

Noor Financial Investment Company K.P.S.C. and Subsidiaries  
Kuwait

Independent Auditors' Review Report

and

Interim Condensed Consolidated Financial Information (Unaudited)

(1 January to 31 March 2014)

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**INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NOOR FINANCIAL INVESTMENT COMPANY K.P.S.C.***Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Noor Financial Investment Company K.P.S.C, Kuwait ("the Parent Company") and its subsidiaries ("the Group") as at 31 March 2014 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period then ended. Management 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 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 Review of Other Legal and Regulatory Requirements**

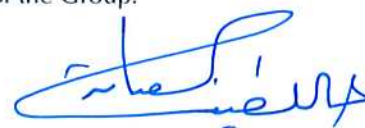
Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that, to the best of our knowledge and belief, no violation of the Companies' Law No. 25 of 2012 as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three month period ended 31 March 2014 that might have had a material effect on the business or financial position of the Group.

We further report that, during the course of our review, we have not become aware of any material violation of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization 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 three month period ended 31 March 2014 that might have had a material effect on the business or financial position of the Group.



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28 April 2014



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Interim Condensed Consolidated Statement of Profit or Loss - period ended 31 March 2014 (Unaudited)

	Note	Kuwaiti Dinars	
		Three months ended 31 March	
		2014	2013
<b>Income</b>			
Realised gain on investments at fair value through profit or loss		73,465	113,082
Unrealised gain on investments at fair value through profit or loss		2,222,363	555,500
Realised gain on sale of available for sale investments		789,771	311,771
Dividend income		585,593	119,920
Share of results of associates		1,801,043	1,722,897
Management and placement fees		14,613	88,975
Realised gain on sale of investment properties	9	300,000	-
Interest and other income	3	939,225	1,042,596
Foreign exchange (loss)/gain		(30,799)	44,696
		<u>6,695,274</u>	<u>3,999,437</u>
<b>Expenses and other charges</b>			
General, administrative and other expenses		1,496,550	1,074,715
Finance costs		1,085,251	1,193,252
Impairment in value of available for sale investments	8	67,187	179,936
Impairment in value of receivables and other assets	7	710,607	-
Impairment in value of investment in associates		111,473	-
		<u>3,471,068</u>	<u>2,447,903</u>
Profit before KFAS, Zakat and NLST		<u>3,224,206</u>	<u>1,551,534</u>
Provision for Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		11,795	9,310
Provision for Zakat		29,914	14,005
Provision for National Labour Support Tax (NLST)		74,595	34,520
		<u>116,304</u>	<u>57,835</u>
<b>Profit for the period</b>		<u>3,107,902</u>	<u>1,493,699</u>
Attributable to:			
Owners of the Parent Company		3,253,871	1,437,222
Non-controlling interests		(145,969)	56,477
		<u>3,107,902</u>	<u>1,493,699</u>
Basic and diluted earnings per share (Fils)	4	<u>8.89</u>	<u>3.92</u>

The attached notes on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income -  
Period ended 31 March 2014 (Unaudited)

	Kuwaiti Dinars	
	Three months ended 31 March	
	2014	2013
Profit for the period	3,107,902	1,493,699
<b>Other comprehensive income</b>		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences arising on translation of foreign operations	2,714,813	116,986
<i>Available for sale investments:</i>		
- Net changes in fair value arising during the period	1,309,353	516,439
- Transferred to consolidated statement of profit or loss on sale	(789,771)	(311,771)
- Transferred to consolidated statement of profit or loss on impairment	67,187	179,936
Share of other comprehensive income of associates	1,084,694	(444,308)
Total other comprehensive income for the period	4,386,276	57,282
Total comprehensive income for the period	7,494,178	1,550,981
 Total comprehensive income attributable to:		
Owners of the Parent Company	8,193,180	1,300,679
Non-controlling interests	(699,002)	250,302
	7,494,178	1,550,981

The attached notes on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.




Interim Condensed Consolidated Statement of Financial Position as at 31 March 2014 (Unaudited)

