

Interim condensed consolidated financial information and review report

**Noor Financial Investment Company – KPSC and Subsidiaries**

**Kuwait**

31 March 2016 (Unaudited)

## Contents

	Page
Review report	1
Interim condensed consolidated statement of profit or loss	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of financial poistion	4
Interim condensed consolidated statement of changes in equity	5 and 6
Interim condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial information	8 to 23



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## **Report on review of interim condensed consolidated financial information to the Board of Directors of Noor Financial Investment Company – KPSC**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Noor Financial Investment Company KPSC (the “Parent Company”) and its subsidiaries (together “the Group”) as of 31 March 2016 and the related interim condensed consolidated statement of profit or loss, profit or loss and other comprehensive income, statement of changes in equity and statements of 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**

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, no violation of the Companies Law No. 1 of 2016, the Executive Regulations of 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 2016 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 violations of the provisions of Law No.32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provision of law no 7 of 2010 concerning the Capital Market Authority and its related regulations during the three-months period ended 31 March 2016 that might have had a material effect on the business or financial position of the Group.

Anwar Y. Al-Qatami, F.C.C.A.

(Licence No. 50-A)

of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait

23 May 2016

## Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
Revenue from hotel operations and IT Services		4,125,060	4,236,031
Realised (loss)/gain on investments at fair value through profit or loss		(25,211)	483,016
Unrealised loss on investments at fair value through profit or loss		(1,228,733)	(169,144)
Realised (loss)/gain on sale of available for sale investments		(447,496)	619,741
Dividend income		223,701	443,338
Share of results of associates		2,122,358	1,852,038
Management and placement fees		6,871	7,840
Rental Income		458,933	246,254
<b>Total Income</b>		<b>5,235,483</b>	<b>7,719,114</b>
Cost of sales and services from hotel operations and IT services		(3,530,337)	(3,755,331)
General, administrative and other expenses		(953,629)	(1,280,840)
<b>Operating profit</b>		<b>751,517</b>	<b>2,682,943</b>
Interest and other income		92,767	91,832
Foreign exchange loss		(36,727)	(31,496)
Finance costs		(1,075,768)	(1,092,452)
Impairment in value of available for sale investments	8c	(410,953)	(804,050)
<b>(Loss)/profit before taxes</b>		<b>(679,164)</b>	<b>846,777</b>
Provision for Kuwait Foundation for the Advancement of Sciences (KFAS)		-	(2,253)
Provision for Zakat		-	(7,449)
Provision for National Labour Support Tax (NLST)		-	(24,082)
<b>(Loss)/profit for the period</b>		<b>(679,164)</b>	<b>812,993</b>
<b>Attributable to:</b>			
Owners of the Parent Company		(615,060)	1,009,012
Non-controlling interests		(64,104)	(196,019)
		<b>(679,164)</b>	<b>812,993</b>
<b>BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE (FILS)</b>	<b>4</b>	<b>(1.53)</b>	<b>2.50</b>

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
(Loss)/profit for the period	(679,164)	812,993
<b>Other comprehensive income:</b>		
<b>Items to be reclassified to consolidated statement of profit or loss in subsequent periods:</b>		
Exchange differences arising from translation of foreign operations	(317,194)	617,693
Available for sale investments:		
-Net changes in fair value arising during the period	(5,520,257)	(837,333)
-Transferred to consolidated statement of profit or loss on sale	447,496	(619,741)
-Transferred to consolidated statement of profit or loss on impairment	410,954	804,050
Share of other comprehensive income of associates	(318,955)	(171,198)
Total other comprehensive loss for the period	(5,297,956)	(206,529)
Total comprehensive (loss)/income for the period	(5,977,120)	606,464
<b>Total comprehensive loss attributable to:</b>		
Owners of the Parent Company	(3,991,064)	1,202,038
Non-controlling interests	(1,986,056)	(595,574)
	(5,977,120)	606,464

