

**Commercial Facilities Company - S.A.K.P.  
and Subsidiaries  
State of Kuwait**



شركة التسهيلات التجارية ش.م.ك  
COMMERCIAL FACILITIES CO. S.A.K.

**Interim Condensed Consolidated Financial  
Information and Independent Auditors' Review  
Report for the Period from  
1 January to 30 September 2015  
(Unaudited)**

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**Commercial Facilities Company – S.A.K.P.  
State of Kuwait**

**INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS**

**Report on Review of Interim Condensed Consolidated Financial Information**

*Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Commercial Facilities Company – S.A.K.P. ("the Parent Company") and subsidiaries (collectively "the Group") as at 30 September 2015, and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended. The management of the Group is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. 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 respects, in accordance with the basis of presentation set out in note 2.

*Report on Other Legal and Regulatory Requirements*

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Group. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended and its executive regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the nine-month period ended 30 September 2015 that might have had a material effect on the business of the Group or on its financial position.

**Commercial Facilities Company – S.A.K.P.  
State of Kuwait**

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS (Continued)

*Report on Other Legal and Regulatory Requirements (Continued)*

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the nine-month period ended 30 September 2015 that might have had a material effect on the business of the Group or on its financial position.



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Kuwait  
12 November 2015

**Commercial Facilities Company - S.A.K.P. and Subsidiaries**  
**State of Kuwait**

Interim Condensed Consolidated Statement of Financial Position as at 30 September 2015  
(Unaudited)



		(Unaudited) 30 September 2015	(Audited) 31 December 2014	(Unaudited) 30 September 2014
	Notes	KD'000	KD'000	KD'000
<b>Assets</b>				
Cash and bank balances	3	25,129	25,659	18,666
Other receivables and prepayments		1,187	744	1,543
Instalment debtors	4	251,876	233,020	228,120
Financial assets at fair value through profit or loss		8,300	8,966	9,829
Available-for-sale investments	5	17,545	15,782	15,739
Investment in associates	6	13,154	12,695	12,586
Investment property		1,739	1,952	1,873
Property and equipment		2,085	2,179	2,166
<b>Total assets</b>		<b>321,015</b>	<b>300,997</b>	<b>290,522</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks	3	43	96	2,796
Trade creditors and other liabilities		7,223	6,006	8,133
Term loans	7	137,848	96,312	76,333
Bonds	8	6,250	25,000	31,250
Provision for staff indemnity		4,065	3,854	3,827
<b>Total liabilities</b>		<b>155,429</b>	<b>131,268</b>	<b>122,339</b>
<b>Equity</b>				
Share capital		53,676	53,676	53,676
Share premium		1,433	1,433	1,433
Legal reserve		45,660	45,660	44,511
Voluntary reserve		48,093	48,093	48,093
Fair value reserve		2,898	2,316	2,625
Foreign currency translation reserve		910	581	427
Land revaluation reserve		704	704	704
Treasury shares	10	(10,837)	(9,987)	(9,987)
Gain on sale of treasury shares		47	47	47
Retained earnings		23,002	27,206	26,654
<b>Total equity</b>		<b>165,586</b>	<b>169,729</b>	<b>168,183</b>
<b>Total liabilities and equity</b>		<b>321,015</b>	<b>300,997</b>	<b>290,522</b>



Ali Ibrahim Marafi  
Chairman

Abdallah Saud Abdulaziz Al-Humaidhi  
Vice Chairman and Chief Executive Officer

The accompanying notes 1 to 17 form an integral part of this interim condensed consolidated financial information.

**Commercial Facilities Company - S.A.K.P. and Subsidiaries  
State of Kuwait**

Interim Condensed Consolidated Statement of Profit or Loss  
– period from 1 January to 30 September 2015 (Unaudited)