		Kuwaiti Dinars		
		31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Note				
<b>ASSETS</b>				
Cash and bank balances	5	13,083,107	7,996,585	17,497,257
Short term deposits	5	415,504	189,481	301,142
Murabaha and wakala investments	5	592,285	4,500,000	8,248,175
Investments at fair value through profit or loss	6	22,999,582	21,545,840	23,510,970
Accounts receivable and other assets	7	23,018,085	28,302,787	20,858,783
Available for sale investments	8	67,719,284	68,619,650	79,990,312
Investments in associates		44,682,782	39,865,645	46,246,716
Investment properties	9	30,077,520	28,604,121	16,765,256
Property, plant and equipment		4,754,518	4,476,204	4,461,563
Goodwill		1,990,375	1,990,375	-
<b>Total assets</b>		<b>209,333,042</b>	<b>206,090,688</b>	<b>217,880,174</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable and other liabilities		11,261,112	6,433,037	6,149,826
Borrowings from banks and financial institutions	10	129,439,750	134,564,750	142,960,500
Provision for end of service indemnity		525,864	516,387	319,570
<b>Total liabilities</b>		<b>141,226,726</b>	<b>141,514,174</b>	<b>149,429,896</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of the Parent Company</b>				
Share capital	11	37,560,251	37,560,251	37,560,251
Share premium	11	3,410,573	3,410,573	3,410,573
Treasury shares		(3,410,573)	(3,410,573)	(3,410,573)
Legal reserve		1,413,431	1,413,431	469,420
Voluntary reserve		1,413,431	1,413,431	469,420
Cumulative changes in fair value		8,765,391	6,540,895	8,707,711
Foreign currency translation reserve		(10,503,659)	(13,218,472)	(10,110,786)
Retained earnings		13,995,251	10,741,380	5,016,464
Equity attributable to the owners of the Parent Company		52,644,096	44,450,916	42,112,480
Non-controlling interests		15,462,220	20,125,598	26,337,798
<b>Total equity</b>		<b>68,106,316</b>	<b>64,576,514</b>	<b>68,450,278</b>
<b>Total liabilities and equity</b>		<b>209,333,042</b>	<b>206,090,688</b>	<b>217,880,174</b>

The attached notes on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

  
**Abdullatif A. Al-Asfour**  
Chairman & Managing Director

  
**Abdulghani M.S. Behbehani**  
Vice Chairman

Interim Condensed Consolidated Statement of Changes in Equity - period ended 31 March 2014 (Unaudited)

	Kuwaiti Dinars										
	Attributable to the owners of the Parent Company								Non-controlling interests	Total	
	Share capital	Share premium	Treasury shares	Legal reserve	Voluntary reserve	Cumulative changes in fair value	Foreign currency translation reserve	Retained earnings	Total		
Balance as at 1 January 2014	37,560,251	3,410,573	(3,410,573)	1,413,431	1,413,431	6,540,895	(13,218,472)	10,741,380	44,450,916	20,125,598	64,576,514
Increase in non-controlling interests of subsidiary during the period	-	-	-	-	-	-	-	-	-	2,500	2,500
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	(46,566)	(46,566)
Decrease in non-controlling interests on sale of a subsidiary	-	-	-	-	-	-	-	-	-	(8,655)	(8,655)
Amount due to non-controlling interests on reduction of share capital of a subsidiary (Note 11)	-	-	-	-	-	-	-	-	-	(3,911,655)	(3,911,655)
Transactions with owners	-	-	-	-	-	-	-	-	-	(3,964,376)	(3,964,376)
Profit/(loss) for the period	-	-	-	-	-	-	-	3,253,871	3,253,871	(145,969)	3,107,902
Total other comprehensive income for the period	-	-	-	-	-	2,224,496	2,714,813	-	4,939,309	(553,033)	4,386,276
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2014	37,560,251	3,410,573	(3,410,573)	1,413,431	1,413,431	8,765,391	(10,503,659)	13,995,251	52,644,096	15,462,220	68,106,316

The attached notes on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity - period ended 31 March 2014 (Unaudited)

	Kuwaiti Dinars										
	Attributable to the owners of the Parent Company										
	Share capital	Share premium	Treasury shares	Legal reserve	Voluntary reserve	Cumulative changes in fair value	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total
Balance as at 1 January 2013	37,560,251	3,410,573	(3,410,573)	469,420	469,420	8,961,240	(10,227,772)	3,579,242	40,811,801	26,403,014	67,214,815
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	(315,518)	(315,518)
Transactions with owners	-	-	-	-	-	-	-	-	-	(315,518)	(315,518)
Profit for the period	-	-	-	-	-	-	-	1,437,222	1,437,222	56,477	1,493,699
Total other comprehensive income for the period	-	-	-	-	-	(253,529)	116,986	-	(136,543)	193,825	57,282
Total comprehensive income for the period	-	-	-	-	-	(253,529)	116,986	1,437,222	1,300,679	250,302	1,550,981
Balance as at 31 March 2013	37,560,251	3,410,573	(3,410,573)	469,420	469,420	8,707,711	(10,110,786)	5,016,464	42,112,480	26,337,798	68,450,278

The attached notes on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.



