

Interim condensed consolidated financial information and review report
Al-Deera Holding Company – KPSC and Subsidiaries
Kuwait
30 June 2015 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
Al-Deera Holding Company – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Deera Holding Company (Kuwaiti Public Shareholding Company) (the "Parent Company") and its subsidiaries (collectively the "Group") as of 30 June 2015 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

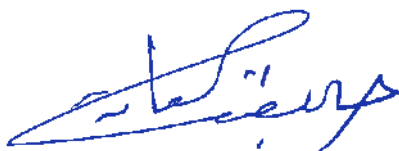
Emphasis of matter

At 30 June 2015, the current liabilities of Al-Deera Holding Company and its subsidiaries exceeded current assets by KD35,698,651. Also, as disclosed in note 12 to the interim condensed consolidated financial information, certain instalments of the borrowings were not settled resulting into maturity of the entire outstanding loans. Management is currently negotiating restructuring of its borrowings with the banks. These conditions may indicate inability of an entity to continue as a going concern.

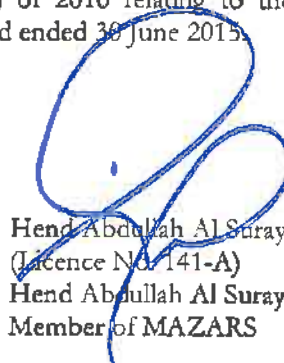
Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012 and its executive regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the six-month period ended 30 June 2015 that might have had a material effect on the business or financial position of the Parent Company.

We also report that during our review and to the best of our knowledge and belief, nothing has come to our attention that indicates any material violations to Law No. (7) of 2010 relating to the Capital Markets Authority and the instructions thereto, during the six-month period ended 30 June 2015.



Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
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Member of MAZARS

Kuwait
6 August 2015

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended		Six months ended	
		30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD	30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD
Revenue					
Sales		3,129,390	2,720,521	6,169,605	5,683,184
Cost of sales		(2,261,911)	(2,005,229)	(4,406,426)	(4,116,455)
Gross profit		867,479	715,292	1,763,179	1,566,709
Change in fair value of investments at fair value through profit or loss		51,273	(336,004)	73,102	(369,225)
(Loss)/profit on sale of investments at fair value through profit or loss		(209)	-	(209)	232
Profit on sale of available for sale investments		437,788	-	887,858	7,657
Loss on sale of associate	8	(427,412)	-	(427,412)	-
Share of results of associates		106,455	188,826	388,766	531,515
Loss on disposal of subsidiary	5	-	-	(525,926)	-
Reversal of a liability no longer required	6	-	-	1,191,404	-
Dividend income		3,020	605	3,893	605
Consultancy and advisory fees		-	-	-	91,931
Interest and other income		2,289	46,036	11,048	72,336
(Loss)/gain on foreign exchange		(169,255)	(13,680)	(865,341)	22,934
		871,428	601,095	2,500,382	1,924,694
Expenses and other charges					
Distribution costs		(24,178)	(52,902)	(103,473)	(225,373)
Staff costs		(556,363)	(631,599)	(1,041,767)	(1,117,355)
General, administrative and other expenses		(264,373)	(399,242)	(517,118)	(659,447)
Finance costs		(406,141)	(483,453)	(871,067)	(954,674)
Provision for doubtful debts		(25,119)	(22,599)	(25,119)	(198,807)
Impairment of available for sale investments	9	-	-	(169,960)	-
		(1,276,174)	(1,589,795)	(2,728,504)	(3,153,656)
Loss for the period		(404,746)	(988,700)	(228,122)	(1,228,962)
Attributable to:					
Shareholders of the parent company		(670,857)	(937,880)	(620,007)	(1,128,069)
Non-controlling interests		266,111	(50,820)	391,885	(100,893)
		(404,746)	(988,700)	(228,122)	(1,228,962)
Basic and diluted loss per share attributable to the shareholders of the parent company	7	(3.40) Fils	(4.75) Fils	(3.14) Fils	(5.72) Fils

