AL-SALBOOKH TRADING COMPANY K.S.C. (CLOSED) AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014 (UNAUDITED)

AL-SALBOOKH TRADING COMPANY K.S.C. (CLOSED) AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND INDEPENDENT AUDITORS' REVIEW REPORT (UNAUDITED)

For the three month period ended 31 March 2014

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL-SALBOOKH TRADING COMPANY K.S.C. (CLOSED) AND ITS SUBSIDIARY

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Salbookh Trading Company K.S.C. (Closed) ("the Parent Company") and its subsidiary (together referred to as "the Group") as at 31 March 2014 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. The Parent Company's management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Financial Reporting Standard 34 "Interim Financial Reporting" ("IAS 34"). 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 condensed consolidated 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 aspects, in accordance with IAS 34.

Emphasis of a matter

We draw attention to note 7 to the interim condensed consolidated financial information which describes the fact that trade receivables amounting to KD 1,050,700 represent amounts due from three customers which are subject to legal cases. As per the Group's legal counsel, it is highly probable that the outcome of the above cases is expected to be in the favor of the Group. Accordingly, no impairment has been taken by the management against those receivables. Our conclusion is not qualified in respect of this matter.

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL-SALBOUKH TRADING COMPANY K.S.C. (CLOSED) AND ITS SUBSIDIARY (CONTINUED)

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records. We further report that nothing has come to our attention indicating any contravention during the three month period ended 31 March 2014 of the Companies Law No. 25 of 2012, as amended nor of the Company's articles and memorandum of association has occurred during the three month period ended 31 March 2014 that might have had a material effect on the business of the Parent Company or on its financial position.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Note	**31 March 2014 (Unaudited)**	31 December 2013 (Audited)	31 March 2013 (Unaudited)
ASSETS				
Non-current assets				
Property and equipment	5	**1,044,574**	1,203,655	1,865,403
Intangible assets		**2,013,965**	2,065,625	2,308,305
Investment properties	6	**1,650,000**	1,650,000	1,650,000
Available for sale financial assets		**802,017**	796,767	786,267
		5,510,556	5,716,047	6,609,975
Current assets				
Inventories		**2,885,729**	3,214,960	4,001,369
Trade and other receivables	7	**4,740,592**	4,350,310	4,102,524
Bank balances and cash	8	**296,498**	237,404	14,022
		7,922,819	7,802,674	8,117,915
Total assets		**13,433,375**	13,518,721	14,727,890
EQUITY AND LIABILITIES				
Equity				
Share capital	9	**10,494,204**	10,494,204	10,494,204
Treasury shares	10	**(1,165,213)**	(1,165,213)	(1,165,213)
Reserves		**1,087,188**	1,092,363	1,143,343
Accumulated losses		**(1,028,043)**	(1,094,141)	(1,084,011)
Equity attributable to owners of the Parent Company		**9,388,136**	9,327,213	9,388,323
Non-controlling interest		**99**	-	-
Total equity		**9,388,235**	9,327,213	9,388,323
Liabilities				
Non-current liabilities				
Provision for staff indemnity		**156,433**	144,294	110,788
Non-current portion of term loans	11	**849,500**	949,500	1,399,500
		1,005,933	1,093,794	1,510,288
Current liabilities				
Trade and other payables		**2,005,403**	1,940,796	2,241,902
Notes payable	12	**230,000**	423,000	913,000
Current portion of term loans	11	**600,000**	600,000	600,000
Bank overdrafts	8	**203,804**	133,918	74,377
		3,039,207	3,097,714	3,829,279
Total liabilities		**4,045,140**	4,191,508	5,339,567
Total equity and liabilities		**13,433,375**	13,518,721	14,727,890

Mohammad O. Al Aiban
Chairman

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Note	Three months ended 31 March	
		2014 (Unaudited)	2013 (Unaudited)
Sales		**2,206,352**	1,644,772
Cost of sales		**(1,892,096)**	(1,494,768)
Gross profit		**314,256**	150,004
Rental and other income		**65,910**	75,972
Change in fair value of investment properties		**-**	100,000
General and administrative expenses		**(294,089)**	(258,605)
Finance costs		**(19,880)**	(32,871)
Profit for the period		**66,197**	34,500
Attributable to:			
Owners of the Parent Company		**66,098**	34,500
Non-controlling interest		**99**	-
		66,197	34,500
Basic and diluted earnings per share	13	**0.65 fils**	0.34 fils