**Interim Condensed Consolidated Statement of Cash Flows - period ended 31 March 2014 (Unaudited)**

	Kuwaiti Dinars	
	Three months ended	
	31 March	
	2014	2013
<b>Operating activities</b>		
Profit before KFAS, Zakat and NLST	3,224,206	1,551,534
<i>Adjustments:</i>		
Realised gain on sale of available for sale investments	(789,771)	(311,771)
Dividend income	(585,593)	(119,920)
Share of results of associates	(1,801,043)	(1,722,897)
Realized gain on sale of investment properties	(300,000)	-
Interest income and income from wakala and murabaha investments	(67,391)	(16,886)
Effect of un-winding of discount on receivables	-	(70,921)
Depreciation	34,115	46,342
Provision for end of service indemnity	19,215	19,653
Finance costs	1,085,251	1,193,252
Impairment in value of available for sale investments, receivables and associates	889,267	179,936
	<u>1,708,256</u>	<u>748,322</u>
<i>Changes in operating assets and liabilities:</i>		
Investments at fair value through profit or loss	(1,453,742)	(85,392)
Accounts receivable and other assets	5,317,278	(853,767)
Accounts payable and other liabilities	759,952	1,958,792
<b>Net cash from operating activities</b>	<u>6,331,744</u>	<u>1,767,955</u>
<b>Investing activities</b>		
Changes in blocked deposits	(153,580)	5,000,000
Decrease in wakala investments	3,907,715	3,045,246
Proceeds from sale of available for sale investments	2,240,499	2,498,434
Purchase of available for sale investments	(30,780)	(134,878)
Improvement/acquisition of investment property	(3,273,399)	(20,100)
Proceeds from sale of investment property (Note 9)	2,100,000	-
Acquisition of equipment	(312,429)	(79,271)
Dividends received	585,593	119,920
Interest income	67,391	16,886
<b>Net cash from investing activities</b>	<u>5,131,010</u>	<u>10,446,237</u>
<b>Financing activities</b>		
Movement in borrowings (net)	(5,125,000)	(4,496,364)
Dividends paid	(300)	(6,000)
Payment to subsidiary's non-controlling interests on account of capital reduction	(48,584)	(114,936)
Redemption of units by non-controlling interests of a subsidiary	(46,566)	(315,518)
Investment made by non-controlling interest in the capital of a subsidiary	2,500	-
Finance costs paid	(1,085,839)	(1,189,712)
<b>Net cash used in financing activities</b>	<u>(6,303,789)</u>	<u>(6,122,530)</u>
<i>Net increase in cash and cash equivalents</i>	<u>5,158,965</u>	<u>6,091,662</u>
Cash and cash equivalents at the beginning of period	7,820,066	11,291,804
<b>Cash and cash equivalents at the end of period (note 5)</b>	<u>12,979,031</u>	<u>17,383,466</u>

The attached notes on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

**1. Incorporation and activities**

Noor Financial Investment Company K.P.S.C. ("the Parent Company") was incorporated in Kuwait on 1 February 1997 and during May 2006 its shares were listed on the Kuwait Stock Exchange. The Parent Company and its subsidiaries are together referred to as "the Group". The Parent Company is regulated by the Central Bank of Kuwait and also by the Capital Market Authority (CMA), as an investment company and is a subsidiary of National Industries Group Holding S.A.K, Kuwait ("the Ultimate Parent Company").

The principal objectives of the Parent Company are as follows:

- investment in various economic sectors through participating in establishing specialized companies or purchasing securities or shares in those companies;
- act as investment trustees and manage different investment portfolios for others;
- act as intermediary in borrowing operations in return for commission;

The Parent Company also has the right to participate and subscribe, in any way with other firms which operate in the same field or those which would assist in achieving its objectives in Kuwait and abroad and to purchase those firms or participate in their equity.

The address of the Parent Company's registered office is NIG Building, Ground Floor, Shuwaikh, Kuwait (PO Box 3311, Safat13034, State of Kuwait).

The Parent Company's Board of Directors approved and authorised this interim condensed consolidated financial information for issue on 28 April 2014.

The annual consolidated financial statements for the year ended 31 December 2013 were approved for issuance by the Board of Directors of the Parent Company on 23 March 2014 and are subject to the approval of shareholders at the forthcoming Annual General Meeting scheduled to be held on 15 May 2014. Accordingly, the opening balances in this interim condensed consolidated financial information are subject to the Parent Company's shareholders' approval.

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

**2.1 Basis of presentation**

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting. The accounting policies used in preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual audited consolidated financial statements for the year ended 31 December 2013 except for the adoption of the new and amended International Financial Reporting Standards (IFRS) that have become effective from 1 January 2014 and those which are applicable to the Group.

The annual consolidated financial statements for the year ended 31 December 2013 were prepared in accordance with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (CBK). These regulations require adoption of all IFRS except for the IAS 39 requirements for a collective provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision as described under the accounting policy for impairment of financial assets.