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of financial position

	Note	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
<b>Assets</b>				
Cash and bank balances	5	6,266,964	7,737,506	7,341,773
Short-term deposits	5	5,928,917	2,613,255	3,322,059
Murabaha and wakala investments	5	1,005,206	1,000,000	2,099,091
Investments at fair value through profit or loss	6	10,341,525	11,699,191	12,040,461
Accounts receivable and other assets	7	16,730,325	15,266,515	16,699,875
Inventories		860,141	884,878	238,995
Available for sale investments	8	34,100,602	43,989,767	54,990,776
Investment in associates		52,917,250	53,076,227	50,836,532
Investment properties	9	40,743,367	39,755,699	35,084,784
Property and equipment		4,169,303	4,395,216	6,653,507
Goodwill and Intangible asset		5,534,572	5,597,375	10,202,847
<b>Total assets</b>		<b>178,598,172</b>	<b>186,015,629</b>	<b>199,510,700</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks	5	1,803,950	2,016,195	834,141
Accounts payable and other liabilities		9,242,522	7,568,953	10,314,572
Borrowings from banks and other financial institutions	10	109,181,345	111,898,284	119,096,327
Provision for end of service indemnity		650,621	592,841	582,139
<b>Total liabilities</b>		<b>120,878,438</b>	<b>122,076,273</b>	<b>130,827,179</b>
<b>Equity</b>				
Share capital	11	41,316,276	41,316,276	41,316,276
Share premium		3,410,573	3,410,573	3,410,573
Treasury shares		(3,410,573)	(3,410,573)	(3,410,573)
Legal reserve		1,644,912	1,644,912	1,507,907
Voluntary reserve		1,644,912	1,644,912	1,507,907
Cumulative changes in fair value		726,997	3,848,484	5,584,737
Foreign currency translation reserve		(10,062,056)	(9,807,539)	(8,919,845)
Retained earnings		4,232,092	4,847,152	4,796,907
Equity attributable to the owners of the Parent Company		39,503,133	43,494,197	45,793,889
Non-controlling interests		18,216,601	20,445,159	22,889,632
<b>Total equity</b>		<b>57,719,734</b>	<b>63,939,356</b>	<b>68,683,521</b>
<b>Total liabilities and equity</b>		<b>178,598,172</b>	<b>186,015,629</b>	<b>199,510,700</b>

Fahad Sulaiman Al-Khaled  
Chairman

Abdulghani M.S. Behbehani  
Vice Chairman

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to owners of the Parent Company										
	Share capital KD	Share premium KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total KD
Balance as at 1 January 2016	41,316,276	3,410,573	(3,410,573)	1,644,912	1,644,912	3,848,484	(9,807,539)	4,847,152	43,494,197	20,445,159	63,939,356
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	(2,022)	(2,022)
Dividend paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	-	(240,480)	(240,480)
Transactions with owners	-	-	-	-	-	-	-	-	-	(242,502)	(242,502)
Loss for the period	-	-	-	-	-	-	-	(615,060)	(615,060)	(64,104)	(679,164)
Total other comprehensive income for the period	-	-	-	-	-	(3,121,487)	(254,517)	-	(3,376,004)	(1,921,952)	(5,297,956)
Total comprehensive income for the period	-	-	-	-	-	(3,121,487)	(254,517)	(615,060)	(3,991,064)	(1,986,056)	(5,977,120)
Balance as at 31 March 2016	41,316,276	3,410,573	(3,410,573)	1,644,912	1,644,912	726,997	(10,062,056)	4,232,092	39,503,133	18,216,601	57,719,734

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of changes in equity (Unaudited) (continued)