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

	Three months ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
Profit for the period	**66,197**	34,500
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Change in fair value of available for sale financial assets	**5,250**	-
Exchange differences arising on translation of foreign operations	**(10,425)**	67,502
Other comprehensive (loss) / income for the period	**(5,175)**	67,502
Total comprehensive income for the period	**61,022**	102,002
Total comprehensive income attributable to:		
Owners of the Parent Company	**60,923**	102,002
Non-controlling interest	**99**	-
	61,022	102,002

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

AL-SALBOOKH TRADING COMPANY K.S.C. (CLOSED) AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All amounts are in Kuwaiti Dinars unless otherwise stated)

			Reserves								
	Share capital	**Treasury shares**	**Share premium**	**Fair value reserve**	**Foreign currency translation reserve**	**Revaluation surplus**	**Total reserves**	**Accumulated losses**	**Equity attributable to owners of the Parent Company**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2014	**10,494,204**	**(1,165,213)**	**1,165,213**	**(116,750)**	**(274,777)**	**318,677**	**1,092,363**	**(1,094,141)**	**9,327,213**	**-**	**9,327,213**
Comprehensive income											
Profit for the period	-	-	-	-	-	-	-	66,098	66,098	99	66,197
Other comprehensive income / (loss) for the period	-	-	-	5,250	(10,425)	-	(5,175)	-	(5,175)	-	(5,175)
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**5,250**	**(10,425)**	**-**	**(5,175)**	**66,098**	**60,923**	**99**	**61,022**
Balance at 31 March 2014	**10,494,204**	**(1,165,213)**	**1,165,213**	**(111,500)**	**(285,202)**	**318,677**	**1,087,188**	**(1,208,043)**	**9,388,136**	**99**	**9,388,235**

			Reserves								
	Share capital	Treasury shares	Share premium	Fair value reserve	Foreign currency translation reserve	Revaluation surplus	Total reserves	Accumulated losses	Equity attributable to owners of the Parent Company	Non-controlling interest	Total equity
Balance at 1 January 2013	10,494,204	(1,165,213)	1,165,213	(127,250)	(280,799)	318,677	1,075,841	(1,118,511)	9,286,321	-	9,286,321
Comprehensive income											
Profit for the period	-	-	-	-	-	-	-	34,500	34,500	-	34,500
Other comprehensive income for the period	-	-	-	-	67,502	-	67,502	-	67,502	-	67,502
Total comprehensive income for the period	-	-	-	-	67,502	-	67,502	34,500	102,002	-	102,002
Balance at 31 March 2013	10,494,204	(1,165,213)	1,165,213	(127,250)	(213,297)	318,677	1,143,343	(1,084,011)	9,388,323	-	9,388,323

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Note	**Three months ended 31 March**	
		2014	2013
		(Unaudited)	(Unaudited)
Operating activities			
Profit for the period		**66,197**	34,500
Adjustments for:			
Depreciation and amortisation		**206,993**	235,234
Gain on sale of property and equipment		**(1,302)**	-
Change in fair value of investment properties		**-**	(100,000)
Finance costs		**19,880**	32,871
Provision for staff indemnity		**13,824**	6,482
		305,592	209,087
Changes in working capital:			
Inventories		**329,231**	(355,293)
Trade and other receivables		**(390,282)**	271,242
Trade and other payables		**64,607**	75,788
Net cash generated from operations		**309,148**	200,824
Provision for staff indemnity paid		**(1,547)**	(913)
Net cash generated from operating activities		**307,601**	199,911
Investing activities			
Proceeds from sale of property and equipment		**18,800**	-
Purchase of property and equipment	5	**(15,585)**	(13,926)
Net cash generated from / (used in) investing activities		**3,215**	(13,926)
Financing activities			
Finance costs paid		**(19,880)**	(32,871)
Term loans		**(100,000)**	(150,000)
Notes payable		**(193,000)**	(50,000)
Net cash used in financing activities		**(312,880)**	(232,871)
Effect of foreign currency translation		**(8,728)**	12,508
Net decrease in cash and cash equivalents		**(10,792)**	(34,378)
Cash and cash equivalents at the beginning of the period		**103,486**	(25,977)
Cash and cash equivalents at end of the period	8	**92,694**	(60,355)

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

1. INCORPORATION AND ACTIVITIES

Al-Salbookh Trading Company K.S.C. (Closed) ("the Parent Company") was incorporated on 11 January 2005, according to Commercial Companies Law number 15 of 1960, as amended. The Parent Company's shares are listed on the Kuwait Stock Exchange.