This interim condensed consolidated financial information does not contain all the information and disclosures required for complete financial statements prepared in accordance with IFRS. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Operating results for the interim period are not indicative of the results that may be expected for the year ending 31 December 2014. For further details, refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2013.



## 2.2 Significant accounting policies

### *Adoption of new and revised International Financial Reporting Standards*

The following new standards, revisions and amendments to IFRS issued by the International Accounting Standards Board for the annual period beginning on 1 January 2014 did not have any material impact on the accounting policies, financial position or performance of the Group.

#### IAS 36 Impairment of Assets- Amendments

The amendments to IAS 36 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.

#### Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27

The Amendments define the term 'investment entity', provide supporting guidance and require investment entities to measure investments in the form of controlling interests in another entity at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

#### Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

The Amendment 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.

#### IFRIC 21: Levies

IFRIC 21 clarifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on specific date within an accounting period then the entire obligation is recognised on that date and that the same recognition principles apply in the annual and interim financial statements.

### *Issued but not yet effective*

The following IASB standard has been issued but is not yet effective and has not been early adopted by the Group. The Group intends to adopt these standards when they become effective.

#### IFRS 9 Financial Instruments:

The standard was issued in November 2009, however at the IASB meeting in November 2013, the IASB tentatively decided to defer the mandatory effective date of IFRS 9 to be left open. However, IFRS 9 would still be available for early application. The standard improves the ability of the users of the financial statements to assess the amount, timing and uncertainty of future cash flows of the entity by replacing many financial instrument classification categories, measurement and associated impairment methods. The application of IFRS 9 will result in amendments and additional disclosures relating to financial instruments and associated risks.

Notes to the Interim Condensed Consolidated Financial Information - 31 March 2014 (Unaudited)

3. Interest and other income

	Kuwaiti Dinars	
	Three months ended 31 March (Unaudited)	
	2014	2013
Interest income		
(from call accounts included under bank balances and short term deposits)	62,815	8,977
Income from murabaha and wakala investments	4,576	7,909
Net income from hotel business of a foreign subsidiary	38,868	42,125
Effect of un-winding of discount on receivables (note 7)	-	70,921
Income from financing future trade by customers and Islamic debt instruments	86,326	115,492
Income from IT service of a subsidiary (net)	472,203	212,607
Rental income	254,249	271,374
Gain on sale of a subsidiary	13,158	-
Others	7,030	313,191
	<u>939,225</u>	<u>1,042,596</u>

Details of net income from IT and related services of local subsidiaries and hotel operations from a foreign subsidiary are as follows:

	IT and related services		Hotel operations	
	Kuwaiti Dinars		Kuwaiti Dinars	
	Three months ended 31 March (Unaudited)		Three months ended 31 March (Unaudited)	
	2014	2013	2014	2013
Revenue	2,429,352	490,882	497,144	191,332
Less: Operating costs	(1,957,149)	(278,275)	(458,276)	(149,207)
	<u>472,203</u>	<u>212,607</u>	<u>38,868</u>	<u>42,125</u>

4. Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of the Parent Company for the period by the weighted average number of shares outstanding during the period as follows:

	Three months ended 31 March (Unaudited)	
	2014	2013
Profit for the period attributable to the owners of Parent Company (KD)	3,253,871	1,437,222
Weighted average number of shares outstanding during the period	375,602,510	375,602,510
Less: Weighted average number of treasury shares outstanding during the period	(9,416,985)	(9,416,985)
	<u>366,185,525</u>	<u>366,185,525</u>
Basic and diluted earnings per share (Fils)	8.89	3.92



Notes to the Interim Condensed Consolidated Financial Information - 31 March 2014 (Unaudited)

5. Cash and cash equivalents, murabaha and wakala investments

Cash and cash equivalents

Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flows consist of the following:

	Kuwaiti Dinars		
	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Cash and bank balances	13,083,107	7,996,585	17,497,257
Short term deposits	415,504	189,481	301,142
	13,498,611	8,186,066	17,798,399
Less: Blocked balances	(519,580)	(366,000)	(414,933)
Cash and cash equivalents as per cash flow statement	12,979,031	7,820,066	17,383,466

Murabaha and wakala investments

	Kuwaiti Dinars		
	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Due from a local Islamic investment company/ due from related parties	14,324,160	14,324,160	14,968,250
Less : Provision for impairment in value	(14,324,160)	(14,324,160)	(14,968,250)
	-	-	-
Placed with local Islamic banks	592,285	4,500,000	8,248,175
	592,285	4,500,000	8,248,175

No profit was recognised on impaired wakala investments during the current period (31 December and 31 March 2013: Nil).