	Equity attributable to owners of the Parent Company										
	Share capital KD	Share premium KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total KD
Balance as at 1 January 2015	41,316,276	3,410,573	(3,410,573)	1,507,907	1,507,907	6,009,404	(9,537,538)	4,495,457	45,299,413	18,379,788	63,679,201
Increase in non-controlling interest of subsidiary during the period (Note 11b)	-	-	-	-	-	-	-	(707,562)	(707,562)	5,107,562	4,400,000
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	(2,144)	(2,144)
Transactions with owners	-	-	-	-	-	-	-	(707,562)	(707,562)	5,105,418	4,397,856
Profit/(loss) for the period	-	-	-	-	-	-	-	1,009,012	1,009,012	(196,019)	812,993
Total other comprehensive income for the period	-	-	-	-	-	(424,667)	617,693	-	193,026	(399,555)	(206,529)
Total comprehensive income for the period	-	-	-	-	-	(424,667)	617,693	1,009,012	1,202,038	(595,574)	606,464
Balance as at 31 March 2015	41,316,276	3,410,573	(3,410,573)	1,507,907	1,507,907	5,584,737	(8,919,845)	4,796,907	45,793,889	22,889,632	68,683,521

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
(Loss)/profit before taxes		(679,164)	846,777
Adjustments:			
Realised loss/(gain) on sale of available for sale investments		447,496	(619,741)
Dividend income		(223,701)	(443,338)
Share of results of associates		(2,122,358)	(1,852,038)
Interest income and income from murabaha and wakala investments		(13,813)	(5,571)
Depreciation		86,597	56,818
Amortization of intangible assets		62,803	111,813
Provision for end of service indemnity		57,780	94,449
Finance costs		1,075,768	1,092,452
Impairment in value of available for sale investments, receivable and investment in associates		410,953	804,050
		(897,639)	85,671
<b>Changes in operating assets and liabilities:</b>			
Investments at fair value through profit or loss		1,357,666	5,332,181
Accounts receivable and other assets		322,253	(2,285,321)
Accounts payable and other liabilities		1,834,727	427,210
Inventories		24,737	72,105
<b>Cash from operation</b>		<b>2,641,744</b>	<b>3,631,846</b>
Payment of end of service indemnity		-	(38,553)
<b>Net cash from operating activities</b>		<b>2,641,744</b>	<b>3,593,293</b>
<b>INVESTING ACTIVITIES</b>			
Change in short term deposits maturing after three months		(2,276,175)	124,117
Change in blocked deposits		(740)	(334)
Decrease in Murabaha and wakala investments		(5,206)	(1,500,737)
Proceeds from sale of available for sale investments		4,555,815	2,379,308
Purchase of available for sale investments		(186,907)	-
Acquisition /improvement of investment properties		(987,668)	(2,244,272)
Net acquisition of property, plant and equipment		(1,562)	(77,929)
Dividend received		223,701	443,338
Dividend received from associate		-	1,635,164
Interest income & income from murabaha and wakala investments received		13,813	5,571
<b>Net cash from investing activities</b>		<b>1,335,071</b>	<b>764,226</b>
<b>FINANCING ACTIVITIES</b>			
Repayments of borrowings (net)		(2,716,939)	(5,830,755)
Payment to subsidiaries shareholders on account of capital reduction		(219,949)	(91,593)
Redemption of units by non-controlling interest		(2,022)	(2,144)
Investment made by non-controlling interest in the capital of a subsidiary		-	4,400,000
Dividend paid by subsidiary to Non Controlling Interest		(240,480)	-
Finance costs paid		(1,016,975)	(1,079,112)
<b>Net cash used in financing activities</b>		<b>(4,196,365)</b>	<b>(2,603,604)</b>
Net (decrease)/increase in cash and cash equivalents		(219,550)	1,753,915
Cash and cash equivalents at beginning of the period		8,009,500	6,245,901
<b>Cash and cash equivalents at end of the period</b>	5	<b>7,789,950</b>	<b>7,999,816</b>

The notes set out on pages 8 to 23 form an integral part of this interim consolidated financial information.

## Notes to the interim condensed consolidated financial information (continued)

### 1 Incorporation and activities

Noor Financial Investment Company KPSC (“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 KPSC (“the Ultimate Parent Company”).