The Parent Company's main objectives are to perform all services necessary for industrial, technological and energy projects as well as all its related business. Accordingly, it performs the following:

- Contracting, importing, shipping, trading and extraction of aggregates, sand and all bulk materials related to the industry, in addition to, constructing and manufacturing quarrying after taking authorities permission.
- Owning and leasing ships and trucks to perform maritime transport activities and its requirements that are related to Parent Company objectives.
- Owning land transportation means and its requirements as well as performing its maintenance work that serves Parent Company's objectives.
- Owning and leasing lands and real estate necessary for practicing its activities.
- Utilising surplus funds by investing in real estate and investment portfolios managed by specialised companies.
- Constructing and managing factories and labs for extracting rocks and marbles after taking authorities permission.
- Acquiring agencies for marketing types of rocks and marbles after taking authorities permission.
- Manufacturing and trading of ready mix, rocks and marble material after taking authorities permission.
- Buying and importing equipment, tools and requirements necessary to carry out Parent Company objectives.
- Representing companies and applying for tenders similar to the Parent Company's activities.
- Organising specialised conferences and exhibitions.

During the period ended 31 March 2014, the Parent Company established a 99% owned subsidiary called Salbookh Al-Oula Company W.L.L. ("the subsidiary") incorporated and operating in the State of Kuwait. The subsidiary's main activities include purchase and sale of investment properties and real estate. The interim condensed consolidated financial information also includes Al-Salbookh Crushers Trading Company W.L.L. ("the branch") incorporated and operating in the United Arab Emirates. The branch's main operations include shipping, trading and extraction of aggregates.

The registered office of the Parent Company is Al Ardia Industrial - Block 2 - Plot 84 - P.O. Box 1974, Safat 13020, State of Kuwait.

On 27 March 2013, Decree Law no 97 of year 2013 was issued to amend some articles in Law no. 25 of year 2012 which was issued on 29 November 2012 (New Companies' Law). The amendment stipulates that Executive Regulation of the Law determines the rules and procedures to be followed by the existing companies to adjust their status at the time of putting this law into effect. The Executive Regulations of the new amended law issued on 29 September 2013 was published in the Official Gazette on 6 October 2013. As per article three of the Ministerial Resolution issuing the Executive Regulations, the companies have one year from the date of publishing the Executive Regulations to comply with the new amended law. The Parent Company is in the process of taking the necessary steps to be in full compliance with the new law and its Executive bylaws.

The interim condensed consolidated financial information was authorised for issuance by the board of directors on _______ May 2014. The financial statements for the year ended 31 December 2013 have been approved by the annual general assembly on 15 May 2014.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information has been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim condensed consolidated financial information do not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the annual financial statements for the year ended 31 December 2013.

2. BASIS OF PREPARATION (Continued)

Operating results for the three month period ended 31 March 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014. For further information, refer to the annual audited financial statements for the year ended 31 December 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 December 2013, except for the adoption of new policies, standards and interpretation.

a) New accounting policies and disclosures

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the interim condensed consolidated statement of income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in the interim condensed consolidated statement of income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within the interim condensed consolidated statement of equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the interim condensed consolidated statement of income.

Inter-company transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries are consistent with policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) New standards and interpretations

▪ ***Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)***

Amendments were made to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement;
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries;
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

These amendments became effective on 1 January 2014. These amendments had no impact on the Group.

▪ ***IAS 32 Offsetting Financial Assets and Financial Liabilities***

The amendment to IAS 32 Financial Instruments: Presentation clarifies certain aspects because of diversity in application of the requirements on offsetting, focusing on the following aspects:

- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realisation and settlement;
- the offsetting of collateral amounts;
- the unit of account for applying the offsetting requirements.

These amendments became effective on 1 January 2014. These amendments had no impact on the Group.

▪ ***IAS 36 Recoverable Amount Disclosures for Non-Financial Assets***

The amendment to IAS 36 Impairment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

These amendments became effective on 1 January 2014. These amendments had no impact on the Group.