	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2015	2014	2015	2014
		KD'000	KD'000	KD'000	KD'000
Income from instalment credit		4,722	4,113	13,132	12,213
Share of results of associates	6	134	131	594	744
Other income		249	279	1,208	1,218
Net gains from investments	11	-	349	-	1,097
Gain on sale of investment property		68	-	68	
<b>Total other income</b>		<b>451</b>	<b>759</b>	<b>1,870</b>	<b>3,059</b>
Borrowing costs		(1,040)	(847)	(2,910)	(2,629)
Staff costs and related expenses		(696)	(727)	(2,113)	(2,337)
General and administrative expenses		(392)	(394)	(1,156)	(1,185)
Net foreign exchange losses		2	(112)	(114)	(145)
Net losses from investments	11	(454)	-	(581)	-
<b>Total other expenses</b>		<b>(2,580)</b>	<b>(2,080)</b>	<b>(6,874)</b>	<b>(6,296)</b>
<b>Profit before provision for credit losses and impairment losses</b>		<b>2,593</b>	<b>2,792</b>	<b>8,128</b>	<b>8,976</b>
(Provision for)/ reversal of provision for doubtful debts, net of released amount		(756)	23	(1,618)	853
Impairment losses on available-for-sale investments	5	-	(43)	(63)	(149)
<b>Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Directors' remuneration</b>		<b>1,837</b>	<b>2,772</b>	<b>6,447</b>	<b>9,680</b>
Provision for KFAS		(18)	(28)	(64)	(97)
Provision for NLST and Zakat		(62)	(91)	(205)	(291)
Provision for Directors' remuneration		(32)	(32)	(95)	(95)
<b>Profit for the period</b>		<b>1,725</b>	<b>2,621</b>	<b>6,083</b>	<b>9,197</b>
<b>Earnings per share</b>	12	<b>3 Fils</b>	<b>5 Fils</b>	<b>12 Fils</b>	<b>18 Fils</b>

The accompanying notes 1 to 17 form an integral part of this interim condensed consolidated financial information.

**Commercial Facilities Company - S.A.K.P. and Subsidiaries**  
**State of Kuwait**

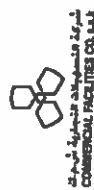
**Interim Condensed Consolidated Statement of Profit or Loss and  
Other Comprehensive Income - period from 1 January to 30 September 2015 (Unaudited)**



	Three-month period ended 30 September		Nine-month period ended 30 September	
	2015 KD'000	2014 KD'000	2015 KD'000	2014 KD'000
<b>Profit for the period</b>	<u>1,725</u>	<u>2,621</u>	<u>6,083</u>	<u>9,197</u>
<b>Other comprehensive income</b>				
Foreign exchange (losses)/ gains	(11)	213	329	197
Available-for-sale investments				
Change in fair value of available-for-sale investments	(154)	74	519	(32)
Impairment of available-for-sale investments transferred to the consolidated statement of profit or loss	-	43	63	149
<b>Other comprehensive (loss)/ income for the period</b>	<u>(165)</u>	<u>330</u>	<u>911</u>	<u>314</u>
<b>Total comprehensive income for the period</b>	<u><u>1,560</u></u>	<u><u>2,951</u></u>	<u><u>6,994</u></u>	<u><u>9,511</u></u>

The accompanying notes 1 to 17 form an integral part of this interim condensed consolidated financial information.

Commercial Facilities Company - S.A.K.P. and Subsidiaries  
State of Kuwait



Interim Condensed Consolidated Statement of Changes in Equity - period from 1 January to 30 September 2015 (Unaudited)

	Share capital	Share premium	Legal reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Land revaluation reserve	Treasury shares	Gain on sale of treasury shares	Retained earnings	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Balance at 1 January 2015	53,676	1,433	45,660	48,093	2,316	581	704	(9,987)	47	27,206	169,729
Profit for the period	-	-	-	-	-	-	-	-	-	6,083	6,083
Foreign exchange gain	-	-	-	-	-	329	-	-	-	-	329
Available-for-sale investments	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of available-for-sale investments	-	-	-	-	519	-	-	-	-	-	519
Impairment of available-for-sale investments transferred to consolidated statement of profit or loss	-	-	-	-	63	-	-	-	-	-	63
Total comprehensive income for the period	-	-	-	-	582	329	-	-	-	6,083	6,994
Dividends (See note 15)	-	-	-	-	-	-	-	-	-	(10,287)	(10,287)
Purchase of treasury shares	-	-	-	-	-	-	-	(850)	-	-	(850)
Balance at 30 September 2015	53,676	1,433	45,660	48,093	2,898	910	704	(10,837)	47	23,002	165,586
Balance at 1 January 2014	53,676	1,433	44,511	48,093	2,508	230	704	(9,987)	47	27,744	168,959
Profit for the period	-	-	-	-	-	-	-	-	-	9,197	9,197
Foreign exchange losses	-	-	-	-	-	197	-	-	-	-	197
Available-for-sale investments	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of available-for-sale investments	-	-	-	-	(32)	-	-	-	-	-	(32)
Impairment of available-for-sale investments transferred to consolidated statement of profit or loss	-	-	-	-	149	-	-	-	-	-	149
Total comprehensive income for the period	-	-	-	-	117	197	-	-	-	9,197	9,511
Dividends (See note 15)	-	-	-	-	-	-	-	-	-	(10,287)	(10,287)
Balance at 30 September 2014	53,676	1,433	44,511	48,093	2,625	427	704	(9,987)	47	26,654	168,183

