

**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 2016
(Unaudited)**

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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 2016, 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

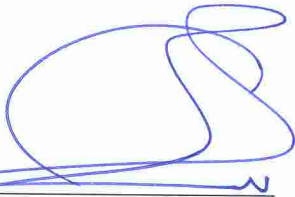
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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

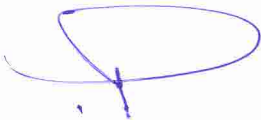
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

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 and the executive regulation of Law No. 25 of 2012 or of the Parent Company's Memorandum of Incorporation and Articles of Association during the three months period ended 31 March 2016 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, 28 April 2016


Waleed A. Al Osaimi
Licence No. 68 A
EY
Al-Aiban, Al-Osaimi & Partners

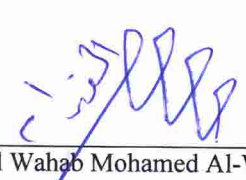
National International Holding Company K.S.C.P.
And its subsidiaries
State of Kuwait

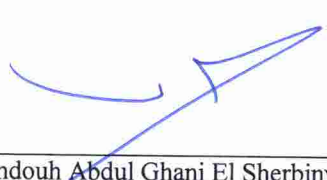
Interim Condensed Consolidated Statement of Financial Position as at 31 March 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	31 March 2016	31 December 2015 (Audited)	31 March 2015
Assets				
Cash and bank balances	3	1,597,722	1,656,322	1,745,076
Accounts receivable and other assets		486,630	411,807	74,922
Financial assets at fair value through profit or loss		153,569	236,372	287,213
Financial assets available for sale	4	30,391,408	29,676,234	32,092,407
Investment properties		2,758,415	2,758,415	2,671,229
Furniture and equipment		34,752	30,618	5,751
Total assets		35,422,496	34,769,768	36,876,598
Liabilities and equity				
Liabilities				
Bank overdraft	3	337,422	142,291	20,232
Accounts payable and other liabilities		415,731	407,342	1,507,236
Total liabilities		753,153	549,633	1,527,468
Equity				
Share capital		21,687,750	21,687,750	21,262,500
Share premium		2,813,184	2,813,184	2,813,184
Statutory reserve		295,409	295,409	263,441
Cumulative changes in fair values reserve		10,446,336	10,067,610	10,838,744
Treasury shares	5	(1,559,375)	(1,357,272)	(1,357,272)
Treasury shares reserve		318,561	318,561	318,561
Retained earnings		667,478	394,893	1,209,972
Total equity		34,669,343	34,220,135	35,349,130
Total liabilities and equity		35,422,496	34,769,768	36,876,598

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
State of Kuwait

Interim Condensed Consolidated Statement of Income for the three months period ended 31 March 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 31 March	
		2016	2015
Revenues			
Investment income	6	406,988	157,384
Gain on sale of investment properties		-	10,629
Other income		1,774	8,045
		<u>408,762</u>	<u>176,058</u>
Expenses			
Other expenses		(121,664)	(117,590)
Finance costs		(3,618)	(1,401)
Profit for the period before deductions		<u>283,480</u>	<u>57,067</u>
Contribution to KFAS		(2,551)	(514)
National Labour Support Tax		(5,960)	(1,427)
Zakat		(2,384)	(571)
Profit for the period		<u>272,585</u>	<u>54,555</u>
Basic and diluted earnings per share (fils)	7	<u>1.32</u>	<u>0.26</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 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended 31 March	
	2016	2015
Profit for the period	272,585	54,555
Other comprehensive income/ (loss):		
<i>Items that are or may be reclassified subsequently to the consolidated statement of income</i>		
Change in fair values	348,776	(1,046,343)
Reclassified to consolidated statement of income on impairment	29,950	-
Reclassified to consolidated statement of income on sale	-	(56,688)
Other comprehensive income/(loss) for the period	378,726	(1,103,031)
Total comprehensive income/(loss) for the period	651,311	(1,048,476)