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

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

	Three months ended		Six months ended	
	30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD	30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD
Loss for the period	(404,746)	(988,700)	(228,122)	(1,228,962)
<i>Other comprehensive (loss)/income:</i>				
<i>Items that will be reclassified subsequently to interim condensed consolidated statement of profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(11,703)	(11,332)	(42,559)	(12,316)
Available for sale investments:				
- Net change in fair value arising during the period	924,616	(2,804,295)	(343,540)	(7,018,629)
- Transferred to interim condensed consolidated statement of profit or loss on sale	(36,104)	-	(606,673)	(9,030)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	-	-	169,960	-
Share of other comprehensive income/(loss) of associates	112,604	(1,106,288)	188,508	(1,696,493)
Total other comprehensive income/(loss) for the period	989,413	(3,921,915)	(634,304)	(8,736,668)
Total comprehensive income/(loss) for the period	584,667	(4,910,615)	(862,426)	(9,965,630)
Attributable to:				
Shareholders of the parent company	238,354	(4,863,424)	(1,341,229)	(9,868,062)
Non-controlling interests	346,313	(47,191)	478,803	(97,568)
	584,667	(4,910,615)	(862,426)	(9,965,630)

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Assets				
Non-current assets				
Goodwill		8,633,112	9,242,504	9,242,504
Property, plant and equipment		3,504,798	3,813,447	3,472,894
Intangible asset		6,182,193	6,182,193	6,182,193
Deferred costs		1,168,400	1,220,253	1,272,607
Investment in associates	8	27,531,853	27,724,746	26,567,024
Available for sale investments	9	10,695,630	16,286,747	21,491,298
		57,716,996	64,471,890	70,248,520
Current assets				
Inventories		911,359	607,026	663,648
Receivables and other assets		6,513,902	5,887,106	7,816,126
Current portion of deferred costs		104,712	104,712	104,715
Investments at fair value through profit or loss		1,828,944	1,753,178	1,709,888
Balances with banks and other financial institutions		430,894	391,018	782,748
		9,789,811	8,743,040	11,077,125
Total assets		67,506,797	73,214,930	81,325,645
Equity and liabilities				
Equity				
Share capital	10	19,737,880	74,445,648	74,445,648
Treasury shares		-	-	(12,364)
Legal reserve	10	-	994,976	1,000,000
Other components of equity	11	(2,363,707)	(1,642,485)	1,917,973
Accumulated losses		(565,072)	(55,667,809)	(55,649,580)
Total equity attributable to the shareholders of the parent company		16,789,101	18,130,330	21,701,677
Non-controlling interests		3,255,260	2,776,477	3,234,815
Total equity		20,044,381	20,906,807	24,936,492
Liabilities				
Non-current liabilities				
Term loans	12	822,620	1,365,480	8,939,275
Provision for employees' end of service benefits		1,150,334	1,144,900	1,055,818
		1,972,954	2,510,380	9,994,891
Current liabilities				
Payables and other liabilities	13	13,936,149	19,827,738	24,599,436
Advances from customers		4,502,843	3,657,135	3,848,388
Current portion of term loans	12	27,049,470	26,312,870	17,946,438
		45,488,462	49,797,743	46,394,262
Total liabilities		47,461,416	52,308,123	56,389,153
Total equity and liabilities		67,506,797	73,214,930	81,325,645

Nidal Khaled Al-Masoud
Vice chairman

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to the shareholders of the parent company					Non- controlling Interests	Total
	Share capital KD	Legal reserve KD	Other components of equity (Note 11) KD	Accumulated losses KD	Sub – total KD		
Balance at 1 January 2015	74,445,648	994,976	(1,642,485)	(55,667,809)	18,130,330	2,776,477	20,906,807
Write off of accumulated losses (note 10)	(54,707,768)	(994,976)	-	55,702,744	-	-	-
Total transactions with owners	(54,707,768)	(994,976)	-	55,702,744	-	-	-
(Loss)/profit for the period	-	-	-	(620,007)	(620,007)	391,885	(228,122)
Other comprehensive (loss)/income for the period	-	-	(721,222)	-	(721,222)	86,918	(634,304)
Total comprehensive (loss)/income for the period	-	-	(721,222)	(620,007)	(1,341,229)	478,803	(862,426)
Balance at 30 June 2015	19,737,880	-	(2,363,707)	(585,072)	16,789,101	3,255,280	20,044,381