The accompanying notes 1 to 17 form an integral part of this interim condensed consolidated financial information.



**Commercial Facilities Company - S.A.K.P. and Subsidiaries**  
**State of Kuwait**

Interim Condensed Consolidated Statement of Cash Flows  
- period from 1 January to 30 September 2015 (Unaudited)



	Note	Nine-month period ended	
		30 September 2015	30 September 2014
		KD'000	KD'000
<b>Operating activities</b>			
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration		6,447	9,680
Adjustments for:			
Depreciation		136	197
Decrease/ (increase) in fair value of financial assets at fair value through profit or loss		666	(959)
Gain on sale of available-for-sale investments		(85)	(138)
Impairment loss on available-for-sale investments		63	149
Gain on sale of investment property		(68)	-
Interest income		(505)	(453)
Dividend income		(593)	(587)
Share of results of associates		(594)	(744)
Provision for staff indemnity		250	216
Provision/ (reversal of provision) for doubtful debts, net of released amount		1,618	(853)
Unrealised loss/ (gain) on derivative financial instruments		92	(41)
Foreign currency exchange gain on investments		5	-
		<u>7,432</u>	<u>6,467</u>
Increase in instalment debtors		(20,474)	(6,109)
(Increase)/ decrease in other receivables and prepayments		(535)	109
Increase/ (decrease) in trade creditors and accrued liabilities		549	(165)
<b>Cash (used in)/ from operations</b>		<u>(13,028)</u>	<u>302</u>
Staff indemnity paid		(39)	(583)
Interest received		505	453
Dividends received		593	587
<b>Net cash (used in)/ from operating activities</b>		<u>(11,969)</u>	<u>759</u>
<b>Investing activities</b>			
(Increase)/ decrease in deposits		(1,145)	992
Dividends from associate		135	396
Purchase of available-for-sale investments		(1,260)	(376)
Purchase of financial assets at fair value through profit or loss		-	(165)
Purchase of investment property		(1,739)	-
Purchase of property and equipment		(44)	(28)
Proceeds from sale of available-for-sale investments		425	726
Proceeds from sale of investment property		2,020	-
Proceeds from disposal of property & equipment		2	-
<b>Net cash (used in)/ from investing activities</b>		<u>(1,606)</u>	<u>1,545</u>
<b>Financing activities</b>			
Proceeds of term loans		41,536	20,701
Bond repayment		(18,750)	(18,750)
Dividends paid		(9,983)	(10,253)
Purchase of treasury shares		(850)	-
<b>Net cash from/ (used in) financing activities</b>		<u>11,953</u>	<u>(8,302)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(1,622)</u>	<u>(5,998)</u>
Cash and cash equivalents at beginning of the period		13,124	16,503
<b>Cash and cash equivalents at end of the period</b>	3	<u>11,502</u>	<u>10,505</u>

The accompanying notes 1 to 17 form an integral part of this interim condensed consolidated financial information.

**Commercial Facilities Company - S.A.K.P. and Subsidiaries**  
**State of Kuwait**

Notes to the Interim Condensed Consolidated Financial Information  
- period from 1 January to 30 September 2015 (Unaudited)



**1. Incorporation and principal activities**

Commercial Facilities Company – S.A.K.P. (“the Parent Company”) was incorporated on 16 January 1977 in accordance with the Commercial Companies Law in the State of Kuwait. The Parent Company’s shares were listed on the Kuwait Stock Exchange on 29 September 1984.

