

Interim condensed consolidated financial information and review report

Al-Deera Holding 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
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 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 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

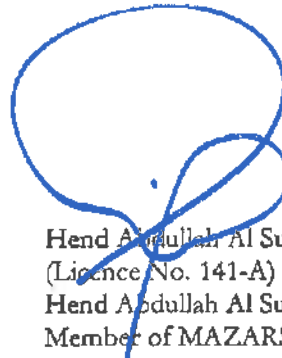
At 30 September 2015, the current liabilities of Al-Deera Holding Company and its subsidiaries exceeded current assets by KD36,197,804. Also, as disclosed in note 12 to the interim condensed consolidated financial information, certain instalments of the borrowings were not settled resulting into maturity 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 nine-month period ended 30 September 2015 that might have had a material effect on the business or financial position of the Parent Company.



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Member of MAZARS

Kuwait
12 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					
Sales		3,202,293	2,818,051	9,371,898	8,501,215
Cost of sales		(2,403,635)	(2,156,366)	(6,810,061)	(6,272,821)
Gross profit		798,658	661,685	2,561,837	2,228,394
Change in fair value of investments at fair value through profit or loss		(139,309)	81,789	(66,207)	(287,436)
(Loss)/profit on sale of investments at fair value through profit or loss		-	-	(209)	232
(Loss)/profit on sale of available for sale investments		-	(190,980)	887,858	(183,323)
Profit/(loss) on disposal of subsidiary	5	-	50,068	(525,926)	50,068
Share of results of associates		(295,367)	150,724	93,419	682,238
Loss on sale of associates	8	-	-	(427,412)	-
Liabilities and provisions no longer required written back	6	-	3,069,354	1,191,404	3,069,354
Consultancy and advisory fees		-	56,305	-	148,260
Dividend income		874	873	4,767	1,478
Interest and other income		337,864	11,920	348,912	84,232
Loss on foreign exchange		(11,475)	(526,851)	(876,816)	(503,917)
		691,245	3,364,887	3,191,627	5,289,581
Expenses and other charges					
Distribution costs		(16,233)	(17,480)	(119,706)	(242,853)
Staff costs		(451,326)	(586,315)	(1,493,093)	(1,703,670)
General, administrative and other expenses		(294,826)	(357,046)	(811,944)	(1,016,493)
Finance costs		(411,415)	(485,456)	(1,282,482)	(1,440,130)
Provision for doubtful debts		(229,771)	(160,509)	(254,890)	(357,316)
Impairment of investment in associates		-	(722,972)	-	(722,972)
Impairment of available for sale investments	9	-	(1,207,800)	(169,960)	(1,207,800)
		(1,403,571)	(3,537,578)	(4,132,075)	(6,691,234)
Loss for the period		(712,326)	(172,691)	(940,448)	(1,401,653)
Attributable to:					
Shareholders of the parent company		(874,968)	(53,164)	(1,494,975)	(1,181,233)
Non-controlling interests		162,642	(119,527)	554,527	(220,420)
		(712,326)	(172,691)	(940,448)	(1,401,653)
Basic and diluted loss per share attributable to the shareholders of the parent company	7	(4.43) Fils	(0.27) Fils	(7.57) Fils	(5.99) Fils

The notes set out on page 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		Nine months ended	
	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD
Loss for the period	(712,326)	(172,691)	(940,448)	(1,401,653)
<i>Other comprehensive (loss)/income: items that will be reclassified subsequently to interim condensed consolidated statement of profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(10)	(635)	(42,569)	(12,951)
Available for sale investments:				
- Net change in fair value arising during the period	(218,959)	(1,315,607)	(562,499)	(8,334,436)
- Transferred to interim condensed consolidated statement of profit or loss on sale	-	178,041	(606,673)	169,011
- Transferred to interim condensed consolidated statement of profit or loss on impairment	-	1,207,800	169,960	1,207,800
Share of other comprehensive (loss)/income of associates	(426,511)	145,140	(238,003)	(1,551,353)
Total other comprehensive (loss)/income for the period	(645,480)	214,739	(1,279,784)	(8,521,929)
Total comprehensive (loss)/income for the period	(1,357,806)	42,048	(2,220,232)	(9,923,582)
Attributable to:				
Shareholders of the parent company	(1,520,449)	736,220	(2,861,678)	(9,131,842)
Non-controlling interests	162,643	(694,172)	641,446	(791,740)
	(1,357,806)	42,048	(2,220,232)	(9,923,582)