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited) (continued)

	Equity attributable to the shareholders of the parent company					Non-controlling interests		Total
	Share capital KD	Treasury shares KD	Legal reserve KD	Other components of equity (Note 11) KD	Accumulated losses KD	Sub – total KD	KD	
Balance at 1 January 2014	74,445,648	(12,364)	1,000,000	10,657,966	(54,534,049)	31,557,201	3,894,877	35,452,078
Acquisition of non-controlling interests	-	-	-	-	12,538	12,538	(562,494)	(549,956)
Total transactions with owners	-	-	-	-	12,538	12,538	(562,494)	(549,956)
Loss for the period	-	-	-	-	(1,128,069)	(1,128,069)	(100,893)	(1,228,962)
Other comprehensive (loss)/income for the period	-	-	-	(8,739,993)	-	(8,739,993)	3,325	(8,736,668)
Total comprehensive loss for the period	-	-	-	(8,739,993)	(1,128,069)	(9,868,062)	(97,568)	(9,965,630)
Balance at 30 June 2014	74,445,648	(12,364)	1,000,000	1,917,973	(55,649,580)	21,701,577	3,234,815	24,936,492

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Six months ended 30 June 2015 (Unaudited) KD	Six months ended 30 June 2014 (Unaudited) KD
OPERATING ACTIVITIES		
Loss for the period	(228,122)	(1,228,962)
Adjustments for:		
Foreign exchange loss/(gain) on non-operating assets and liabilities	865,341	(22,934)
Depreciation	604,401	549,454
Reversal of a liability no longer required	(1,191,404)	-
Interest income	(11,048)	(72,312)
Provision for employees' end of service benefits	86,717	84,328
Provision for doubtful debts	25,119	196,807
Profit on sale of available for sale investments	(887,858)	(7,657)
Loss on sale of associate	427,412	-
Share of results of associates	(388,786)	(531,515)
Finance costs	871,067	954,674
Impairment of available of for sale investments	169,960	-
Loss on disposal of subsidiary	525,926	-
Dividend income	(3,893)	(605)
	866,832	(78,722)
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	(75,766)	381,488
Receivables and other assets	(651,915)	(74,071)
Payables and other liabilities	(184,990)	1,119,496
Inventories	(304,333)	95,155
Advances from customers	845,708	215,192
Deferred costs	51,853	52,391
Employees' end of service benefits paid	(83,283)	(78,615)
Net cash from operating activities	464,106	1,632,314
INVESTING ACTIVITIES		
Proceeds on sale and redemption of available for sale investments	255,418	19,208
Interest income received	11,048	27,372
Purchase of property, plant and equipment	(297,495)	(623,336)
Proceeds on sale of property, plant and equipment	1,743	-
Investment in associates - net	(107,226)	-
Proceeds on sale of associate	450,000	-
Dividend income received	3,893	605
Net cash from/(used in) investing activities	317,382	(576,151)
FINANCING ACTIVITIES		
Finance costs paid	(148,752)	(129,619)
Movement in term loans	(692,860)	(752,200)
Net cash used in financing activities	(741,612)	(881,819)
Net increase in cash and cash equivalents	39,876	174,344
Cash and cash equivalents at beginning of the period	391,018	608,404
Cash and cash equivalents at end of the period	430,894	782,748
Non cash transaction:		
Sale of available for sale investment	4,363,178	-
Payables and other liabilities	(4,363,178)	-

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Al Deera Holding Company (the parent company) was established on 18 February 1998 as a Kuwaiti limited liability company. On 8 September 2005, the legal status of the company was changed from a limited liability company to a Kuwaiti public shareholding company.