The Parent Company and its subsidiaries (collectively “the Group”) have been established to perform the following objectives within and outside the State of Kuwait:

- 1) Providing short and medium term loans to individuals and entities with the aim of financing purchase of vehicles, equipment and home appliances.
- 2) Financing consumer products of raw materials, manufactured or semi-manufactured.
- 3) Providing short, medium and long term loans to individuals to finance the purchase of land and properties.
- 4) Providing operating or financing lease for vehicles and equipment.
- 5) Providing necessary guarantees related to the Parent Company objectives.
- 6) Establishing companies, associated to the original company, specialised in marketing to collaborate with products’ agents and insurance companies in return for commission or discount that correlate with the volume of sales and insurance achieved with the agent.
- 7) Investing in real estate, industrial, agricultural and other economic sectors through participation in the establishment of specialised companies or the purchase of their shares.
- 8) Purchasing and selling of financial securities such as shares and bonds for the Parent Company’s account being a part of the Parent Company’s investment portfolio.
- 9) Acting as intermediary in managing loans and syndicated loans on commission basis.

The Parent Company is prohibited, in its course of action to accomplish its objectives, to open current or saving accounts for others or accept deposits, open letters of credit or to represent foreign banks.

However, without violation of the above prohibition, the Parent Company has the right to have an interest in or collaborate by all means with organisations dealing and involved in similar businesses or those that can support and help achieve its objectives within or outside the State of Kuwait and also has the right to purchase these organisations or make them affiliated entities.

The address of the Parent Company’s registered office is P.O. Box 24284, Safat 13103, State of Kuwait.

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 12 November 2015.

**2. Basis of preparation and significant accounting policies**

**2.1 Basis of preparation**

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting, and the Kuwait Stock Exchange instruction No. 2 of 1998.

This interim condensed consolidated financial information does not include all the information and notes required for full annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as modified for use by the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (“CBK”). These regulations require adoption of all IFRSs except for the IAS 39 requirement for collective impairment provision, which has been replaced by the CBK requirements for a minimum general provision.

**Commercial Facilities Company - S.A.K.P. and Subsidiaries**  
**State of Kuwait**

Notes to the Interim Condensed Consolidated Financial Information  
- period from 1 January to 30 September 2015 (Unaudited)



The interim condensed consolidated financial information has been prepared using the same accounting policies and methods of computation with those used in the preparation of the annual audited consolidated financial statements for the year ended 31 December 2014, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 January 2015 and which did not result in any material impact on the accounting policies, financial position or performance of the Group.

In the opinion of management, all adjustment consisting of normal recurring accruals considered necessary for a fair presentation have been included. The operating results for the nine-month period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015.

**2.2 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. The 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.

**3. Cash and bank balances**

	(Unaudited) 30 September 2015	(Audited) 31 December 2014	(Unaudited) 30 September 2014
	KD'000	KD'000	KD'000
Cash on hand	18	1	7
Bank balances	3,527	925	2,655
Deposits	21,584	24,733	16,004
	<u>25,129</u>	<u>25,659</u>	<u>18,666</u>
Less: Deposits with original maturity over three months	(13,584)	(12,439)	(5,365)
Less: Due to banks (Bank overdrafts)	(43)	(96)	(2,796)
Cash and cash equivalents as per consolidated statement of cash flows	<u>11,502</u>	<u>13,124</u>	<u>10,505</u>

The Group's deposits with local banks, denominated in KD, amount to KD 8,000 thousand (31 December 2014: KD 12,000 thousand and 30 September 2014: KD 4,005 thousand) and those denominated in USD and LBP with foreign banks based in the Middle East amount to KD 13,584 thousand (31 December 2014: KD 12,733 thousand and 30 September 2014: KD 11,999 thousand). These deposits yield interest ranging from 1% to 5.92% (31 December 2014: 0.85% to 5.92% and 30 September 2014: 1.3% to 5.97% per annum).

**4. Instalment debtors**

The average interest rate earned from instalment credit for the nine-month period ended 30 September 2015 was 4.14% per annum (31 December 2014: 4.24% and 30 September 2014: 4.26% per annum).

**Commercial Facilities Company - S.A.K.P. and Subsidiaries**  
**State of Kuwait**

Notes to the Interim Condensed Consolidated Financial Information  
- period from 1 January to 30 September 2015 (Unaudited)



**5. Available-for-sale investments**

	(Unaudited) 30 September 2015	(Audited) 31 December 2014	(Unaudited) 30 September 2014
	KD'000	KD'000	KD'000
Investments carried at fair value	15,516	13,112	13,391
Investments carried at cost	2,029	2,670	2,348
	<u>17,545</u>	<u>15,782</u>	<u>15,739</u>

It was not possible to reliably measure the fair value of certain available-for-sale investments due to lack of reliable measures to determine the fair value of such investments. Accordingly they are stated at cost less impairment losses, if any.