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 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Assets				
Non-current assets				
Goodwill		8,633,112	9,242,504	9,242,504
Property, plant and equipment		3,464,231	3,813,447	3,311,737
Intangible asset		6,182,193	6,182,193	6,182,193
Deferred costs		1,141,138	1,220,253	1,272,607
Investment in associates	8	26,809,975	27,724,746	28,159,916
Available for sale investments	9	10,419,611	16,288,747	19,904,028
		66,650,260	64,471,890	68,072,985
Current assets				
Inventories		607,237	607,026	748,770
Receivables and other assets		5,728,892	5,887,106	7,656,457
Current portion of deferred costs		105,578	104,712	104,715
Investments at fair value through profit or loss		1,689,635	1,753,178	1,798,198
Balances with banks and other financial institutions		252,882	391,018	834,869
		8,384,224	8,743,040	11,143,009
Total assets		65,034,484	73,214,930	79,215,994
Equity and liabilities				
Equity				
Share capital	10	19,737,880	74,445,648	74,445,648
Treasury shares		-	-	(1,882)
Legal reserve	10	-	994,976	994,976
Other components of equity	11	(3,009,188)	(1,842,485)	2,707,357
Accumulated losses		(1,460,040)	(55,667,809)	(55,702,744)
Total equity attributable to the shareholders of the parent company		15,268,652	18,130,330	22,443,355
Non-controlling interests		3,417,923	2,776,477	2,540,643
Total equity		18,686,575	20,906,807	24,983,998
Liabilities				
Non-current liabilities				
Term loans	12	600,000	1,365,480	8,925,660
Provision for employees' end of service benefits		1,165,881	1,144,900	1,139,838
		1,765,881	2,510,380	10,065,498
Current liabilities				
Payables and other liabilities	13	13,659,353	19,827,738	21,966,914
Advances from customers		3,938,465	3,657,135	3,758,019
Current portion of term loans	12	26,984,210	26,312,870	18,421,565
		44,582,028	49,797,743	44,166,498
Total liabilities		46,347,909	52,308,123	54,231,996
Total equity and liabilities		65,034,484	73,214,930	79,215,994


 Talat Baber 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 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 shareholders	(54,707,768)	(994,976)	-	55,702,744	-	-	-
(Loss)/profit for the period	-	-	-	(1,494,975)	(1,494,975)	554,527	(940,448)
Other comprehensive (loss)/income for the period	-	-	(1,366,703)	-	(1,366,703)	86,919	(1,279,784)
Total comprehensive (loss)/income for the period	-	-	(1,366,703)	(1,494,975)	(2,861,678)	641,446	(2,220,232)
Balance at 30 September 2015	19,737,880	-	(3,009,188)	(1,460,040)	15,268,652	3,417,923	18,686,575

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
Sale of treasury shares	-	10,482	(5,024)	-	-	5,458	-	5,458
Acquisition of non-controlling interests	-	-	-	-	12,538	12,538	(562,494)	(549,956)
Total transactions with shareholders	-	10,482	(5,024)	-	12,538	17,996	(562,494)	(544,498)
Loss for the period	-	-	-	-	(1,181,233)	(1,181,233)	(220,420)	(1,401,653)
Other comprehensive loss for the period	-	-	-	(7,950,609)	-	(7,950,609)	(571,320)	(8,521,929)
Total comprehensive loss for the period	-	-	-	(7,950,609)	(1,181,233)	(9,131,842)	(791,740)	(9,923,582)
Balance at 30 September 2014	74,445,648	(1,882)	994,976	2,707,357	(55,702,744)	22,443,355	2,540,643	24,983,998