The extraordinary general assembly held on 26 June 2014 approved the amendment of the parent company's objectives to become as follows:

- Management of the parent company's subsidiaries or participation in management of other companies in which it holds ownership stakes and providing the necessary support thereto.
- Investing funds by way of trading in shares, bonds and other financial securities
- Acquisition of properties and movables necessary to carry out the business activities as allowable by the law.
- Financing and extending loans to investee companies and providing guarantees for third parties, provided that the share of the holding company in the investee company is not less than 20%.
- Acquisition of industrial rights and related intellectual properties or any other industrial trademarks or royalties and any other property related thereto, and renting such properties to the subsidiary companies and others whether inside Kuwait or abroad.

The parent company has the right to carry out its activities inside Kuwait or abroad whether directly or through power of attorney.

The parent company is authorized to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the company in achieving its objectives whether in Kuwait or abroad. The parent company has the right to establish, participate in or acquire such institutions.

The parent company's shares are listed on Kuwait Stock Exchange. The group comprises the parent company and its subsidiaries.

The address of the parent company's registered offices is PO. Box 4839, Safat 13049 – Kuwait.

The interim condensed consolidated financial information of the group for the six month period ended 30 June 2015 was authorized for issue by the directors of parent company on 6 August 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.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

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.

Operating results for the six month period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015. For further details, refer to the consolidated financial statements and their 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 contributions, 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 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).

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 to IFRSs 2010-2012 Cycle: (continued)

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 LAS 16 and LAS 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 LAS 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 amendments did not have any material impact to the group's interim condensed consolidated financial information.

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.

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

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, 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 group.

Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncements.

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

Notes to the interim condensed consolidated financial information (continued)

5 Loss on disposal of subsidiary

During the period, Abwab Capital Limited (UAE) ("Abwab"), a subsidiary held indirectly through Uninvest Consultancy Group - WLL increased its share capital in which the group did not participate, thereby diluting group's ownership interest from 86.33% to 25.5%. The deemed disposal on loss of control resulted into a loss of KD525,926. Because of the immateriality of the amounts involved, the group has not presented the disclosures required by IFRS 5. However, certain information relating to assets, liabilities, income, expenses and profits is given below:

	As at 31 Dec. 2014 KD	As at 30 June 2014 KD
Total assets	115,567	184,125
Total Liabilities	(78,090)	(50,041)
Total equity	37,477	134,084
	Year ended 31 Dec. 2014 KD	Six months ended 30 June 2014 KD
Revenue	483,945	91,955
Expenses	(689,918)	(192,405)
Loss for the year/period	(205,973)	(100,450)

The group fair valued the remaining interest of 25.5% in Abwab Capital Limited amounting to KD107,225 and determined that it exercises significant influence over the investee and, therefore, has accounted for it as an investment in associate.

6 Reversal of a liability no longer required

During the period the court of cassation in Kuwait ruled in favor of the group in a legal case filed against the Ministry of Finance - Kuwait with respect to the amount payable to National Labour Support Tax (NLST) for the year ended 31 December 2005. The verdict stated that the group is liable to NLST of an amount not exceeding KD 851,229. In 2005, the group recognised a liability towards NLST of an amount of KD2,042,633. Accordingly, the excess amount of KD1,191,404 has been reversed during the period.

7 Basic and diluted loss per share attributable to the shareholders of the parent company

Basic and diluted loss per share is calculated by dividing the loss for the period attributable to the shareholders of the parent company by weighted average number of shares outstanding during the period (excluding treasury shares).