Impairment losses recognised in the consolidated statement of profit or loss amounted to KD 63 thousand (31 December 2014: KD 251 thousand and 30 September 2014: 149 thousand).

**6. Investments in associates**

Investments in associated companies at 30 September are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest 2014 and 2015	Principal activity
Real Estate Facilities Company K.S.C. (Closed)	Kuwait	26.43%	Finance of real estate
Priority Automobile Company	Kuwait	44.56%	Renting and leasing of luxury cars

Summarised financial information in respect of the Group's associates is set out below:

	2015	2014
	KD'000	KD'000
Total assets	51,435	47,035
Total liabilities	(11,443)	(9,773)
Net assets	<u>39,992</u>	<u>37,262</u>
Group's share of associates' net assets	<u>13,154</u>	<u>12,586</u>
Revenues	<u>9,109</u>	<u>5,970</u>
Profit for the period	<u>1,954</u>	<u>2,516</u>
Group's share of results of associates	<u>594</u>	<u>744</u>

**7. Term loans**

	(Unaudited) 30 September 2015	(Audited) 31 December 2014	(Unaudited) 30 September 2014
	KD'000	KD'000	KD'000
Loans denominated in KD	95,583	77,917	56,667
Loans denominated in USD	42,265	18,395	19,666
	<u>137,848</u>	<u>96,312</u>	<u>76,333</u>

During the period, the Group obtained KD loans amounting to KD 38 million (31 December 2014: KD 45 million and 30 September 2014: KD 20 million) and USD loans amounting to USD 130 million (31 December 2014: USD 60 million and 30 September 2014: USD 60 million).

The weighted average interest rate on KD loans outstanding at 30 September 2015 was 3.00% per annum and on USD loans was 1.99% per annum (31 December 2014: 3.07% per annum and 1.86% per annum respectively and for 30 September 2014: 3.2% per annum and 2% per annum respectively).

The Group's outstanding term loans at 30 September 2015 are borrowed under floating rate agreements. The interest rates were determined at normal commercial rates available from the debt market on an arm's length basis. The Group has assigned customer contracts amounting to KD 164,974 thousand (31 December 2014: KD 111,001 thousand and 30 September 2014: KD 87,314 thousand) as security over 14 term loans (31 December 2014: 13 term loans and 30 September 2014: 11 term loans) with balances outstanding of KD 122,719 thousand (31 December 2014: KD 87,511 thousand and 30 September 2014: KD 67,677 thousand).

#### 8. Bonds

On 14 December 2011, the Parent Company issued unsecured bonds amounting to KD 50,000 thousand with an interest rate of CBK discount rate plus 1.4 % payable quarterly in arrears. The bonds are redeemable in eight quarterly instalments of KD 6,250 thousand each from 14 March 2014 to 14 December 2015. As at 30 September 2015, the Parent Company has re-paid seven instalments.

#### 9. Related party transactions

Related parties comprise associated companies, major shareholders, directors and key management personnel of the Group, their families and companies of which they are the principal owners. The Group enters into transactions with related parties. Pricing policies and terms are approved by the Group's management.

The related party transactions and balances included in this interim condensed consolidated financial information are as follows:

##### a) Compensation of key management personnel of the Parent Company

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2015	2014	2015	2014
	KD'000	KD'000	KD'000	KD'000
Salaries and other short-term benefits	99	96	297	287
Post-employment benefits	19	20	121	64
	<u>118</u>	<u>116</u>	<u>418</u>	<u>351</u>

##### b) Instalment debtors

Balance at 1 January	15	31
Loan advance received	62	-
Instalment repayments received	(23)	(13)
Balance at 30 September	<u>54</u>	<u>18</u>

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**10. Treasury shares**

	(Unaudited) 30 September 2015	(Audited) 31 December 2014	(Unaudited) 30 September 2014
Number of shares purchased (000's)	3,811	-	-
Cost of shares purchased during the period / year (KD'000)	850	-	-
Market value of total treasury shares (KD'000)	4,930	6,052	6,276
Percentage of issued shares	4.89%	4.18%	4.18%
Total number of shares (000's)	26,225	22,414	22,414

The Parent Company's retained earnings, equivalent to the cost of treasury shares on the date of the interim condensed consolidated financial information, are not available for distribution as long as these treasury shares are held by the Parent Company. The treasury shares are not mortgaged.

