

**National International Holding Company K.S.C.P.
And its subsidiaries
State of Kuwait**

**Interim Condensed Consolidated Financial Information
And Review Report
For the three months period ended 31 March 2017
(Unaudited)**

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And its subsidiaries
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**National International Holding Company K.S.C.P.
State of Kuwait**

Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National International Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2017, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. (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

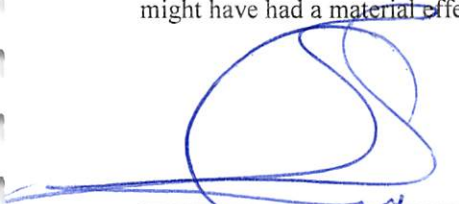
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 No. (34) "Interim Financial Reporting".

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 the Parent Company. 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. 1 of 2016, the executive regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association during the three months period ended 31 March 2017 that might have had a material effect on the business of the Parent Company or on its financial position.



Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche
Al Wazzan & Co.

Kuwait, 10 May 2017

National International Holding Company K.S.C.P.
And its subsidiaries
State of Kuwait


Interim Condensed Consolidated Statement of Financial Position as at 31 March 2017
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	31 March 2017	31 December 2016 (Audited)	31 March 2016
Assets				
Cash and bank balances	3	4,677,283	4,492,928	1,597,722
Accounts receivable and other assets		1,669,326	1,384,312	486,630
Financial assets at fair value through profit or loss		199,477	117,678	153,569
Financial assets available for sale	4	16,145,715	16,479,743	30,391,408
Investment properties		2,605,819	2,605,819	2,758,415
Inventories		926,670	1,252,304	-
Investment in associates	5	11,764,433	11,764,433	-
Furniture and equipment		4,059,839	4,047,134	34,752
Total assets		42,048,562	42,144,351	35,422,496
Liabilities and equity				
Liabilities				
Bank overdraft	3	532,538	398,847	337,422
Murabaha payable		1,327,669	1,404,239	-
Accounts payable and other liabilities		2,920,804	3,473,379	415,731
Total liabilities		4,781,011	5,276,465	753,153
Equity				
Share capital		21,687,750	21,687,750	21,687,750
Share premium		2,813,184	2,813,184	2,813,184
Statutory reserve		560,389	560,389	295,409
Cumulative changes in fair values reserve		10,585,566	10,558,060	10,446,336
Treasury shares	6	(1,711,249)	(1,711,249)	(1,559,375)
Treasury shares reserve		318,561	318,561	318,561
Retained earnings		3,013,350	2,641,191	667,478
Total equity		37,267,551	36,867,886	34,669,343
Total liabilities and equity		42,048,562	42,144,351	35,422,496

The accompanying notes form an integral part of this interim condensed consolidated financial information


Abdul Wahab Mohamed Al-Wazzan
Chairman


Mamdouh Abdul Ghani El Sherbiny
Chief Executive Officer

**National International Holding Company K.S.C.P.
And its subsidiaries
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**Interim Condensed Consolidated Statement of Income for the three months period ended 31 March 2017
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 31 March	
		2017	2016
Revenues			
Investment income	7	285,509	406,988
Profit from operating activities	11	418,337	-
Other income		6,813	1,774
		<u>710,659</u>	<u>408,762</u>
Expenses			
Other expenses		(304,719)	(121,664)
Finance costs		(18,087)	(3,618)
Profit for the period before deductions		<u>387,853</u>	<u>283,480</u>
Contribution to KFAS		(3,491)	(2,551)
National Labour Support Tax		(9,884)	(5,960)
Zakat		(2,319)	(2,384)
Profit for the period		<u>372,159</u>	<u>272,585</u>
Basic and diluted earnings per share (fils)	8	<u>1.83</u>	<u>1.32</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information

**National International Holding Company K.S.C.P.
And its subsidiaries
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**Interim Condensed Consolidated Statement of Comprehensive Income for the three months period ended
31 March 2017
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Three months ended 31 March	
	2017	2016
Profit for the period	372,159	272,585
Other comprehensive income:		
<i><u>Items that are or may be reclassified subsequently to the consolidated statement of income</u></i>		
Change in fair values	(24,045)	348,776
Reclassified to consolidated statement of income on impairment	-	29,950
Reclassified to consolidated statement of income on sale	51,551	-
Other comprehensive income for the period	27,506	378,726
Total comprehensive income for the period	399,665	651,311

The accompanying notes form an integral part of this interim condensed consolidated financial information