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

	Nine months ended 30 Sept. 2015 (Unaudited) KD	Nine months ended 30 Sept. 2014 (Unaudited) KD
OPERATING ACTIVITIES		
Loss for the period	(940,448)	(1,401,653)
Adjustments for:		
Foreign exchange loss on non-operating assets and liabilities	876,816	503,917
Depreciation	904,741	853,839
Interest income	(348,912)	(84,232)
Liabilities and provisions no longer required written back	(1,191,404)	(3,069,354)
Impairment of available for sale investments	169,860	1,207,800
Impairment of investment in associates	-	722,972
Provision for doubtful debts	254,890	357,316
Provision for employees' end of service benefits	162,285	134,948
Dividend income	(4,767)	(1,478)
(Profit)/loss from sale of available for sale investments	(887,858)	183,323
Share of results of associates	(93,419)	(682,239)
Loss on sale of associates	427,412	-
Finance costs	1,282,482	1,440,130
Loss/(profit) and disposal of subsidiary	525,826	(50,068)
	1,137,704	115,221
Changes in operating assets and liabilities:		
Deferred costs	78,249	52,391
Investments at fair value through profit or loss	53,543	293,178
Receivables and other assets	(96,676)	(74,911)
Payables and other liabilities	(501,854)	1,699,896
Inventories	(211)	10,033
Advances from customers	281,330	(305,551)
Employees' end of service benefits paid	(141,304)	(45,013)
Net cash from operating activities	820,781	1,745,234
INVESTING ACTIVITIES		
Purchase of available for sale investments	-	(3,643)
Proceeds from sale and redemption of available for sale investments	312,478	233,905
Dividend income received	4,767	1,478
Interest income received	41,525	39,292
Purchase of property, plant and equipment	(557,268)	(766,564)
Proceeds on sale of property, plant and equipment	1,743	-
Proceeds from sale of investment in associates	450,000	-
Investment in associates-net	(107,225)	-
Net cash from/(used in) investing activities	146,020	(495,532)
FINANCING ACTIVITIES		
Movement in term loans	(889,290)	(827,200)
Proceeds on sale of treasury shares	-	5,458
Finance costs paid	(215,647)	(201,495)
Net cash used in financing activities	(1,104,937)	(1,023,237)
Net (decrease)/increase in cash and cash equivalents	(138,136)	228,465
Cash and cash equivalents at beginning of the period	391,018	608,404
Cash and cash equivalents at end of the period	252,882	834,869
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 nine month period ended 30 September 2015 was authorized for issue by the directors of parent company on 12 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.

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 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 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 of the subsidiary disposed of is given below:

	As at 31 Dec. 2014 KD	As at 30 Sept. 2014 KD
Total assets	115,567	160,168
Total Liabilities	(78,090)	(59,952)
Total equity	37,477	100,216
	Year ended 31 Dec. 2014 KD	Nine months ended 30 Sept. 2014 KD
Revenue	483,945	146,866
Expenses	(689,918)	(281,008)
Loss for the year/period	(205,973)	(134,142)

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).

The parent company had no outstanding dilutive potential shares.

	Three months ended		Nine months ended	
	30 Sept. 2015 (Unaudited)	30 Sept. 2014 (Unaudited)	30 Sept. 2015 (Unaudited)	30 Sept. 2014 (Unaudited)
Loss for the period attributable to the shareholders of the parent company (KD)	(874,968)	(53,164)	(1,494,975)	(1,181,233)
Weighted average number of shares outstanding during the period (excluding treasury shares)	197,378,800	197,395,039	197,378,800	197,304,173
Basic and diluted loss per share attributable to the shareholders of the parent company	(4.43) Fils	(0.27) Fils	(7.57) Fils	(5.99) 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 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Balance at beginning of the period/year	27,724,746	29,763,452	29,763,452
Share of results	93,419	935,143	682,239
Sale of investment in associate	(877,412)	-	-
Share of other comprehensive loss of associates	(238,003)	(2,251,554)	(1,551,353)
Foreign exchange translation	-	(11,449)	(11,450)
Impairment of associates	-	(722,972)	(722,972)
Disposal of partial interest of an associate's subsidiary	-	12,126	-
Reclassification from investment in subsidiaries (note 5)	107,225	-	-
	26,809,975	27,724,746	28,159,916

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 September 2014: KD9,484,668) is pledged against term loans and due to related parties (notes 12 and 15).