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 Changes in Equity for the three months period ended 31 March 2016
(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 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
Purchase of treasury shares	-	-	-	-	(202,103)	-	-	(202,103)
As at 31 March 2016	21,687,750	2,813,184	295,409	10,446,336	(1,559,375)	318,561	667,478	34,669,343
As at 1 January 2015	21,262,500	2,813,184	263,441	11,941,775	(1,357,272)	318,561	1,155,417	36,397,606
Profit for the period	-	-	-	-	-	-	54,555	54,555
Other comprehensive loss for the period	-	-	-	(1,103,031)	-	-	-	(1,103,031)
Total comprehensive (loss) / income for the period	-	-	-	(1,103,031)	-	-	-	(1,103,031)
As at 31 March 2015	21,262,500	2,813,184	263,441	10,838,744	(1,357,272)	318,561	1,209,972	35,349,130

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
State of Kuwait

Interim Condensed Consolidated Statement of Cash Flows for the three months period ended 31 March 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 31 March	
		2016	2015
Cash flow from operating activities			
Profit for the period		272,585	54,555
<i>Adjustments:</i>			
Investment income	6	(406,988)	(157,384)
Gain on sale of investment properties		-	(10,629)
Depreciation		1,982	511
Provision for employees' end of service benefits		5,226	16,684
Finance costs		3,618	1,401
Operating losses before changes in working capital		(123,577)	(94,862)
Accounts receivable and other assets		299,835	(49,029)
Financial assets at fair value through profit or loss		86,397	18,667
Accounts payable and other liabilities		3,163	(481,405)
Net cash generated from / (used in) operating activities		265,818	(606,629)
Cash flow from investing activities			
Purchase of financial assets available for sale		(1,042,309)	(56,121)
Proceeds from sale of financial assets available for sale		676,130	162,284
Proceeds from sale of investment in an associate		-	361,563
Purchase of furniture and equipment		(6,116)	-
Dividends income received		58,467	95,810
Purchase of treasury shares		(202,103)	-
Net cash (used in) / generated from investing activities		(515,931)	563,536
Cash flow from financing activity			
Finance costs paid		(3,618)	(1,401)
Net cash used in financing activity		(3,618)	(1,401)
Decrease in cash and cash equivalents		(253,731)	(44,494)
Cash and cash equivalents at the beginning of the period		1,514,031	1,769,338
Cash and cash equivalents at the end of the period	3	1,260,300	1,724,844

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

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended
31 March 2016
(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 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 (%)
Al Oula National Real Estate Company sole proprietorship	Kuwait	Real estate activities	100
Al Ghad Project Management Company sole proprietorship	Kuwait	Real estate projects	
Al Ghad International General Trading W.L.L.	Kuwait	management General Trading	100
			100

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 cancelled the Companies Law No 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 of November 2012, the executive regulation of Law No. 25 of 2012 will continue until a new set of executive regulation is issued.

The consolidated financial statements for the year ended 31 December 2015 were approved in the general assembly of the shareholders dated 24 April 2016 and also approved Board of Directors' recommendation not to distribute the dividends for the financial year 2015. The AGM also approved listing of the Parent Company's shares in Dubai Financial Market with a sealing up to 40% of the Parent Company shares that can be traded in Dubai Financial Market.

The interim condensed consolidated financial information was approved for issue by the Board of Directors in the meeting held on 28 April 2016.

2. Basis of preparation for financial information

The interim condensed consolidated financial information has been prepared in accordance with the International Accounting Standard No. 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015. Furthermore, results for the three months period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For more details refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2015.