	Three months ended		Six months ended	
	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
Loss for the period attributable to the shareholders of the parent company (KD)	(670,857)	(937,880)	(620,007)	(1,128,069)
Weighted average number of shares outstanding during the period (excluding treasury shares)	197,378,600	197,298,701	197,378,800	197,298,701
Basic and diluted loss per share attributable to the shareholders of the parent company	(3.40) Fils	(4.75) Fils	(3.14) Fils	(5.72) Fils

Notes to the interim condensed consolidated financial information (continued)

7 Basic and diluted loss per share attributable to the shareholders of the parent company (continued)

The weighted average number of shares outstanding for the comparative period has been restated to reflect the capital reduction during the period (note 10).

8 Investment in associates

The movement of investment in associates during the period/year was as follows:

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Balance at beginning of the period/year	27,724,746	29,763,452	29,763,452
Share of results	388,786	935,143	531,515
Sale of investment in associate	(877,412)	-	-
Share of other comprehensive income/(loss) of associates	188,508	(2,251,554)	(1,696,493)
Foreign exchange translation	-	(11,449)	(11,450)
Impairment of associates	-	(722,972)	-
Disposal of partial interest of an associate's subsidiary	-	12,126	-
Reclassification from investment in subsidiaries (note 5)	107,225	-	-
	27,531,853	27,724,746	28,587,024

During the period, the group sold one of its associates for a total consideration of KD450,000 resulting into a loss of KD427,412.

Investment in associates amounting to KD6,323,112 (31 December 2014: KD6,826,086 and 30 June 2014: KD9,053,546) is pledged against term loans and due to related parties (notes 12 and 14).

9 Available for sale investments

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Investment portfolios	894,031	3,977,958	6,907,382
Quoted investments	4,952,873	2,239,566	2,872,331
Equity participations	4,838,726	10,071,223	11,711,585
	10,695,630	16,288,747	21,491,298

- Equity participations are investments with the objective of future medium and long-term capital growth. These investments include investments with a carrying value of KD721,102 (31 December 2014: KD1,730,022 and 30 June 2014: KD1,906,748) which are stated at cost due to unavailability of reliable fair market value.
- Available for sale investments having a carrying value of KD2,728,082 (31 December 2014: KD6,576,187 and 30 June 2014: KD10,053,471) are pledged as security against term loans and due to related parties (notes 12 and 14).
- During the period, the group recognised an impairment loss of KD169,960 (30 June 2014: KD Nil) against certain available for sale investments as the market value of these investments declined significantly below their costs. Management is not aware of any factors which may indicate any further impairment against available for sale investments.

Notes to the interim condensed consolidated financial information (continued)

10 Share capital

	Authorised, issued and fully paid		
	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
197,378,800 (31 Dec. 2014: 744,456,480 and 30 June 2014: 744,456,480) authorised, issued and fully paid shares of KD0.100 each.	19,737,880	74,445,648	74,445,648

The extraordinary general assembly of the shareholders held on 22 March 2015 approved to write off accumulated losses of KD55,702,744 by using legal reserve of KD994,976 and reduction of share capital by KD54,707,768.

The amendments to the articles of association of the parent company to reflect this decision were recorded in Kuwait Commercial Register on 20 April 2015.

11 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2015	(1,708,571)	66,086	(1,642,485)
Exchange differences arising on translation of foreign operations	-	(23,550)	(23,550)
Share of other comprehensive income of associates	140,637	47,871	188,508
AFS financial assets:			
- Net change in fair value arising during the period	(449,467)	-	(449,467)
- Transferred to interim condensed consolidated statement of profit or loss on sale	(606,673)	-	(606,673)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	169,960	-	169,960
Total other comprehensive (loss)/income for the period	(745,543)	24,321	(721,222)
Balance at 30 June 2015	(2,454,114)	90,407	(2,363,707)
Balance at 1 January 2014	10,376,987	280,979	10,657,966
Exchange differences arising on translation of foreign operations	-	(11,800)	(11,800)
Share of other comprehensive loss of associates	(1,661,645)	(34,848)	(1,696,493)
AFS financial assets:			
- Net change in fair value arising during the period	(7,022,670)	-	(7,022,670)
- Transferred to interim condensed consolidated statement of profit or loss on sale	(9,030)	-	(9,030)
Total other comprehensive loss for the period	(8,693,345)	(46,648)	(8,739,993)
Balance at 30 June 2014	1,683,642	234,331	1,917,973