Wakala investments of KD 14,324,160 (31 December 2013: KD 14,324,160, 31 March 2013: KD 14,968,250) placed with a local Islamic investment company matured in 2008. The investee company defaulted on settlement of these balances on the maturity date. Of the above, KD 4,784,847 (31 December 2013: KD 4,784,847, 31 March 2013: KD 5,000,000) relates to the subsidiary acquired in 2010. Full provision had been made for these receivables in accordance with the CBK's credit provisioning rules.

During previous years, the Group violated Articles 148 and 151 of the Commercial Companies' Law of 1960 when it assumed the financial and legal obligations on these wakala investments of KD 9,968,250 that the Group had placed with the above investment company in a fiduciary capacity under a wakala agreement with certain related parties, despite having no such obligation under the wakala agreement. The Group had initiated legal proceedings against the parties to recover KD 9,968,250 including profits thereon. Subsequent to reporting date, the court of appeal has ordered the related parties to pay KD 8,225,000 with 7% profits thereon to the Parent Company. The legal proceedings relating to KD 1,743,250 are still in process.

Notes to the Interim Condensed Consolidated Financial Information - 31 March 2014 (Unaudited)

6. Investments at fair value through profit or loss

	Kuwaiti Dinars		
	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
<i>Held for trading:</i>			
Quoted shares	22,999,582	21,269,751	18,194,304
Quoted Islamic debt instruments	-	276,089	2,551,786
<i>Designated on initial recognition:</i>			
Local funds	-	-	2,764,880
	<u>22,999,582</u>	<u>21,545,840</u>	<u>23,510,970</u>

Quoted shares with a fair value of KD 10,312,897 (31 December 2013: KD 11,502,217 and 31 March 2013: KD 12,187,505) are secured against bank loans (note 10).

7. Accounts receivable and other assets

	Kuwaiti Dinars		
	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
<b><i>Financial assets</i></b>			
Due from the Ultimate Parent Company (net of discount and provision)	60,790	59,032	63,071
Due from other related parties	5,037,957	5,016,167	1,507,916
Accounts receivable	4,697,766	4,304,497	-
Due from future trade clients	6,051,410	5,544,247	4,706,557
Due on sale of foreign investment properties (net)	1,880,975	3,766,548	6,402,575
Due on sale of local investment properties	-	-	1,150,000
Due from investment brokerage companies	1,259,306	5,032,812	2,237,991
Accrued income	881,561	1,363,902	1,283,988
Advance payments to acquire investments	1,858,100	2,887,127	500,000
Other financial assets	1,065,041	62,288	1,943,033
	<u>22,792,906</u>	<u>28,036,620</u>	<u>19,795,131</u>
<b><i>Non-financial assets</i></b>			
Other assets	225,179	266,167	1,063,652
	<u>23,018,085</u>	<u>28,302,787</u>	<u>20,858,783</u>

- Due on sale of foreign investment properties has been discounted based on an effective interest rate of 5.5% to give effect to the deferred payment term. The effect of unwinding of discount for the period ended 31 March 2014 amounting to Nil (31 December 2013: KD 214,212 and 31 March 2013: KD 70,921) was recognised in other income (note: 3).
- During the current period, KD 710,607 was provided against certain overdue accrued income and other receivables (31 December 2013: KD 127,008, 31 March 2013: Nil)
- The consideration due on sale of the Group's investment property in the Kingdom of Saudi Arabia (KSA) amounting to KD 12,404,655 was due in installments. Out of the consideration due, KD 8,269,790 (31 December 2013: KD 6,383,417 and 31 March 2013: KD 5,901,425) was settled in cash and buyer agreed to partially settle the balance due by transferring another real estate property situated in KSA which has been valued at KD 2,330,571. The Group's management expects to collect the remaining balance due in 2014.

During 2013 the Group entered into an agreement with the above buyer and a related party (an associate to the Group) whereby it sold its right to receive the real estate property in KSA to the related party for a consideration equivalent to the carrying value of the property. Accordingly the amount has been reclassified from "due on sale of foreign investment property" to "due from other related party" in 2013.



