31 December 2014.

19 Fair value measurement

19.1 Fair value hierarchy

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.

Financial assets and financial liabilities measured at fair value in the statement of financial position 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 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19.2 Fair value measurement of financial instruments

The carrying amounts of the group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position are as follows:

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Financial assets:			
Loans and receivables at amortised cost:			
- Cash and bank balances	6,045,181	8,422,117	6,235,002
- Fixed deposits	4,575,000	3,725,000	1,875,000
- Accounts receivable and other assets	11,282,699	10,970,349	11,692,395
Investments at fair value through profit or loss at fair value:			
Investments at fair value through profit or loss	2,214,232	2,389,376	3,152,864
Available for sale investments:			
Available for sale investments at fair value	30,524,607	34,447,477	36,328,677
Available for sale investments at cost	630,339	630,339	630,339
Murabaha investment	5,000,000	2,987,143	2,988,571
	60,272,058	63,571,801	62,902,848
Financial liabilities:			
Financial liabilities at amortised cost:			
Term loan	-	102,446	102,446
Accounts payable and other liabilities	13,866,027	12,567,132	12,556,097
Murabaha payables	644,685	629,380	570,660
	14,510,712	13,298,958	13,229,203

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments (continued)

Management considers that the carrying amounts of loans and receivable and all financial liabilities, which are stated at amortised cost, approximate their fair values.

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

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

30 September 2015 (Unaudited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<i>Investments at fair value through profit or loss:</i>				
Quoted equity securities	420,723	-	-	420,723
Managed funds and portfolios	-	1,793,509	-	1,793,509
<i>Available for sale investments:</i>				
Local quoted securities	9,258,359	-	-	9,258,359
Local unquoted securities	-	-	6,646,672	6,646,672
Foreign quoted securities	1,857,420	-	-	1,857,420
Foreign unquoted securities	-	-	12,762,156	12,762,156
	11,536,502	1,793,509	19,408,828	32,738,839

31 December 2014 (Audited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<i>Investments at fair value through profit or loss:</i>				
Quoted equity securities	547,528	-	-	547,528
Managed funds and portfolios	-	1,841,848	-	1,841,848
<i>Available for sale investments:</i>				
Local quoted securities	12,612,118	-	-	12,612,118
Local unquoted securities	-	-	6,749,352	6,749,352
Foreign quoted securities	1,740,940	-	-	1,740,940
Foreign unquoted securities	-	-	13,345,067	13,345,067
	14,900,586	1,841,848	20,094,419	36,836,853

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments (continued)

30 September 2014 (Unaudited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through statement of income:				
Quoted equity securities	651,270	-	-	651,270
Managed funds and portfolios	-	2,501,594	-	2,501,594
Available for sale investments:				
Local quoted securities	15,943,183	-	-	15,943,183
Local unquoted securities	-	-	7,040,734	7,040,734
Foreign quoted securities	2,406,840	-	-	2,406,840
Foreign unquoted securities	-	-	10,937,920	10,937,920
	19,001,293	2,501,594	17,978,654	39,481,541

There have been no significant transfers between levels 1 and 2 during the reporting period.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Level 3 fair value measurements

The group's financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Opening balance	20,094,419	18,623,505	18,623,505
Gains or losses recognised in:			
- Consolidated statement of profit or loss	291,182	(1,308,474)	(782,726)
- Other comprehensive income	(364,088)	2,773,828	132,315
Purchases	-	5,560	5,560
Sales	(612,685)	-	-
Closing balance	19,408,828	20,094,419	17,978,654

The group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements (continued)

For financial instruments carried at amortised cost, fair values are not materially different from their carrying values and are used only for disclosure purpose. Fair value of such financial instruments are classified under level 3 determined based on discounted cash flow basis, with most significant inputs being the discount rate that reflects the credit risk of counter parties.

The impact on interim condensed consolidated statement of income and consolidated statement of comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.