Notes to the interim condensed consolidated financial information (continued)

12 Term loans

Currency	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Kuwaiti Dinars	2,008,340	2,601,200	2,751,200
US Dollars	11,343,750	10,998,750	10,585,313
US Dollars	14,520,000	14,078,400	13,549,200
	27,872,090	27,678,350	26,885,713
Less: Instalments due within next twelve months – Kuwait Dinars	(27,049,470)	(26,312,870)	(17,946,438)
	822,620	1,365,480	8,939,275

The average effective interest rate on US Dollar loans is 4.59% (31 December 2014: 4.59% and 30 June 2014: 4.56%) per annum and on Kuwaiti Dinar loans is 5.50% (31 December 2014: 5.50% and 30 June 2014: 5.50%) per annum.

The term loans are secured against investment in associates, available for sale investments, investments at fair value through profit or loss and 50% of the share capital of Al- Deera International Communication Company (subsidiary).

The Kuwaiti Dinar outstanding loans represent term loans and Murabaha. The facilities carry interest rate ranging between 5.5% to 7.5% per annum (31 December 2014: 5.5% to 7.5% and 30 June 2014: 5.5% to 7.5%). The facilities are secured by corporate guarantees as well as certain trade receivables in various instalments ending on 15 July 2018.

In a prior year, a total loan facility of USD 37.5 million was restructured to be paid in equal annual instalments of USD 12.5 million ending 28 December 2015. In 2013, one of the instalments due on 28 December 2013 amounting to USD 12.5 million was not paid. However, during the last year, the group agreed with the bank to reschedule the unpaid instalment which is now repayable on 28 December 2015. Also, one instalment of USD 12.5 million matured on 28 December 2014 and was not paid. The group was unable to fully pay the interest due on this facility. Management is currently negotiating settlement of these unpaid amounts. The entire outstanding amount due under this facility is shown as current liability.

Further, on 21 October 2011, an instalment of USD26.5 million matured for a syndicated loan facility of USD53 million. However, during 2011, the group settled an amount of USD5,000,000 (equivalent to KD1,376,165) plus the related accrued interest up to that date of USD643,469 (equivalent to KD177,598). The remaining balance of USD48 million of the total facility was restructured to be paid in instalments with the final maturity on 30 December 2014. This balance was not paid and the group was unable to fully pay the interest due on this facility. Management is currently negotiating settlement of this balance. The entire outstanding amount due under this facility is shown as current liability.

Notes to the interim condensed consolidated financial information (continued)

13 Payables and other liabilities

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Financial liabilities			
Trade payables	1,755,381	2,297,410	2,183,648
Due to associates	318,360	1,034,248	3,365,028
Due to other related parties	4,724,985	9,170,979	8,786,905
Accrued expenses	1,275,476	881,867	689,436
Accrued interest	2,417,921	1,731,879	1,065,832
Dividend payable	62,810	62,810	62,810
National Labour Support Tax payable	1,411,573	2,602,977	3,973,974
KFAS payable	206,133	206,133	1,891,086
Zakat payable	104,294	104,294	117,698
Other payables	1,659,216	1,735,341	2,463,019
	13,936,149	19,827,738	24,599,436

Balance due to associates carry an interest rate of 6% (31 December 2014: 6% and 30 June 2014: 6%) per annum and is secured against available for sale investment (note 9).

Due to related parties include balances amounting to KD2,448,785 (31 December 2014: KD5,793,848 and 30 June 2014: KD5,657,120) which bear interest rate ranging between 4.5% to 5% (31 December 2014: 5% and 30 June 2014: 5%) per annum and are secured against investment in associates (note 8), available for sale investments (note 9) and 5% of the share capital of Al-Deera International Communication Company (subsidiary).