**11. Net gains/ (losses) from investments**

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2015 KD'000	2014 KD'000	2015 KD'000	2014 KD'000
(Decrease)/ increase in fair value of financial assets at fair value through profit or loss	(510)	248	(666)	959
Realised gain on sale of available-for-sale investments	56	101	85	138
	<u>(454)</u>	<u>349</u>	<u>(581)</u>	<u>1,097</u>

**12. Earnings per share**

Earnings per share is computed by dividing the profit for the period by the weighted average number of shares outstanding during the period.

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2015 KD'000	2014 KD'000	2015 KD'000	2014 KD'000
Profit for the period	<u>1,725</u>	<u>2,621</u>	<u>6,083</u>	<u>9,197</u>
	Shares			
Weighted average number of the Parent company's issued and paid-up shares (000's)	536,764	536,764	536,764	536,764
Weighted average number of the Parent Company's treasury shares (000's)	<u>(25,796)</u>	<u>(22,414)</u>	<u>(24,076)</u>	<u>(22,414)</u>
Weighted average number of the Parent Company's outstanding shares (000's)	<u>510,968</u>	<u>514,350</u>	<u>512,688</u>	<u>514,350</u>
Earnings per share	<u>3 Fils</u>	<u>5 Fils</u>	<u>12 Fils</u>	<u>18 Fils</u>

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**13. Revenue and segmental analysis**

The Group operates in one principal area of activity - the granting of consumer instalment credit facilities. Its consumer credit operations are carried out entirely in the domestic market in Kuwait. The Group has investments both inside and outside Kuwait.

A segmental analysis of profit from ordinary activities, total assets, total liabilities and net assets employed by geographical location is as follows:

	<u>Kuwait</u>	<u>International</u>	<u>Total</u>
	KD'000	KD'000	KD'000
<b>At 30 September 2015 (Unaudited)</b>			
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	<u>5,624</u>	<u>823</u>	<u>6,447</u>
Total assets	<u>291,033</u>	<u>29,982</u>	<u>321,015</u>
Total liabilities	<u>(113,164)</u>	<u>(42,265)</u>	<u>(155,429)</u>
Net assets employed	<u>177,869</u>	<u>(12,283)</u>	<u>165,586</u>
<b>At 31 December 2014 (Audited)</b>			
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	<u>10,623</u>	<u>865</u>	<u>11,488</u>
Total assets	<u>272,453</u>	<u>28,544</u>	<u>300,997</u>
Total liabilities	<u>(112,873)</u>	<u>(18,395)</u>	<u>(131,268)</u>
Net assets employed	<u>159,580</u>	<u>10,149</u>	<u>169,729</u>
<b>At 30 September 2014 (Unaudited)</b>			
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	<u>8,901</u>	<u>779</u>	<u>9,680</u>
Total assets	<u>262,766</u>	<u>27,756</u>	<u>290,522</u>
Total liabilities	<u>(102,673)</u>	<u>(19,666)</u>	<u>(122,339)</u>
Net assets employed	<u>160,093</u>	<u>8,090</u>	<u>168,183</u>

**14. Commitments**

	(Unaudited) 30 September 2015	(Audited) 31 December 2014	(Unaudited) 30 September 2014
	KD'000	KD'000	KD'000
Capital commitments	<u>196</u>	<u>244</u>	<u>240</u>

**15. Annual general assembly**

The shareholder's annual general assembly held on 23 April 2015 approved the audited consolidated financial statements of the Group for the year ended 31 December 2014 and the payment of cash dividend of 20 fils per share to the shareholders on record as of the date of the annual general assembly (2013: 20 fils per share) amounting to KD 10,287 thousand (2013: KD 10,287 thousand).

**16. Financial risk management**

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

## 17. Fair value of financial instruments

Fair value is 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.

The Group's financial assets are measured at fair value at the end of each reporting period. The following tables gives information about how the fair values of these financial assets are determined.

