

Interim condensed consolidated financial information and review report

Al-Deera Holding Company – KPSC and Subsidiaries

Kuwait

31 March 2015 (Unaudited)

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Al-Qatami, Al-Aiban & Partners

Auditors & Consultants

Souq Al Kabeer Building - Block A 8th Floor

Tel : (965) 2244 3900-9

Fax: (965) 2243 8451

P.O.Box 2988, Safat 13030

Kuwait

E-mail: gt@kw.gt.com

www.gtkuwait.com



M A Z A R S

Hend Abdulla Al Surayea & Co.- Chartered Accountants

P.O. Box 23105

Safat 13092

Kuwait

Tel: +965 22470462/4

Fax: +965 22470463

Web: www.mazars.com.kw

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 31 March 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 three-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 31 March 2015, the current liabilities of the group exceeded its current assets by KD36,483,732. 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.

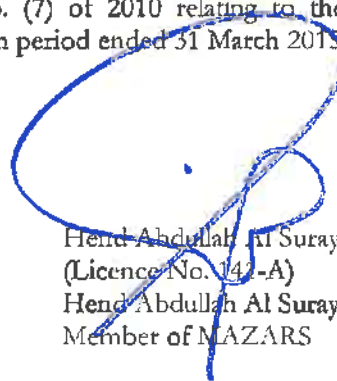
Report on review of other legal and regulatory requirements

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 three-month period ended 31 March 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 three-month period ended 31 March 2015.



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



Hend Abdulla Al Surayea
(Licence No. 14-A)
Hend Abdulla Al Surayea & Co.
Member of MAZARS

Kuwait
14 May 2015

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
Revenue			
Sales		3,040,215	2,962,643
Cost of sales		(2,144,515)	(2,111,226)
Gross profit		895,700	851,417
Change in fair value of investments at fair value through profit or loss		21,829	(33,221)
Profit on sale of investments at fair value through profit or loss		-	232
Profit on sale of available for sale investments		450,070	7,657
Share of results of associates		282,331	342,689
Loss on disposal of subsidiary	5	(525,926)	-
Reversal of a liability no longer required	6	1,191,404	-
Dividend income		873	-
Consultancy and advisory fees		-	91,931
Interest and other income		8,759	26,300
(Loss)/gain on foreign exchange		(696,086)	36,594
		1,628,954	1,323,599
Expenses and other charges			
Distribution costs		(79,295)	(172,471)
Staff costs		(485,404)	(485,756)
General, administrative and other expenses		(252,745)	(260,205)
Finance costs		(464,926)	(471,221)
Provision for doubtful debts		-	(174,208)
Impairment of available for sale investments		(169,960)	-
		(1,452,330)	(1,563,861)
Profit/(loss) for the period		176,624	(240,262)
Attributable to:			
Shareholders of the parent company		50,850	(190,169)
Non-controlling interests		125,774	(50,073)
		176,624	(240,262)
Basic and diluted earnings/(loss) per share attributable to the shareholders of the parent company	7	0.26	(0.96) 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 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
Profit/(loss) for the period	176,624	(240,262)
Other comprehensive (loss)/income:		
<i>Items that will be reclassified subsequently to consolidated statement of profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(30,856)	(984)
Available for sale investments:		
- Net change in fair value arising during the period	(1,268,156)	(4,214,534)
- Transferred to consolidated statement of profit or loss on sale	(570,569)	(9,030)
- Transferred to consolidated statement of profit or loss on impairment	169,960	-
Share of other comprehensive income/(loss) of associates	75,904	(590,205)
Total other comprehensive loss for the period	(1,623,717)	(4,814,753)
Total comprehensive loss for the period	(1,447,093)	(5,055,015)
Attributable to:		
Shareholders of the parent company	(1,579,583)	(5,004,638)
Non-controlling interests	132,490	(50,377)
	(1,447,093)	(5,055,015)