14 Annual general assembly

The Annual General Assembly of the parent company for the year ended 31 December 2014 held on 8 June 2015 and approved the consolidated financial statements for the year ended 31 December 2014 without dividends.

15 Related party balances and transactions

Related parties represent associates, directors and key management personnel of the group, and other related parties such as major shareholders and companies in which directors and key management personnel of the group 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 group's management.

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

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Interim condensed consolidated statement of financial position:			
Due from related parties (included in receivables and other assets)	422,334	418,994	1,681,692
Due from associates (included in receivables and other assets)	10,263	10,263	10,263
Due to related parties (included in payables and other liabilities)	4,724,985	9,170,979	8,786,905
Due to associates (included in payables and other liabilities)	318,360	1,034,248	3,365,028
Sale of available for sale investments	4,968,829	101,976	-

Notes to the interim condensed consolidated financial information (continued)

15 Related party balances and transactions (continued)

	Three months ended		Six months ended	
	30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD	30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD
Transactions included in interim condensed consolidated statement of profit or loss:				
Finance costs (associates)	(5,291)	29,014	13,500	69,640
Finance costs (other related parties)	24,995	76,004	100,164	150,083
(Loss)/profit on sale of investments at fair value through profit or loss	(209)	-	(209)	232
Management and advisory fees	50,750	31,250	82,000	62,500
Profit on sale of available for sale investments	437,788	-	887,858	7,657
Compensation of key management personnel:				
Short-term benefits	148,010	153,453	299,853	313,906
Employees' end of service benefits	5,837	5,863	11,618	17,399
	153,847	159,316	311,471	331,305

16 Segmental information

The group's reportable segments under IFRS 8 are as follows:

- Telecommunication
- Investments

The revenues and profits generated by the group from segments are summarised as follows:

	Telecommunication		Investments		Total	
	30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD	30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD	30 June 2015 (Unaudited) KD	30 June 2014 (Unaudited) KD
Six months ended:						
Segment revenue	6,169,605	5,683,164	737,203	357,985	6,906,808	6,041,149
Segment profit/(loss)	271,932	(14,215)	(500,054)	(1,214,747)	(228,122)	(1,228,962)
Profit/(loss) for the period	271,932	(14,215)	(500,054)	(1,214,747)	(228,122)	(1,228,962)
Three months ended:						
Segment revenue	3,129,390	2,720,521	3,949	(114,197)	3,133,339	2,606,324
Segment profit/(loss)	104,038	29,144	(508,784)	(1,017,844)	(404,746)	(988,700)
Profit/(loss) for the period	104,038	29,144	(508,784)	(1,017,844)	(404,746)	(988,700)
Total segment assets	16,679,493	16,522,617	50,826,304	64,803,028	67,505,797	81,325,645
Total segment liabilities	12,224,843	12,827,801	35,236,573	43,561,392	47,461,416	56,389,153

Notes to the interim condensed consolidated financial information (continued)

17 Contingent liabilities

At 30 June 2015, the group had contingent liabilities in respect of outstanding bank guarantees amounting to KD3,526,498 (31 December 2014: KD3,566,817 and 30 June 2014: KD3,663,115).

In addition, the parent company has provided a corporate guarantee to a local bank for the bank facilities provided by the bank to a subsidiary amounting to KD1,184,498 (31 December 2014: KD1,224,817 and 30 June 2014: KD1,321,115).

18 Capital commitments

At 30 June 2015, the group had capital commitments of KD640,790 (31 December 2014: KD621,301 and 30 June 2014: KD597,947) towards purchase of investments and an amount of KD644,929 (31 December 2014: KD272,538 and 30 June 2014: KD1,057,966) for the acquisition of internet bandwidth capacity.

19 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.

20 Fair value measurement

20.1 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 consolidated 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).