### Fair value hierarchy

The table below analyses financial instruments 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 : valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 September 2015 (Unaudited)	Level 1	Level 2	Level 3	Total
	KD'000	KD'000	KD'000	KD'000
<b>Financial assets at fair value through profit or loss</b>				
Financial assets at fair value through profit or loss	7,802	498	-	8,300
<b>Available-for-sale investments</b>				
Quoted debts	918	-	-	918
Managed funds	-	315	-	315
Equity participations (unquoted securities)	-	-	14,283	14,283
	<u>8,720</u>	<u>813</u>	<u>14,283</u>	<u>23,816</u>
<b>31 December 2014 (Audited)</b>				
	Level 1	Level 2	Level 3	Total
	KD'000	KD'000	KD'000	KD'000
<b>Financial assets at fair value through profit or loss</b>				
Financial assets at fair value through profit or loss	8,439	527	-	8,966
<b>Available-for-sale investments</b>				
Managed funds	-	205	-	205
Equity participations (unquoted securities)	-	-	12,907	12,907
	<u>8,439</u>	<u>732</u>	<u>12,907</u>	<u>22,078</u>
<b>30 September 2014 (Unaudited)</b>				
	Level 1	Level 2	Level 3	Total
	KD'000	KD'000	KD'000	KD'000
<b>Financial assets at fair value through profit or loss</b>				
Financial assets at fair value through profit or loss	9,241	588	-	9,829
<b>Available-for-sale investments</b>				
Managed funds	-	225	-	225
Equity participations (unquoted securities)	-	-	13,166	13,166
	<u>9,241</u>	<u>813</u>	<u>13,166</u>	<u>23,220</u>



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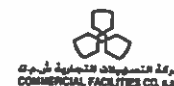
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Financial assets	Fair value as at			Fair value Hierarchy	Sector
	(Unaudited) 30 September 2015	(Audited) 31 December 2014	(Unaudited) 30 September 2014		
	KD'000	KD'000	KD'000		
Financial assets at fair value through profit or loss - <i>Quoted securities</i>	7,127	7,720	8,512	Level 1	Financial Institutions
	635	667	667	Level 1	Real estate
	40	52	62	Level 1	Retail
	<u>7,802</u>	<u>8,439</u>	<u>9,241</u>		
Financial assets at fair value through profit or loss - <i>Unquoted funds</i>	498	527	588	Level 2	Real estate
Available for sale investments - <i>Quoted debt</i>	918	-	-	Level 1	Financial Institutions
Available for sale investments - <i>Unquoted funds</i>	137	-	-	Level 2	Financial Institutions
	125	127	133	Level 2	Media & technology
	53	78	92	Level 2	Retail
	<u>315</u>	<u>732</u>	<u>813</u>		
Available for sale investments - <i>Unquoted securities</i>	6,858	6,131	6,407	Level 3	Real estate
	6,034	5,444	5,382	Level 3	Financial Institutions
	1,365	1,275	1,292	Level 3	Service
	22	46	74	Level 3	Manufacturing
	4	11	11	Level 3	Media & technology
	<u>14,283</u>	<u>12,907</u>	<u>13,166</u>		
	<u>23,816</u>	<u>22,078</u>	<u>23,220</u>		

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Movement in level 3 available-for-sale investments (Unquoted securities) is as follows:

	(Unaudited) 30 September 2015	(Audited) 31 December 2014	(Unaudited) 30 September 2014
	KD'000	KD'000	KD'000
Opening balance	12,907	13,171	13,171
Total gain or losses:			
- in profit or loss	4	(84)	(21)
- in other comprehensive income	835	96	287
Purchases/ transfers	890	142	142
Sales	(354)	(418)	(413)
Closing balance	<u>14,282</u>	<u>12,907</u>	<u>13,166</u>

The fair values of equity investments are obtained from quoted market prices and other models as appropriate.

Valuation techniques include observable market information of comparable companies and net asset values. Significant unobservable inputs used in valuation techniques mainly include market multiples such as price to book and price to earnings. The most significant unobservable inputs used is the illiquidity discount in the level 3 hierarchy.

Other financial assets and liabilities are carried at amortised cost and the carrying values are not materially different from their fair values.

A sensitivity analysis on fair value estimations, by varying input assumptions by a reasonable margin, did not indicate any material impact on the consolidated statement of financial position or consolidated statement of profit or loss.