The principal objectives of the Parent Company are as follows:

- Invest in various economic sectors through contribution to the establishment of specialized companies or purchase of shares or stakes in those companies;
- Perform the functions of investment trustees and manage all kinds of investment portfolios for third parties;
- Facilitate in lending and borrowing transactions for commission or remuneration;
- Fund and facilitate in international trade operations;
- Conduct research, studies and other technical services related to investment operations and manage funds for third parties;
- Create and manage various investment funds according to the law;
- Perform the functions of lead manager for the bonds issued by companies and bodies;
- Prepare studies and provide financial advice related to investment for privatization projects.
- Carry out all the services and activities that help developing the financial and monetary market in the State of Kuwait;
- Trade, by selling and buying, in shares, bonds, Sukuks and other securities listed and unlisted in Kuwait stock exchange market and foreign stock exchange markets for the Company’s account or the account of its clients for commission or remuneration;
- Invest in real estate, industrial and agricultural sectors of the economy in all types of investment;
- Facilitate in selling or buying financial assets and other assets for commission or remuneration and facilitate and participate in international trade operations;
- Provide funding operations to third parties to buy or lease fixed assets and movables through contracts.
- Provide technical services for the incorporation of companies and restructure, merge or dispose of the existing companies;
- Prepare studies and research and provide the necessary consultation in all matters relating to the objectives of the company;
- Acquire industrial property rights, patents, trade and industrial marks, literary and intellectual property right related to the program and literature;
- Represent foreign companies the objectives of which are identical with the objectives of the company in order to market their products and services in accordance with the relevant Kuwaiti legislation.

## Notes to the interim condensed consolidated financial information (continued)

### 1 Incorporation and activities (continued)

The Parent Company has the right to perform the above mentioned activities inside and outside the State of Kuwait directly or through an agent. The Parent Company may have an interest or participate in any aspect with the entities performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The Parent Company may also purchase these entities or affiliate them therewith. Further, the Parent Company may practice works similar or complementary or necessary or related to its above mentioned objectives and may utilize its surplus funds by investing same in portfolios and funds managed by specialized companies and bodies.

The address of the Parent Company's registered office is NIG Building, Ground Floor, Shuwaikh, Kuwait (PO Box 3311, Safat 13034, State of Kuwait).

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and published in the Official Gazette on 1 February 2016 in which they have cancelled Law No. 25 of 2012 and its amendments thereto, as stipulated in article (5) thereto. The new Law will be effective retrospectively from 26 November 2012 and the executive regulations of Law No. 25 of 2012 will remain effective pending the issuance of the new Executive Regulations.

The Board of Directors of the Parent Company approved this interim condensed consolidated financial information for issue on 23 May 2016.

The annual consolidated financial statements for the year ended 31 December 2015 were authorised for issuance by the board on 31 March 2016 and was approved by the shareholders at the Annual General Meeting held on 9 May 2016.

### 2 Basis of preparation and significant accounting policies

#### Basis of preparation and presentation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2016 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

As disclosed in Note 10.1 the management of the Parent Company is actively engaged with all its lenders to restructure its loans and is confident that based on the constructive discussions held to date they will be able to achieve an acceptable debt rescheduling within a short period of time.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional and presentation currency of the Parent Company.

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

The annual consolidated financial statements for the year ended 31 December 2015 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.

## Notes to the interim condensed consolidated financial information (continued)

### 2 Basis of preparation and significant accounting policies (continued)

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2015.

Operating 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 further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2015.

The subsidiaries are consolidated and share of results of associates are recorded based on the management accounts for the period ended 31 March 2016.

### 3 Significant accounting policies

The interim condensed consolidated financial information have been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended 31 December 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has adopted new accounting pronouncements which have become effective for the first time in 2016, none of which had any significant impact on the Group's results or financial position. These are:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
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 41 Agriculture: Bearer Plants - 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

## Notes to the interim condensed consolidated financial information (continued)

### 4 Basic & diluted (loss)/earnings per share

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

	Three months ended 31 March 2016 (Unaudited)	Three months ended 31 March 2015 (Unaudited)
(Loss)/profit for the period attributable to the owners of the Parent Company (KD)	(615,060)	1,009,012
Weighted average number of shares outstanding during the period	413,162,761	413,162,761
Less: Weighted average number of treasury shares outstanding during the period	(10,359,065)	(10,359,065)
	402,803,696	402,803,696
Basic and diluted (loss)/earnings per share (Fils)	(1.53)	2.50