9 Available for sale investments

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Investment portfolios	421,538	3,977,958	6,065,540
Quoted investments	5,296,424	2,239,566	3,514,765
Equity participations	4,701,649	10,071,223	10,323,723
	10,419,611	16,288,747	19,904,028

- 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 September 2014: KD1,831,998) which are stated at cost due to unavailability of reliable fair market value.
- Available for sale investments having a carrying value of KD2,231,825 (31 December 2014: KD6,576,187 and 30 September 2014: KD9,783,358) are pledged as security against term loans and due to related parties (notes 12 and 15).
- During the period, the group recognised an impairment loss of KD169,960 (30 September 2014: KD1,207,800) 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 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
197,378,800 (31 Dec. 2014: 744,456,480 and 30 September 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	-	(23,561)	(23,561)
Share of other comprehensive loss of associates	(219,617)	(18,386)	(238,003)
AFS financial assets:			
- Net change in fair value arising during the period	(668,426)	-	(668,426)
- 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 for the period	(1,324,756)	(41,947)	(1,366,703)
Balance at 30 September 2015	(3,033,327)	24,139	(3,009,188)
Balance at 1 January 2014	10,376,987	280,979	10,657,966
Exchange differences arising on translation of foreign operations	-	(12,057)	(12,057)
Share of other comprehensive loss of associates	(1,538,994)	(12,359)	(1,551,353)
AFS financial assets:			
- Net change in fair value arising during the period	(7,764,010)	-	(7,764,010)
- Transferred to interim condensed consolidated statement of profit or loss on sale	169,011	-	169,011
- Transferred to interim condensed consolidated statement of profit or loss on impairment	1,207,800	-	1,207,800
Total other comprehensive loss for the period	(7,926,193)	(24,416)	(7,950,609)
Balance at 30 September 2014	2,450,794	256,563	2,707,357

Notes to the interim condensed consolidated financial information (continued)

12 Term loans

Currency	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Kuwaiti Dinars	1,711,910	2,601,200	2,676,200
US Dollars	11,347,500	10,998,750	10,820,625
US Dollars	14,524,800	14,078,400	13,850,400
	27,584,210	27,678,350	27,347,225
Less: Instalments due within next twelve months – Kuwaiti Dinars	(26,984,210)	(26,312,870)	(18,421,565)
	600,000	1,365,480	8,925,660

The average effective interest rate on US Dollar loans is 4.59% (31 December 2014: 4.59% and 30 September 2014: 4.59%) per annum and on Kuwaiti Dinar loans is 5.50% (31 December 2014: 5.50% and 30 September 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 September 2014: 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 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Financial liabilities			
Trade payables	1,682,517	2,297,410	2,819,528
Due to associates	272,735	1,034,248	3,314,756
Due to other related parties	4,730,731	9,170,979	8,715,178
Accrued expenses	949,337	881,667	559,514
Accrued interest	2,738,075	1,731,879	1,370,939
Dividend payable	62,810	62,810	62,810
National Labour Support Tax payable	1,411,573	2,602,977	2,602,977
KFAS payable	206,133	206,133	206,133
Zakat payable	104,294	104,294	104,294
Other payables	1,501,148	1,735,341	2,230,785
	13,659,353	19,827,738	21,986,914

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

Due to other related parties include balances amounting to KD1,530,952 (31 December 2014: KD5,793,848 and 30 September 2014: KD5,725,484) which bear interest rate ranging between 4.5% to 5% (31 December 2014: 5% and 30 September 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 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 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Interim condensed consolidated statement of financial position:			
Due from related parties (included in receivables and other assets)	412,798	418,994	1,675,229
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)	4,730,731	9,170,979	8,715,178
Due to associates (included in payables and other liabilities)	272,735	1,034,248	3,314,756
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		Nine months ended	
	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD
Transactions included in interim condensed consolidated statement of profit or loss:				
Finance costs (associates)	6,750	52,755	20,250	122,395
Finance costs (other related parties)	25,270	76,839	125,434	226,922
(Loss)/profit on sale of investments at fair value through profit or loss	-	-	(209)	232
Management and advisory fees	41,000	31,250	123,000	93,750
Profit on sale of available for sale investments	-	(178,041)	887,858	(170,384)
Profit on disposal of subsidiary	-	50,068	-	50,068
Compensation of key management personnel:				
Short-term benefits	114,914	199,409	414,767	513,315
End of service benefits	5,548	8,522	17,166	25,921
	120,462	207,931	431,933	539,236