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	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Assets				
Non-current assets				
Goodwill		8,633,112	9,242,504	9,242,504
Property, plant and equipment		3,712,912	3,813,447	3,462,657
Intangible assets		6,182,193	6,182,193	6,182,193
Deferred costs		1,194,071	1,220,253	1,288,876
Investment in associates	8	28,190,206	27,724,746	29,515,936
Available for sale investments	9	10,268,156	16,288,747	24,299,236
		58,180,650	64,471,890	74,001,402
Current assets				
Inventories		604,403	607,026	612,548
Receivables and other assets		6,251,943	5,887,106	8,073,820
Current portion of deferred costs		104,715	104,712	104,715
Investments at fair value through profit or loss		1,778,998	1,753,178	2,045,892
Balances with banks and other financial institutions		483,334	391,018	860,653
		9,223,393	8,743,040	11,497,628
Total assets		67,404,043	73,214,930	85,499,030
Equity and liabilities				
Equity				
Share capital	10	19,737,880	74,445,648	74,445,648
Treasury shares		-	-	(12,364)
Legal reserve		-	994,976	1,000,000
Other components of equity	11	(3,272,918)	(1,642,485)	5,843,517
Retained earnings/(accumulated losses)		85,785	(55,667,809)	(54,711,700)
Total equity attributable to the shareholders of the parent company		16,550,747	18,130,330	26,565,101
Non-controlling interests		2,908,967	2,776,477	3,282,006
Total equity		19,459,714	20,906,807	29,847,107
Liabilities				
Non-current liabilities				
Term loans	12	1,119,050	1,365,480	8,685,750
Provision for employees' end of service benefits		1,118,154	1,144,900	1,049,432
		2,237,204	2,510,380	9,715,182
Current liabilities				
Payables and other liabilities		14,986,672	19,827,738	23,414,500
Advances from customers		3,820,608	3,657,135	4,021,876
Current portion of term loans	12	26,899,845	26,312,870	18,500,365
		45,707,125	49,797,743	45,936,741
Total liabilities		47,944,329	52,308,123	55,651,923
Total equity and liabilities		67,404,043	73,214,930	85,499,030



Talal Bader Al-Bahar
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	Legal reserve	Other components of equity (Note 11)	(Accumulated losses)/retained earnings	Sub - total			
	KD	KD	KD	KD	KD	KD	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 shareholders	(54,707,768)	(994,976)	-	55,702,744	-	-	-	
Profit for the period	-	-	-	50,850	50,850	125,774	176,624	
Other comprehensive (loss)/income for the period	-	-	(1,630,433)	-	(1,630,433)	6,716	(1,623,717)	
Total comprehensive (loss)/income for the period	-	-	(1,630,433)	50,850	(1,579,583)	132,490	(1,447,093)	
Balance at 31 March 2015	19,737,880	-	(3,272,918)	85,785	16,550,747	2,908,967	19,459,714	

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
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 shareholders	-	-	-	-	12,538	12,538	(562,494)	(549,956)
Loss for the period	-	-	-	-	(190,189)	(190,189)	(50,073)	(240,262)
Other comprehensive loss for the period	-	-	-	(4,814,449)	-	(4,814,449)	(304)	(4,814,753)
Total comprehensive loss for the period	-	-	-	(4,814,449)	(190,189)	(5,004,638)	(50,377)	(5,055,015)
Balance at 31 March 2014	74,445,648	(12,364)	1,000,000	5,843,517	(54,711,700)	26,565,101	3,282,006	29,847,107

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

	Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
OPERATING ACTIVITIES		
Profit/(loss) for the period	176,824	(240,262)
Adjustments for:		
Foreign exchange loss/(gain) on non-operating assets and liabilities	696,086	(36,594)
Depreciation	297,376	280,278
Reversal of a liability no longer required	(1,191,404)	-
Interest income	(8,759)	(26,300)
Provision for employees' end of service benefits	30,132	37,774
Provision for doubtful debts	-	174,208
Profit on sale of available for sale investments	(450,070)	(7,657)
Share of results of associates	(282,331)	(342,689)
Finance costs	464,926	471,221
Impairment of available of for sale investments	169,960	-
Loss on disposal of subsidiary	525,926	-
Dividend income	(873)	-
	427,593	319,979
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	(25,820)	45,484
Receivables and other assets	(364,837)	(309,009)
Payables and other liabilities	342,719	745,094
Inventories	2,623	146,255
Advances from customers	163,473	(41,704)
Deferred costs	26,179	26,122
Employees' end of service benefits paid	(56,878)	(49,867)
Net cash from operating activities	515,052	882,354
INVESTING ACTIVITIES		
Proceeds on sale and redemption of available for sale investments	243,033	19,208
Interest income received	8,759	26,300
Purchase of property, plant and equipment	(198,584)	(353,923)
Proceeds on sale of property, plant and equipment	1,743	-
Investment in associates - net	(107,225)	-
Purchase of available for sale investments	-	-
Dividend income received	873	-
Net cash used in investing activities	(51,401)	(308,415)
FINANCING ACTIVITIES		
Finance costs paid	(74,905)	(62,290)
Movement in term loans	(296,430)	(459,400)
Net cash used in financing activities	(371,335)	(521,690)
Net increase in cash and cash equivalents	92,316	52,249
Cash and cash equivalents at beginning of the period	391,018	608,404
Cash and cash equivalents at end of the period	483,334	660,653
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 trade marks 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 three month period ended 31 March 2015 was authorized for issue by the directors of parent company on 14 May 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 three month period ended 31 March 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 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 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 are given below:

	As at 31 Dec. 2014 KD	As at 31 March 2014 KD
Total assets	115,567	280,581
Total Liabilities	(78,090)	(57,024)
Total equity	37,477	223,557
	Year ended 31 Dec. 2014 KD	Three months ended 31 March 2014 KD
Revenue	483,945	91,931
Expenses	(689,918)	(102,580)
Loss for the year/period	(205,973)	(10,849)

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 earnings/(loss) per share attributable to the shareholders of the parent company

Basic and diluted earnings/(loss) per share is calculated by dividing the profit/(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 31 March 2015 (Unaudited)	Three months ended 31 March 2014 (Unaudited)
Profit/(loss) for the period attributable to the shareholders of the parent company (KD)	50,850	(190,189)
Weighted average number of shares outstanding during the period (excluding treasury shares)	197,378,800	197,298,701
Basic and diluted earnings/(loss) per share attributable to the shareholders of the parent company	0.26 Fils	(0.96) Fils

Notes to the interim condensed consolidated financial information (continued)

7 Basic and diluted earnings/(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:

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Balance at beginning of the period/year	27,724,746	29,763,452	29,763,452
Share of results	282,331	935,143	342,689
Share of other comprehensive (loss)/income of associates	75,904	(2,251,554)	(590,205)
Foreign exchange translation	-	(11,449)	-
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	-	-
	28,190,206	27,724,746	29,515,936

Investment in associates amounting to KD6,466,819 (31 December 2014: KD6,826,086 and 31 March 2014: KD10,343,017) is pledged against term loans and due to related parties (notes 12 and 14).

9 Available for sale investments

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Investment portfolios	3,324,334	3,977,958	8,556,975
Quoted investments	1,775,263	2,239,566	4,009,188
Equity participations	5,168,559	10,071,223	11,733,073
	10,268,156	16,288,747	24,299,236

- Equity participations are investments with the objective of future medium and long-term capital growth. These investments include investments with a carrying value of KD1,390,102 (31 December 2014: KD1,730,022 and 31 March 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 KD5,565,325 (31 December 2014: KD6,576,187 and 31 March 2014: KD12,023,773) are pledged as security against term loans, due to associates and due to related parties (notes 12 and 14).
- During the period, the group recognised an impairment loss of KD169,960 (31 March 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		
	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2015 (Unaudited) KD
197,378,800 (31 Dec. 2014: 744,456,480 and 31 March 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	-	(11,847)	(11,847)
Share of other comprehensive income/(loss) of associates	80,283	(4,379)	75,904
AFS financial assets:			
- Net change in fair value arising during the period	(1,293,881)	-	(1,293,881)
- Transferred to consolidated statement of profit or loss on sale	(570,569)	-	(570,569)
- Transferred to consolidated statement of profit or loss on impairment	169,960	-	169,960
Total other comprehensive loss for the period	(1,614,207)	(16,226)	(1,630,433)
Balance at 31 March 2015	(3,322,778)	49,860	(3,272,918)
Balance at 1 January 2014	10,376,987	280,979	10,657,966
Exchange differences arising on translation of foreign operations	-	(482)	(482)
Share of other comprehensive loss of associates	(574,295)	(15,910)	(590,205)
AFS financial assets:			
- Net change in fair value arising during the period	(4,214,732)	-	(4,214,732)
- Transferred to consolidated statement of profit or loss on sale	(9,030)	-	(9,030)
Total other comprehensive loss for the period	(4,798,057)	(16,392)	(4,814,449)
Balance at 31 March 2014	5,578,930	264,587	5,843,517

Notes to the interim condensed consolidated financial information (continued)

12 Term loans

Currency	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Kuwaiti Dinars	2,304,770	2,601,200	3,044,000
US Dollars	11,278,125	10,998,750	10,579,875
US Dollars	14,436,000	14,078,400	13,542,240
	28,018,895	27,678,350	27,166,115
Less: Instalments due within next twelve months – Kuwait Dinars	(26,899,845)	(26,312,870)	(18,500,365)
	1,119,050	1,365,480	8,665,750

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

13 Annual general assembly

The Annual General Assembly of the parent company for the year ended 31 December 2014 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2014 have not yet been approved. The interim condensed consolidated financial information for the three month period ended 31 March 2015 does not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2014. The directors of the parent company did not propose any dividends for the year ended 31 December 2014.