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8. Available for sale investments

	Kuwaiti Dinars		
	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Quoted shares	38,408,443	39,580,163	47,011,045
Unquoted shares	22,303,274	22,380,652	25,145,759
Funds (foreign)	7,007,567	6,658,835	7,833,508
	<u>67,719,284</u>	<u>68,619,650</u>	<u>79,990,312</u>

- Available for sale investments include investments in unquoted shares and foreign funds where their fair values cannot be reliably determined and as a result investments with a carrying value of KD 596,315 (31 December 2013: KD 663,875 and 31 March 2013: KD 6,111,350) are carried at cost or cost less impairment. The Group's management is not aware of any circumstance that would indicate impairment/ further impairment in value of these investments.
- Quoted shares with a fair value of KD 28,630,842 (31 December 2013: KD 27,040,946 and 31 March 2013: 30,812,014) are secured against bank loans (note 10).
- During the period, the Group recognized an impairment loss of KD Nil (31 December 2013: KD 6,109,925 and 31 March 2013: KD 130,087) for certain local and foreign quoted shares as the market value of these shares at the reporting date declined significantly below their costs. Further, the Group also recognized an impairment loss of KD 67,187 (31 December 2013: KD 338,921 and 31 March 2013: KD 49,849) against certain unquoted shares and foreign funds based on estimates made by management as per information available to them at the reporting date.

9. Investment properties

Investment properties comprise of land and buildings in the following countries:

	Kuwaiti Dinars		
	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Kuwait	29,677,766	28,203,475	16,445,750
Jordan	399,754	400,646	319,506
	<u>30,077,520</u>	<u>28,604,121</u>	<u>16,765,256</u>

- Investment properties amounting to KD 9,272,000 (31 December 2013: KD 9,272,000 and 31 March 2013: KD 8,200,000) are secured against bank loans (refer note 10) and investment properties with a carrying value of KD 13,875,766 (31 December 2013: KD 10,609,441 and 31 March 2013: KD Nil) are secured against Ijara Financing contracts.
- During the current period, the Group disposed of two investment properties carried at KD 1,800,000 realising a gain of KD 300,000.
- During the period a subsidiary entered into a joint agreement with a related party to acquire a plot of land in Kuwait for a total consideration of KD 6,532,650 and to partly finance the acquisition from an Islamic Bank. The asset has been treated as a jointly controlled asset and the Group's share of the asset (50%) amounting to KD 3,266,325 has been included above under investment properties. The acquisition was partially financed by an Ijara financing arrangement (KD 1,625,000) agreed by the joint owner (a related party) with a local Islamic Bank. Accordingly the related finance costs are to be borne by both parties jointly. The Group has accounted for its share of the related liability to the bank amounting to KD 1,625,000 under borrowings.



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10. Borrowings from banks and financial institutions

	Effective interest/ cost rate per annum (%)	Security	Kuwaiti Dinars		
			31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
<i>Short term</i>					
Ijara Financing - KD	4.5	Secured	3,125,000	1,500,000	-
<i>Long term</i>					
Loans payable – KD	3.25	Secured	88,614,750	88,614,750	103,360,500
Wakala payable – KD	3.25	Secured	33,000,000	39,600,000	39,600,000
Ijara Financing - KD	4.5	Secured	4,700,000	4,850,000	-
			<u>126,314,750</u>	<u>133,064,750</u>	<u>142,960,500</u>
			<u>129,439,750</u>	<u>134,564,750</u>	<u>142,960,500</u>

The above loans are due as follows:

	Kuwaiti Dinars		
	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Short term loans due within one year	3,125,000	1,500,000	-
<i>Long term loans and Ijara Financing</i>			
Current portion due within one year	35,556,000	31,156,000	14,775,500
Due after more than one year	<u>90,758,750</u>	<u>101,908,750</u>	<u>128,185,000</u>
	<u>129,439,750</u>	<u>134,564,750</u>	<u>142,960,500</u>

- Short term Ijara financing contracts amounting to KD 3,125,000 (31 December 2013: KD 1,500,000 and 31 March 2013: KD Nil) are secured by investments properties (note 9).
- Long term loans and Ijara financing contracts amounting to KD 121,614,750 (31 December 2013: KD 128,214,750 and 31 March 2013: 142,960,500) are secured by investment at fair value through profit or loss (note 6), available for sale investments (note 8) and investment properties (note 9).
- The Group restructured its financing arrangements with local banks during 2011 and 2012 and accordingly loans amounting to KD 121,614,750 (net of repayment of KD 36,935,250) were converted into secured long term facilities. As per loan restructuring agreements, these loans are required to be fully secured. As of 31 March 2014, these are partly secured (notes 6, 8 and 9) and the process of securitization of the required balance investment portfolios is currently underway.

11. Share capital

- The authorized and issued share capital of the Parent Company as at 31 March 2014 comprises of 375,602,510 shares of 100 Fils each (31 December 2013: 375,602,510 of 100 fils each and 31 March 2013: 375,602,510 of 100 Fils each), fully paid up in cash.
- The shareholders of the Parent Company at their Extra Ordinary General Meeting held on 25 June 2012 approved set off of accumulated losses of KD 37,536,742 as at 31 December 2011 against the share capital (KD 37,439,749), share premium (KD 2,486,025), treasury shares (KD 2,460,353) and gain on sale of treasury shares reserve (KD 71,321). The certificate of capital reduction was issued by the Ministry of Commerce and Industry on 16 September 2012.
- The Parent Company's Board of Directors proposed 10% bonus shares on outstanding shares as at the date of the AGM, subject to the approval of shareholders at the AGM scheduled to be held on 15 May 2014.