▪ ***IAS 39 Novation of Derivatives and Continuation of Hedge Accounting***

The amendment to IAS 39 Financial Instruments: Recognition and Measurement makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

These amendments became effective on 1 January 2014. These amendments had no impact on the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) New standards and interpretations (continued)

- ***IFRIC 21 Levies***

The interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time;
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

These amendments became effective on 1 January 2014. These amendments had no impact on the Group.

4. JUDGEMENTS 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 financial statements as at and for the year ended 31 December 2013.

5. PROPERTY AND EQUIPMENT

	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Opening balance	**1,203,655**	2,087,333	2,087,333
Additions	**15,585**	144,606	13,926
Disposals	**(20,078)**	(302,650)	-
Depreciation charge	**(160,115)**	(735,674)	(188,175)
Depreciation related to disposals	**2,580**	216,076	-
Impairment	**-**	(211,981)	-
Foreign currency differences	**2,947**	5,945	(47,681)
Total	**1,044,574**	1,203,655	1,865,403

Depreciation expense for the period ended 31 March 2014 amounting to KD 130,938 (year ended 31 December 2013: KD 521,697; period ended 31 March 2013: KD 132,903) was charged to cost of sales.

6. INVESTMENT PROPERTIES

Investment properties represent a land and a building rented to a third party. During the period, the Parent Company incorporated a new subsidiary, Salbookh Al-Oula Company W.L.L., for which these properties were sold to for a total consideration of KD 1,650,000.

The fair value of investment properties as at 31 March 2014 was based on independent valuations and amounted to KD 1,650,000 (31 December 2013: KD 1,650,000 and 31 March 2013: KD 1,650,000).

Investment properties are pledged against term loans, notes payable and bank overdrafts.

7. TRADE AND OTHER RECEIVABLES

	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Trade receivables	**5,797,972**	5,489,376	5,249,528
Other receivables	**260,636**	216,146	166,564
Less: impairment loss of receivables	**(1,449,151)**	(1,451,432)	(1,472,729)
	4,609,457	4,254,090	3,943,363
Prepayments	**118,200**	84,033	145,422
Staff receivables	**12,935**	12,187	13,739
Total	**4,740,592**	4,350,310	4,102,524

Included in the above trade receivables is an amount of KD 1,050,700 representing amounts due from three customers which are subject to legal cases. On 21 March 2013, the judgment of the court of first instance for one of the three cases for an amount of KD 352,830 was in favor of the company. As for the remaining two customers, no verdicts have been reached to date as the related litigations are still in progress. As per the company's legal counsel, it is highly probable that the outcome of the above three cases is expected to be in the favor of the Group. Accordingly, no impairment has been taken by the management against those receivables.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the followings:

	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Bank balances and cash	**296,498**	237,404	14,022
Bank overdrafts	**(203,804)**	(133,918)	(74,377)
	92,694	103,486	(60,355)

Bank overdrafts represent facilities obtained from a local bank and carry an interest rate of 2.5% per annum (31 December 2013 and 31 March 2013: 2.5% per annum) over the Central Bank of Kuwait discount rate. Bank overdrafts are secured against the Group's investment properties.

9. SHARE CAPITAL AND RESERVES

The share capital of the Parent Company as of 31 March 2014 amounts to KD 10,494,204 representing 104,942,040 authorised and issued shares of 100 fils each (31 December 2013: 104,942,040 authorised and issued shares of 100 fils each and 31 March 2013: 104,942,040 authorised and issued shares of 100 fils each).

10. TREASURY SHARES

	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Number of shares	**3,444,482**	3,444,482	3,444,482
Percentage to share capital	**3.3%**	3.3%	3.3%
Market value	**303,114**	365,115	385,782

No sale or purchase of treasury shares has taken place during the period.

11. TERM LOANS

Term loans represent amounts obtained from a local bank to finance the Group's normal activities. The term loans bear an interest rate of 2.5% per annum (31 December 2013 and 31 March 2013: 2.5% per annum) over the Central Bank of Kuwait discount rate and are secured against the Group's investment properties. In addition, the Group has signed a promissory note worth KD 2,950,000 against obtaining the facility from the bank.