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.1 Fair value hierarchy (continued)

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

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Financial assets:			
<i>Loans and receivables at amortised cost:</i>			
- Receivables and other assets	5,702,066	5,155,136	7,207,673
- Balances with banks and other financial institutions	430,894	391,018	782,748
<i>Investments at fair value through profit or loss:</i>			
Investments at fair value through profit or loss	1,828,944	1,753,178	1,709,888
<i>Available for sale investments:</i>			
Available for sale investments – at fair value	9,974,528	14,556,725	19,584,550
Available for sale investments – at cost	721,102	1,730,022	1,906,748
	18,657,534	23,588,079	31,191,607
Financial liabilities:			
Term loans	27,872,090	27,678,350	26,885,713
Payables and other liabilities	13,936,149	19,827,738	24,599,436
	41,808,239	47,506,088	51,485,149

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 consolidated statement of financial position are grouped into the fair value hierarchy as follows:

30 June 2015	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through profit or loss					
<i>Designated on initial recognition</i>					
Quoted investments	a	532,544	-	-	532,544
Unquoted investments	b	-	-	480,214	480,214
Investment portfolios	c	816,186	-	-	816,186
Available for sale investments					
Investment portfolios	c	894,031	-	-	894,031
Quoted investments	a	4,962,873	-	-	4,962,873
Equity participations	d	-	666,571	3,451,053	4,117,624
Net fair value		7,205,634	666,571	3,931,267	11,803,472

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.1 Fair value hierarchy (continued)

31 December 2014

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through profit or loss					
<i>Designated on initial recognition</i>					
Unquoted investments	b	-	-	480,214	480,214
Investment portfolios	c	1,272,964	-	-	1,272,964
Available for sale investments					
Investment portfolios	c	3,977,958	-	-	3,977,958
Quoted investments	a	2,239,566	-	-	2,239,566
Equity participations	d	-	917,539	7,423,662	8,341,201
Net fair value		7,490,488	917,539	7,903,876	16,311,903

30 June 2014

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through profit or loss					
<i>Designated on initial recognition</i>					
Unquoted investments	b	-	-	484,979	484,979
Investment portfolios	c	1,224,909	-	-	1,224,909
Available for sale investments					
Investment portfolios	c	6,907,382	-	-	6,907,382
Quoted investments	a	2,872,331	-	-	2,872,331
Equity participations	d	-	899,179	8,905,658	9,804,837
Net fair value		11,004,622	899,179	9,390,637	21,294,438

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

20.2 Fair value measurement of financial instruments

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.

a) Quoted securities

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

b) Unquoted securities

The financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates.

c) Investment portfolios

The underlying investments of investment portfolios primarily comprise of local and foreign securities whose fair value has been determined by reference to their quoted bid prices at the reporting date.

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.2 Fair value measurement of financial instruments (continued)

Measurement at fair value (continued)

d) Equity participations

Equity participations are investments with the objective of future medium and long-term capital growth.

e) Financial liabilities

The group does not have any financial liabilities at fair value.

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 June 2015 (Unaudited)		31 Dec. 2014 (Audited)		30 June 2014 (Unaudited)	
	Investments at fair value KD	Available for sale investments KD	Investments at fair value KD	Available for sale investments KD	Investments at fair value KD	Available for sale investments KD
Opening balance	480,217	7,423,662	484,979	8,905,658	484,979	8,905,658
Gains or losses recognised in:						
- Statement of profit or loss	-	-	(1,122)	-	-	-
- Other comprehensive income/(loss)	-	327,220	-	(1,286,494)	-	-
- Sales	-	(4,299,829)	(3,643)	(214,697)	-	-
Additions during the period/year	-	-	-	19,195	-	-
Closing balance	480,217	3,451,053	480,214	7,423,662	484,979	8,905,658

Gains or losses recognized in the consolidated statement of profit or loss for the period/year are included in (loss)/profit on sale of investments at fair value through profit or loss, change in fair value of investments at fair value through profit or loss and profit on sale of available for sale investments.

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the consolidated statement of profit or loss, total assets, total liabilities or total equity.

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