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- d. On 5 March 2014, the shareholders of one of the subsidiaries of the Group, (Kuwait India Holding Company KSCC) decided to further decrease its share capital by KD 9,000,000 out of which KD 3,911,655 pertains to non-controlling interests which is shown as part of accounts payable and other liabilities as at the reporting date. The payment procedures for distribution of this amount are in process.

**12. Segment analysis**

The Group is organized into segments that engage in business activities which earns revenue and incurs expenses. These segments are regularly reviewed by the Chief Operating Decision Maker (CODM) for resource allocation and performance assessment. For the purposes of segment reporting the management has grouped the business units into the following operating segments:

- Domestic & GCC investments - Comprising of investment activities in the Kuwait and GCC
- International investments - Comprising of investment activities outside the GCC and Kuwait

Segment results include operating revenue and expenses directly attributable to a segment. Net operating income includes operating revenue directly attributable to a segment. Segment results include revenue and expense directly attributable to each reporting segment as the Group does not have any inter segment charges. Segment assets comprise those operating assets that are directly attributable to the segment. Segmental information for the periods ended 31 March 2014 and 31 March 2013 are as follows:

**Three months ended 31 March 2014 (unaudited)**

	Kuwaiti Dinars		
	Domestic & GCC	International	Total
Income	4,510,664	2,184,610	6,695,274
Share of results of associates	(21,951)	1,822,994	1,801,043
Impairment in value of available for sale investments, receivables and associates	(421,925)	(467,342)	(889,267)
Profit for the period	1,396,264	1,711,638	3,107,902
Total assets	142,250,677	67,082,365	209,333,042
Total liabilities	(140,350,384)	(876,342)	(141,226,726)
Net assets	1,900,293	66,206,023	68,106,316

**Three months ended 31 March 2013 (unaudited)**

	Kuwaiti Dinars		
	Domestic & GCC	International	Total
Income	2,247,811	1,751,626	3,999,437
Share of results of associates	88,221	1,634,676	1,722,897
Impairment in value of available for sale investments	(179,936)	-	(179,936)
Profit for the period	(235,197)	1,728,896	1,493,699
Total assets	153,314,108	64,566,066	217,880,174
Total liabilities	148,557,763	872,133	149,429,896
Net assets	4,756,345	63,693,933	68,450,278

**13. Related party transactions**

Related parties represent the Ultimate Parent Company, associates, directors and key management personnel of the Group, and other related parties such as subsidiaries of the Ultimate Parent Company, major shareholders and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Notes to the Interim Condensed Consolidated Financial Information - 31 March 2014 (Unaudited)

Significant related party transactions and balances are as follows:

	Kuwaiti Dinars		
	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
<b>Interim condensed consolidated statement of financial position</b>			
Due from related parties and the Ultimate Parent Company			
- Due from Ultimate Parent Company (note 7)	60,790	59,032	63,071
- Due from an associate	4,834,626	4,834,626	1,150,000
- Due from related party	203,331	181,541	257,916
- Accrued management fees	632,336	669,354	580,716
Due to related parties	698,729	536,035	1,574,230
Sale of investment property to an associate	-	2,330,571	-
		Kuwaiti Dinars	
		Three months ended 31 March (Unaudited)	
		2014	2013
<b>Interim condensed consolidated statement of profit or loss</b>			
<i>Management and placement fees</i>			
- earned from the Ultimate Parent Company		180	10,354
- earned from other related parties		8,427	19,487
<i>Key management compensation</i>			
Short term employee benefits		204,694	47,100
End of service benefits		7,077	5,918
		211,771	53,018

**14. Financial instruments**

**14.1 Categories of financial assets and liabilities**

The carrying amounts of the Group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial information may also be categorized as follows:

	Kuwaiti Dinars		
	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
<b>Loans and receivables:</b>			
Cash and bank balances (note 5)	13,083,107	7,996,585	17,497,257
Short term deposits (note 5)	415,504	189,481	301,142
Murabaha and wakala investment (note 5)	592,285	4,500,000	8,248,175
Accounts receivable and other assets (note 7)	22,792,906	28,036,620	19,795,131
<b>Investments at fair value through profit or loss: (note 6)</b>			
Trading securities	22,999,582	21,545,840	20,746,090
Investments designated as carried at fair value through profit or loss	-	-	2,764,880
<b>Available for sale investments (note 8)</b>	67,719,284	68,619,650	79,990,312
	127,602,668	130,888,176	149,342,987
<b>Other financial liabilities:</b>			
Accounts payable and other liabilities	11,078,568	6,250,493	5,967,282
Borrowings from banks and financial institutions (note 10)	129,439,750	134,564,750	142,960,500
Provision for end of service indemnity	525,864	516,387	319,570
	141,044,182	141,331,630	149,247,352