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended
31 March 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

2. Basis of preparation for financial information (continued)

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 2015, except the adoption of the new and amended IFRS that have become effective and those which are applicable to the Group as follows:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	1 January 2016
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments	1 January 2016
IAS 1 Disclosure Initiative - Amendments	1 January 2016
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments	1 January 2016
IAS 27 Equity Method in Separate Financial Statements - Amendments	1 January 2016
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016

The adoption of these standards 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 2016	31 December 2015 (Audited)	31 March 2015
Cash on hand	6,394	6,234	6,474
Bank balances	1,591,328	1,650,088	1,738,602
Total cash and bank balances	1,597,722	1,656,322	1,745,076
Bank overdraft	(337,422)	(142,291)	(20,232)
Total cash and cash equivalents	1,260,300	1,514,031	1,724,844

Bank overdraft is payable to financial institutions in Kuwait and is denominated in Kuwaiti Dinars. Bank overdraft carries interest at an average rate of 2% (31 December 2015: 3% and 31 March 2015: 3%) per annum over the Central Bank of Kuwait discount rate.

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended
31 March 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

4. Financial assets available for sale

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Local quoted equity securities	1,485,720	1,538,998	1,751,985
Local and foreign unquoted equity securities	28,506,928	27,735,553	29,934,695
Foreign managed funds	398,760	401,683	405,727
	<u>30,391,408</u>	<u>29,676,234</u>	<u>32,092,407</u>

As at 31 March 2016, local and foreign unquoted equity securities amounting KD 12,684,383 (31 December 2015: KD 8,136,345 and 31 March 2015: KD 9,642,824) 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 368,795 as of 31 March 2016 (31 December 2015: KD 377,903 and 31 March 2015 KD 396,119) 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 9.

5. Treasury shares

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Number of shares	10,713,500	6,579,357	6,450,350
Percentage of issued shares	5%	3%	3%
Market value (KD)	491,310	388,182	387,021

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.

6. Investment income

	Three months ended 31 March	
	2016	2015
<i>Financial assets at fair value through profit or loss</i>		
Realised gain	8,824	28,925
Change in fair value	(5,230)	(24,039)
	<u>3,594</u>	<u>(4,886)</u>
<i>Financial assets available for sale</i>		
Realised gain on sale	219	56,688
Impairment losses	(29,950)	-
	<u>(29,731)</u>	<u>56,688</u>
<i>Dividends income</i>		
	<u>433,125</u>	<u>95,810</u>
	<u>406,988</u>	<u>157,384</u>

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended
31 March 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

7. 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	
	2016	2015
Profit for the period	272,585	54,555
Weighted average number of outstanding ordinary shares (share)	206,909,064	210,298,143
Earnings per share (fil)	1.32	0.26

8. 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:

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Balances:			
Financial assets available for sale, managed by a related party	-	-	1,357,897

	Three months ended 31 March	
	2016	2015
Transactions (key management compensation):		
Salaries and other short term benefits	40,800	19,000
Employees end of service benefits	17,700	1,515
	58,500	20,515

9. 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.

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended
31 March 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

9. Fair value measurement (continued)

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
	31/3/16	31/12/15	31/3/15				
<u>Fair value through P&L</u>							
Local quoted equity securities	155,589	236,372	287,213	1	Bid prices	-	-
<u>Available for sale</u>							
Local quoted equity securities	1,485,720	1,538,998	1,751,985	1	Bid prices	-	-
Foreign managed funds	398,760	401,683	405,727	2	NAV report	-	-
Local and foreign unquoted equity securities	15,822,545	19,599,208	20,291,871	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

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

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 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 2016	19,599,208	-	423,337	(4,200,000)	15,822,545
31 December 2015 (Audited)	22,811,707	743,148	(2,075,301)	(1,880,346)	19,599,208
31 March 2015	21,231,928	-	(834,055)	(106,002)	20,291,871

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.

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2016

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

10. 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 2016			
	Equities and other investing activities	Real estate investing 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

	Period ended 31 March 2015			
	Equities and other investing activities	Real estate investing activities	Unallocated	Total
Segments revenues	157,384	10,629	8,045	176,058
Segments expenses	-	(1,401)	(120,102)	(121,503)
Total segments' results	157,384	9,228	(112,057)	54,555
Segments assets	32,379,620	2,671,229	1,825,749	36,876,598
Segment liabilities	337,422	738,436	415,731	1,527,468