National International Holding Company K.S.C.P.
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Interim Condensed Consolidated Statement of Changes in Equity for the three months period ended 31 March 2017
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Share capital	Share premium	Statutory reserve	Cumulative changes in fair values reserve	Treasury shares	Treasury shares reserve	Retained earnings	Total
As at 1 January 2017	21,687,750	2,813,184	560,389	10,558,060	(1,711,249)	318,561	2,641,191	36,867,886
Profit for the period	-	-	-	-	-	-	372,159	372,159
Other comprehensive income for the period	-	-	-	27,506	-	-	-	27,506
Total comprehensive income for the period	-	-	-	27,506	-	-	372,159	399,665
As at 31 March 2017	<u>21,687,750</u>	<u>2,813,184</u>	<u>560,389</u>	<u>10,585,566</u>	<u>(1,711,249)</u>	<u>318,561</u>	<u>3,013,350</u>	<u>37,267,551</u>
As at 1 January 2016	21,687,750	2,813,184	295,409	10,067,610	(1,357,272)	318,561	394,893	34,220,135
Profit for the period	-	-	-	-	-	-	272,585	272,585
Other comprehensive income for the period	-	-	-	378,726	-	-	-	378,726
Total comprehensive income for the period	-	-	-	378,726	-	-	272,585	651,311
As at 31 March 2016	<u>21,687,750</u>	<u>2,813,184</u>	<u>295,409</u>	<u>10,446,336</u>	<u>(1,559,375)</u>	<u>318,561</u>	<u>667,478</u>	<u>34,669,343</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information

**National International Holding Company K.S.C.P.
And its subsidiaries
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**Interim Condensed Consolidated Statement of Cash Flows for the three months period ended 31 March 2017
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 31 March	
		2017	2016
Cash flow from operating activities			
Profit for the period		372,159	272,585
<i>Adjustments:</i>			
Investment income	7	(285,509)	(406,988)
Depreciation		36,394	1,982
Provision for employees' end of service benefits		34,588	5,226
Finance costs		18,087	3,618
Operating profit/ (losses) before changes in working capital		175,719	(123,577)
Accounts receivable and other assets		(285,014)	299,835
Inventories		325,634	-
Financial assets at fair value through profit or loss		(53,099)	86,397
Accounts payable and other liabilities		(587,163)	3,163
Net cash (used in)/ generated from operating activities		(423,923)	265,818
Cash flow from investing activities			
Purchase of financial assets available for sale		(650,026)	(1,042,309)
Proceeds from sale of financial assets available for sale		1,077,890	676,130
Purchase of furniture and equipment		(49,099)	(6,116)
Dividends income received		190,479	58,467
Purchase of treasury shares		-	(202,103)
Net cash generated from/ (used in) investing activities		569,244	(515,931)
Cash flow from financing activity			
Payment of Murabha payable		(76,570)	-
Finance costs paid		(18,087)	(3,618)
Net cash used in financing activity		(94,657)	(3,618)
Increase/ (decrease) in cash and cash equivalents		50,664	(253,731)
Cash and cash equivalents at the beginning of the period		4,094,081	1,514,031
Cash and cash equivalents at the end of the period	3	4,144,745	1,260,300

The accompanying notes form an integral part of this interim condensed consolidated financial information

**National International Holding Company K.S.C.P.
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**Notes to the Interim Condensed Consolidated Financial Information for the three months period ended
31 March 2017**

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. Incorporation and activities

The Parent Company is a Kuwaiti Public Shareholding Company registered and incorporated in Kuwait on 14 January 1979 whose shares are listed on the Kuwait Stock Exchange and the Dubai Financial Market. The Parent Company is engaged in investing activities in both local and international markets as set forth in Article No. 5 of the Parent Company's Articles of Association. The Parent Company is regulated by the Capital Market Authority ("CMA").

The registered office of the Parent Company is located at Al -Raya Tower 2, Floor 45, Abdulaziz Al-Saqer Street, P.O. Box 25825 Safat Kuwait.

The consolidated financial information includes the financial statements of the Parent Company and its subsidiaries, together referred to as "the Group" as follows:

Company Name	Country of incorporation	Principal activity	Equity interest (%)		
			31 Mar 2017	31 Dec 2016 (Audited)	31 Mar 2016
Al Oula National Real Estate Company sole proprietorship	Kuwait	Real estate activities	100	100	100
Al Ghad Project Management Company sole proprietorship	Kuwait	Real estate projects management	100	100	100
Al Ghad International General Trading W.L.L.	Kuwait	General Trading	100	100	100
Ahlia Chemicals Company K.S.C.C.*	Kuwait	Manufacturing	100	100	-

The Group does not have any subsidiaries with non-controlling interests.