12. NOTES PAYABLE

Notes payable represent amounts obtained from a local bank to finance the Group's normal activities. These notes payable carry an average interest rate of 5% per annum (31 December 2013 and 31 March 2013: 5% per annum) and are secured against the Parent Company's investment properties.

13. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Group and held as treasury shares.

There are no potential dilutive ordinary shares. The information necessary to calculate profit per share based on the weighted average number of shares outstanding during the period is as follows:

	Three months ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
	KD	KD
Profit for the period attributable to owners of the Parent Company (KD)	**66,098**	34,500
Number of shares outstanding	**Shares**	Shares
Weighted average number of paid up shares	**104,942,040**	104,942,040
Weighted average number of treasury shares	**(3,444,482)**	(3,444,482)
Weighted average number of outstanding shares	**101,497,558**	101,497,558
Basic and diluted earnings per share (fils)	**0.65 fils**	0.34 fils

14. FINANCIAL INSTRUMENTS

The table below analyses assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

14. FINANCIAL INSTRUMENTS (Continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 March 2014	**Level 1**	**Level 2**	**Total fair value**
Available for sale financial assets			
- **Equity shares**	**388,500**	**-**	**388,500**
Investment properties	**-**	**1,650,000**	**1,650,000**
Total	**388,500**	**1,650,000**	**2,038,500**
31 December 2013			
Available for sale financial assets			
- Equity shares	383,250	-	383,250
Investment properties	-	1,650,000	1,650,000
Total	383,250	1,650,000	2,033,250
31 March 2013	Level 1	Level 2	Total fair value
Available for sale financial assets			
- Equity shares	372,750	-	372,750
Investment properties		1,650,000	1,650,000
Total	372,750	1,650,000	2,022,750

As at the reporting date, management believes that the carrying value of shares in unquoted securities amounting to KD 413,517 (31 December 2013: KD 413,517 and 31 March 2013: KD 413,517) approximate their fair value.

Investment properties are carried at fair value on a recurring basis. The fair value of investment properties with a carrying amount of KD 1,650,000 at 31 March 2014 (31 December 2013: KD 1,650,000 and 31 March 2013: KD 1,650,000) were determined based on two independent valuators’ assessments as at 31 December 2013. The fair values are considered within level 2 category. Level 2 fair values of investment properties have been generally derived using the asset based approach and by reference to market evidence of transaction prices for similar assets.

(a) Financial instruments in level 1

The fair value of financial instruments such as available for sale financial assets carried at fair value on recurring basis traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Company is the last bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity securities traded on the Kuwait Stock Exchange, these equity investments are classified as available for sale financial assets.

(b) Financial instruments in level 2

The fair value of financial instruments such as available for sale financial assets carried at fair value on recurring basis that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

There were no transfers between levels during the three month period ended 31 March 2014.

14. FINANCIAL INSTRUMENTS (Continued)

The fair value of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Bank balances and cash
- Term loans
- Trade and other payables
- Bank overdrafts

15. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions with related parties are as follows:

	Three months ended 31 March	
Interim condensed consolidated statement of income	**2014 (Unaudited)**	2013 (Unaudited)
Key management compensation:		
Short term benefits	**OS**	8,942
Termination benefits	**OS**	721
	OS	9,663

16. SEGMENTAL INFORMATION

The management organises the entity based on different geographical areas, inside and outside Kuwait. The geographical analysis based on location of revenue, loss for the period and total assets is as follows:

	Three month period ended 31 March 2014		
	Kuwait	**UAE**	**Total**
Segment revenue	**1,388,845**	**817,507**	**2,206,352**
Profit for the period	**47,647**	**18,550**	**66,197**
Total assets as at 31 March 2014	**7,939,731**	**5,493,644**	**13,433,375**
Depreciation and amortisation	**(22,089)**	**(184,904)**	**(206,993)**
Finance costs	**(19,880)**	**-**	**(19,880)**

	Three month period ended 31 March 2013		
	Kuwait	UAE	Total
Segment revenue	1,326,308	318,464	1,644,772
Profit / (loss) for the year	153,178	(118,678)	34,500
Total assets as at 31 March 2013	9,037,106	5,690,784	14,727,890
Change in fair value of investment properties	100,000	-	100,000
Depreciation and amortisation	(21,814)	(213,420)	(235,234)
Finance costs	(32,871)	-	(32,871)