Notes to the interim condensed consolidated financial information (continued)

14 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:

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Interim condensed consolidated statement of financial position:			
Due from related parties (included in receivables and other assets)	420,767	418,994	1,684,127
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)	4,861,026	9,170,979	8,285,456
Due to associates (included in payables and other liabilities)	1,321,562	1,034,248	2,723,524
Sale of available for sale investments	4,484,090	101,976	-
		Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
Interim condensed consolidated statement of profit or loss:			
Finance costs (associates)		18,791	40,626
Finance costs (other related parties)		75,169	74,079
Profit on sale of investments at fair value through profit or loss		-	232
Management and advisory fees		31,250	31,250
Profit on sale of available for sale investments		450,070	7,657
Compensation of key management personnel:			
Short-term benefits		151,843	180,453
Employees' end of service benefits		5,781	11,536
		157,624	171,989

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

Due to other related parties include balances amounting to KD2,458,383 (31 December 2014: KD5,793,848 and 31 March 2014: KD 5,589,500) which bear interest rate ranging between 4.5% to 5% (31 December 2014: 5% and 31 March 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).

Notes to the interim condensed consolidated financial information (continued)

15 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	
	31 March 2015 (Unaudited) KD	31 March 2014 (Unaudited) KD	31 March 2015 (Unaudited) KD	31 March 2014 (Unaudited) KD	31 March 2015 (Unaudited) KD	31 March 2014 (Unaudited) KD
Three months ended:						
Segment revenue	3,040,215	2,962,643	733,264	472,182	3,773,469	3,434,825
Segment profit/(loss)	167,894	(43,359)	8,730	(196,903)	176,624	(240,262)
Profit/(loss) for the period	167,894	(43,359)	8,730	(196,903)	176,624	(240,262)
Total segment assets	16,514,406	16,377,194	50,889,637	69,121,836	67,404,043	85,499,030
Total segment liabilities	12,163,794	12,711,522	36,780,535	42,940,401	47,944,329	55,651,923

16 Contingent liabilities

At 31 March 2015, the group had contingent liabilities in respect of outstanding bank guarantees amounting to KD3,535,694 (31 December 2014: KD3,566,817 and 31 March 2014: KD4,140,633).

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 KD1,193,694 (31 December 2014: KD1,224,817 and 31 March 2014: KD1,298,304).

17 Capital commitments

At 31 March 2015, the group had capital commitments of KD637,083 (31 December 2014: KD621,301 and 31 March 2014: KD685,086) towards purchase of investments and an amount of KD272,538 (31 December 2014: KD272,538 and 31 March 2014: KD1,057,966) for the acquisition of internet bandwidth capacity.

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.

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.1 Fair value hierarchy (continued)

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).

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

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Financial assets:			
<i>Loans and receivables at amortised cost:</i>			
- Receivables and other assets	5,403,344	5,155,136	7,400,288
- Balances with banks and other financial institutions	483,334	391,018	660,653
<i>Investments at fair value through profit or loss:</i>			
Investments at fair value through profit or loss	1,778,998	1,753,178	2,045,892
<i>Available for sale investments:</i>			
Available for sale investments – at fair value	8,878,054	14,558,725	22,392,488
Available for sale investments – at cost	1,390,102	1,730,022	1,906,748
	17,933,832	23,588,079	34,406,069
Financial liabilities:			
Term loans	28,018,895	27,678,350	27,166,115
Payables and other liabilities	14,986,672	19,827,738	23,414,500
	43,005,567	47,506,088	50,580,615

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:

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.1 Fair value hierarchy (continued)

31 March 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>					
Unquoted investments	b	-	-	480,214	480,214
Investment portfolios	c	1,298,784	-	-	1,298,784
Available for sale investments					
Investment portfolios	c	3,324,334	-	-	3,324,334
Quoted investments	a	1,775,263	-	-	1,775,263
Equity participations	d	-	668,925	3,109,532	3,778,457
Net fair value		6,398,381	668,925	3,589,746	10,657,052

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

31 March 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	1,560,913	-	-	1,560,913
Available for sale investments					
Investment portfolios	c	8,556,975	-	-	8,556,975
Quoted investments	a	4,009,188	-	-	4,009,188
Equity participations	d	-	920,667	8,905,658	9,826,325
Net fair value		14,127,076	920,667	9,390,637	24,438,380

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

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 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.

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:

	31 March 2015 (Unaudited)		31 Dec. 2014 (Audited)		31 March 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	480,214	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 loss	-	-	-	(1,286,494)	-	-
- Sales	-	(4,484,090)	(3,643)	(214,697)	-	-
Additions during the period/year	-	169,960	-	19,195	-	-
Closing balance	480,214	3,109,532	480,214	7,423,662	484,979	8,905,658

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)

Gains or losses recognized in the consolidated statement of profit or loss for the period/year are included in 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%.