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 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD
Nine months ended 30 September:						
Segment revenue	9,371,898	8,501,215	629,790	3,061,187	10,001,688	11,562,402
Segment profit/(loss)	523,353	30,608	(1,463,801)	(1,432,261)	(940,448)	(1,401,653)
Profit/(loss) for the period	523,353	30,608	(1,463,801)	(1,432,261)	(940,448)	(1,401,653)
Three months ended 30 September:						
Segment revenue	3,202,293	2,818,051	(107,413)	2,703,202	3,094,880	5,521,253
Segment profit/(loss)	251,421	44,823	(963,747)	(217,514)	(712,326)	(172,691)
Profit/(loss) for the period	251,421	44,823	(963,747)	(217,514)	(712,326)	(172,691)
As at 30 September:						
Total segment assets	15,473,147	16,375,059	49,561,337	62,840,935	65,034,484	79,215,994
Total segment liabilities	10,767,076	12,635,420	35,580,833	41,596,576	46,347,909	54,231,996

Notes to the interim condensed consolidated financial information (continued)

17 Contingent liabilities

At 30 September 2015, the group had contingent liabilities in respect of outstanding bank guarantees amounting to KD3,260,796 (31 December 2014: KD3,566,817 and 30 September 2014: KD3,686,921).

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 KD918,796 (31 December 2014: KD1,224,817 and 30 September 2014: KD1,344,921).

18 Capital commitments

At 30 September 2015, the group had capital commitments of KD641,001 (31 December 2014: KD621,301 and 30 September 2014: KD611,239) towards purchase of investments and an amount of KD525,625 (31 December 2014: KD272,538 and 30 September 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 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:			
<i>Loans and receivables at amortised cost:</i>			
- Receivables and other assets	4,923,712	5,155,136	6,849,109
- Balances with banks and other financial institutions	252,882	391,018	834,869
<i>Investments at fair value through profit or loss:</i>			
Investments at fair value through profit or loss – at fair value	1,689,635	1,753,178	1,798,198
<i>Available for sale investments:</i>			
Available for sale investments – at fair value	9,698,509	14,558,725	18,072,030
Available for sale investments – at cost	721,102	1,730,022	1,831,998
	17,285,840	23,588,079	29,386,204
Financial liabilities at amortised cost:			
Term loans	27,584,210	27,676,350	27,347,225
Provision for employee's end of service benefits	1,165,881	1,144,900	1,139,838
Payables and other liabilities	13,659,353	19,827,738	21,986,914
	42,409,444	48,650,988	50,473,977

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

30 September 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	1,194,977	-	-	1,194,977
Unquoted investments	b	-	-	480,214	480,214
Investment portfolios	c	14,444	-	-	14,444
Available for sale investments					
Investment portfolios	c	421,538	-	-	421,538
Quoted investments	a	5,296,424	-	-	5,296,424
Equity participations	d	-	529,494	3,451,053	3,980,547
Net fair value		6,927,383	529,494	3,931,267	11,388,144

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 September 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	-	-	481,336	481,336
Investment portfolios	c	1,316,862	-	-	1,316,862
Available for sale investments					
Investment portfolios	c	6,065,540	-	-	6,065,540
Quoted investments	a	3,514,765	-	-	3,514,765
Equity participations	d	-	910,351	7,581,374	8,491,725
Net fair value		10,897,167	910,351	8,062,710	19,870,228

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 Sept. 2015 (Unaudited)		31 Dec. 2014 (Audited)		30 Sept. 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 income/(loss)	-	327,220	-	(1,286,494)	-	(1,128,783)
- Sales	-	(4,299,829)	(3,643)	(214,697)	(3,643)	(214,697)
Additions during the period/year	-	-	-	19,195	-	19,195
Closing balance	480,214	3,451,053	480,214	7,423,662	481,336	7,581,374

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 (loss)/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%.