*In the year 2016, Group acquired 100% equity interest in Ahlia Chemicals Company K.S.C.C. through the swap of some investments in unquoted equity securities and has established Al Ghad International General Trading W.L.L. Company.

The consolidated financial statements for the year ended 31 December 2016 were approved in the general assembly of the shareholders dated 1 May 2017 and also approved Board of Directors' recommendation not to distribute the dividends for the financial year 2016.

The interim condensed consolidated financial information was approved for issue by the Board of Directors in the meeting held on 10 May 2017.

2. Basis of preparation for financial information

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting.

In the management's opinion, all necessary adjustments (including recurring accruals) have been included in the interim condensed consolidated financial information for fair presentation. The operating results for the period ended 31 March 2017 are not necessarily indicative of the results that maybe expected for the year ending 31 December 2017. For further information, refer to the consolidated financial statements and its related notes for the year ended 31 December 2016.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2016, except for the adoption of the new and amended IFRS, which become effective for annual periods beginning on or after 1 January 2017 as follows:

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- Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- Annual Improvements to IFRS Standards 2014-2016 Cycle - Amendments to IFRS 12

The adoption of these amendments did not have any significant or material impact on the interim condensed consolidated financial information of the Group.

3. Cash and cash equivalents

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Cash on hand	7,211	2,211	6,394
Cash at banks and portfolios	4,670,072	4,490,717	1,591,328
Total cash and bank balances	4,677,283	4,492,928	1,597,722
Bank overdraft	(532,538)	(398,847)	(337,422)
Total cash and cash equivalents	4,144,745	4,094,081	1,260,300

Bank overdraft is payable to financial institutions in Kuwait and is denominated in Kuwaiti Dinars. Bank overdraft carries interest at an average rate of 3% (31 December 2016: 3% and 31 March 2016: 3%) per annum over the Central Bank of Kuwait discount rate.

4. Financial assets available for sale

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Local quoted equity securities	1,067,443	1,438,473	1,485,720
Local and foreign unquoted equity securities	15,034,881	14,998,119	28,506,928
Foreign managed funds	43,391	43,151	398,760
	16,145,715	16,479,743	30,391,408

As at 31 March 2017, local and foreign unquoted equity securities amounting KD 2,198,799 (31 December 2016: KD 2,161,030 and 31 March 2016: KD 12,684,383) are carried at cost less impairment as these securities do not have a quoted market price and their fair values cannot be reliably measured. The management believes that there is no indication of impairment in these investments.

Financial assets available for sale include local quoted securities with fair value of KD 336,580 as of 31 March 2017 (31 December 2016: KD 323,260 and 31 March 2016 KD 368,795) pledged as collateral against credit facilities granted by a local bank.

Fair value hierarchy disclosures for financial assets available for sale are provided in Note 10.

5. Investment in an associates

This represents the Group's investment in two associates. Both of associates are located outside Kuwait.

Company name	Place of Incorporation	Principal Activities	Proportion of ownership interest (%)		
			31 Mar 2017	31 Dec 2016 (Audited)	31 Mar 2016
Dubai Wellness Center Limited "DWC"	Isle of Man	Providing healthcare services in United Arab Emirates	40	40	-
Future Fibre Technologies Limited "FFT"	Australia	Delivery and maintenance of fibre optic perimeter intrusion detection systems	22	22	-

The fair value of investment in FFT based on quoted price (level 1) is KD 1,042,287 as of 31 March 2017.

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6. Treasury shares

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Number of shares	13,316,772	13,316,772	10,713,500
Percentage of issued shares	6%	6%	5%
Market value (KD)	892,224	812,323	491,310

The Parent Company is committed to retain reserves and retained earnings equivalent to the treasury shares throughout the period, in which they are held by the Parent Company, pursuant to the instructions of the relevant regulatory authorities. These shares are not pledged.