Notes to the Interim Condensed Consolidated Financial Information - 31 March 2014 (Unaudited)

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures financial instruments such as investments at fair value through profit or loss and available for sale investments (excluding certain available for sale investments which are carried at cost/cost less impairment for reasons specified in Note 8) at fair value. In the opinion of the Group's management, except for certain long term borrowing (note 10) the carrying amounts of all other financial assets and liabilities which are carried at amortised costs are considered a reasonable approximation of their fair values.

14.2 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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 : Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 March 2014

	Kuwaiti Dinars			Total
	Level 1	Level 2	Level 3	
<b>Financial assets at fair value:</b>				
Investments at fair value through profit or loss				
- Quoted shares	22,999,582	-	-	22,999,582
Available for sale investments				
- Quoted shares	38,408,443	-	-	38,408,443
- Unquoted shares	-	-	22,057,008	22,057,008
- Foreign funds	-	6,657,518	-	6,657,518
<b>Total assets</b>	<b>61,408,025</b>	<b>6,657,518</b>	<b>22,057,008</b>	<b>90,122,551</b>

31 December 2013

	Kuwaiti Dinars			Total
	Level 1	Level 2	Level 3	
<b>Financial assets at fair value:</b>				
Investments at fair value through profit or loss				
- Quoted shares	21,269,751	-	-	21,269,751
- Quoted debt Instruments	276,089	-	-	276,089
Available for sale investments				
- Quoted shares	39,580,163	-	-	39,580,163
- Unquoted shares	-	-	22,067,200	22,067,200
- Foreign funds	-	6,308,412	-	6,308,412
<b>Total assets</b>	<b>61,126,003</b>	<b>6,308,412</b>	<b>22,067,200</b>	<b>89,501,615</b>

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31 March 2013

	Kuwaiti Dinars			Total
	Level 1	Level 2	Level 3	
<b>Financial assets at fair value:</b>				
Investments at fair value through profit or loss				
- Quoted shares	20,746,090	-	-	20,746,090
- Local funds	-	2,764,880	-	2,764,880
Available for sale investments				
- Quoted shares	47,011,050	-	-	47,011,050
- Unquoted shares	-	-	24,382,307	24,382,307
- Foreign funds	-	2,485,605	-	2,485,605
<b>Total assets</b>	<b>67,757,140</b>	<b>5,250,485</b>	<b>24,382,307</b>	<b>97,389,932</b>

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous year/period.

**15. Commitments and contingencies**

At the statement of financial position date, the Group had capital commitments of KD 3,147,545 towards available for sale investments (31 December 2013: KD 3,281,626 and 31 March 2013: KD 3,481,915).

On 1 December 2011, the Parent Company's Jordanian subsidiary, Noor Jordanian Kuwaiti Financial Investment Company Limited ("the Seller") disposed of its entire equity interest in one of its Jordanian subsidiary (Noor Jordan Kuwait Transport Company JSCC) to nine individual buyers ("the Buyers"). Subsequent to the transfer of shares and control to the Buyers, they have defaulted on fulfilling the terms and conditions of the sale agreement and also filed legal cases against the Seller. The Seller also filed legal cases against the Buyers. The Parent Company has also provided a corporate guarantee to this disposed subsidiary for a loan obtained by them of JD 718,000 (KD 280,000) from a local Jordanian bank at the time of the sale transaction. The Parent Company was informed that this loan is not being serviced by the Buyer and is of the opinion that it would not incur any loss on account of this.

**16. Fiduciary assets**

The Group manages mutual funds and portfolios on behalf of the Ultimate Parent Company, other related parties and outsiders, and maintains securities in fiduciary accounts which are not reflected in the Group's interim condensed consolidated statement of financial position. Assets under management at 31 March 2014 amounted to KD 50,274,873 (31 December 2013: KD 50,292,139 and 31 March 2013: KD 98,667,429) of which assets managed on behalf of the Ultimate Parent Company and other related parties amounted to KD 47,508,804 (31 December 2013: KD 47,721,999 and 31 March 2013: KD 73,833,141).

**17. Comparative information**

Certain comparative amounts for the previous period have been reclassified to be consistent with the presentation for the current period. Such classifications did not affect previously reported results, total assets or equity.