7. Investment income

	Three months ended 31 March	
	2017	2016
<i><u>Financial assets at fair value through profit or loss</u></i>		
Realised gain	36,519	8,824
Change in fair value	(7,819)	(5,230)
	<u>28,700</u>	<u>3,594</u>
<i><u>Financial assets available for sale</u></i>		
Realised gain on sale	66,330	219
Impairment losses	-	(29,950)
	<u>66,330</u>	<u>(29,731)</u>
<i><u>Dividends income</u></i>		
	<u>190,479</u>	<u>433,125</u>
	<u>285,509</u>	<u>406,988</u>

8. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As of 31 March, the Parent Company has no outstanding dilutive potential ordinary shares.

The information necessary to calculate basic and diluted earnings per share for the three months period ended 31 March is as follows:

	Three months ended 31 March	
	2017	2016
Profit for the period	372,159	272,585
Weighted average number of outstanding ordinary shares (share)	203,560,728	206,909,064
Earnings per share (fils)	<u>1.83</u>	<u>1.32</u>

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9. Related party transactions

These represent transactions with related parties that include major shareholders, directors, executive officers and key management personnel of the Group, close members of their families and companies of which they are principal owners or over which they are able to exercise control or significant influence entered into by the Group in the ordinary course of business. The Parent Company's management approves pricing policies and terms of these transactions.

Balances and transactions included in the interim condensed consolidated statement of financial information are as follows:

	Three months ended 31 March	
	2017	2016
Transactions (key management compensation):		
Salaries and other short term benefits	41,100	40,800
Employees end of service benefits	6,650	17,700
	<u>47,750</u>	<u>58,500</u>

10. Fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical financial instruments.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that are not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis, the table below gives information about how the fair values of the financial assets are determined:

Financial assets	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31/3/17	31/12/16	31/3/16				
<u>Fair value through P&L</u>							
Local quoted equity securities	199,477	117,678	153,569	1	Bid prices	-	-
<u>Available for sale</u>							
Local quoted equity securities	1,067,443	1,438,473	1,485,720	1	Bid prices	-	-
Foreign managed funds	43,391	43,151	398,760	2	NAV report	-	-
Local and foreign unquoted equity securities	12,836,082	12,837,089	15,822,545	3	Peer market price to book value of similar companies in the same industry	Peer market price to book value factor and discount for lack of market availability	Changes in market multiple and discount rate will result change in fair values
					Discounted cash flow	Discount rate and growth rate	The higher the discount rate, the lower the fair value

During the period there were no transfers between Level 1 and Level 2 fair value measurements.

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The following table shows a reconciliation of the opening and closing amount of level 3 financial assets available for sale which are recorded at fair value:

	At the beginning of the period/ year	Net gains recorded in the interim condensed consolidated statement of income	Net gain/ (losses) recorded in the consolidated statement of comprehensive income	Net purchases, transfers, sales and settlements	At the end of the period/ year
<u>Financial assets available for sale:</u>					
Local and foreign unquoted equity securities					
31 March 2017	12,837,089	-	(1,007)	-	12,836,082
31 December 2016 (Audited)	19,599,208	1,531,402	(163,794)	(8,129,727)	12,837,089
31 March 2016	19,599,208	-	423,337	(4,200,000)	15,822,545

The fair values of financial assets and financial liabilities that are not measured at fair value on a recurring basis approximately equals their carrying values as on the date of the interim condensed consolidated financial information.

11. Segment information

The Group is organized into business units based on their products and services, and has two reportable operating segments as follows:

- Equities and other investing activities comprise participation in financial and real estate funds and managing the Group's liquidity requirements and
- Real estate investing activities comprise investing and trading in real estate and construction or development of real estate for the purpose of sale in the ordinary course of business and other related real estate services.

	Period ended 31 March 2017				
	Financial investing activities	Real estate investing activities	Industrial activities	Unallocated	Total
Segments revenues	285,509	-	1,263,324	-	1,548,833
Segments expenses	-	(7,277)	(1,016,418)	(152,979)	(1,176,674)
Total segments' results	285,509	(7,277)	246,906	(152,979)	372,159
Segments assets	28,109,625	2,605,819	7,957,159	3,375,959	42,048,562
Segment liabilities	-	-	2,990,253	2,286,212	5,276,465
	Period ended 31 March 2016				
	Financial investing activities	Real estate investing activities	Industrial activities	Unallocated	Total
Segments revenues	406,988	-	-	1,774	408,762
Segments expenses	-	(3,618)	-	(132,559)	(136,177)
Total segments' results	406,988	(3,618)	-	(130,785)	272,585
Segments assets	30,544,977	2,758,415	-	2,119,104	35,422,496
Segment liabilities	337,422	-	-	415,731	753,153