### 5 Cash and cash equivalents and murabaha and wakala investments

- a. Cash and cash equivalents for the purpose of the interim condensed consolidated statement of cash flows are made up as follows:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Cash and bank balances	6,266,964	7,737,506	7,341,773
Short term deposits	5,928,917	2,613,255	3,322,059
	12,195,881	10,350,761	10,663,832
Less: Due to banks	(1,803,950)	(2,016,195)	(834,141)
Less: Blocked balances	(325,806)	(325,066)	(1,729,875)
Less: Short term deposits maturing after 3 months	(2,276,175)	-	(100,000)
Cash and cash equivalents as per statement of cash flows	7,789,950	8,009,500	7,999,816

Cash and bank balances include call accounts which earn interests. The short term deposits mature within one to twelve months and are placed with local banks.

Due to banks represent bank overdraft facilities utilised by subsidiary and are secured by short term deposit of KD970,545 (31 December 2015: KD970,545 and 31 March 2015: KD 968,000).

Cash and cash equivalents include bank balances of KD974,380 (31 December 2015: KD1,193,334 and 31 March 2015: KD1,144,400) which are designated for the purpose of payment on account of capital reduction of two subsidiaries.

## Notes to the interim condensed consolidated financial information (continued)

### 5 Cash and cash equivalents and murabaha and wakala investments (continued)

#### b. Murabaha and wakala investments

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Placed with local islamic banks	1,005,206	1,000,000	2,099,091
Due from a local Islamic investment company	14,324,160	14,324,160	14,324,160
Less: Provision for impairment in value	(14,324,160)	(14,324,160)	(14,324,160)
	-	-	-
	1,005,206	1,000,000	2,099,091

No profit was recognised on impaired wakala investments during the current period (31 December 2015: KD Nil and 31 March 2015: Nil)

Wakala investments of KD14,324,160 (31 December 2015: KD14,324,160 and 31 March 2015: KD14,324,160) placed with a local Islamic investment company matured in the last quarter of 2008. The investee company defaulted on settlement of these balances on the maturity date. However revised maturity dates were stipulated by the court. The investee company again defaulted the payment of 2nd and 3rd instalment due in June 2014 and 2015 respectively. Full provision is made for receivable in accordance with the Central Bank of Kuwait provision rules.

During the previous years, the Group assumed the financial and legal obligations on wakala investments of KD9,968,250 (in violation of the Commercial Companies Law of 1960) 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 has initiated legal proceedings against the parties to recover the amount including profits thereon. During the year 2014, the Court of Appeal has ordered the related parties to pay KD8,285,000 with 7% of profit thereon to the Group which has been overturned by the Court of Cassation in favor of the related party during the year 2015. The legal proceeding relating to the remaining amount of KD1,683,250 is still in process.

### 6 Investments at fair value through profit or loss

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
<b>Held for trading:</b>			
Quoted shares	8,832,016	9,334,848	12,040,461
- Local	4,850,575	5,265,476	7,441,726
- Foreign	3,981,441	4,069,372	4,598,735
<b>Designated on initial recognition:</b>			
-Unquoted foreign shares	1,509,509	2,364,343	-
	10,341,525	11,699,191	12,040,461

Quoted shares with a fair value of KD989,306 (31 December 2015: KD1,131,470 and 31 March 2015: KD2,382,584) are secured against bank loans (refer note 10)

## Notes to the interim condensed consolidated financial information (continued)

### 7 Accounts receivable and other assets

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
<b>Financial assets:</b>			
Accounts receivable	4,233,528	4,352,489	3,682,287
Due from the Ultimate Parent Company (net of discount and provision)	3,750	3,784	55,991
Due from other related parties	1,480,215	1,101,764	2,076,226
Due from investment brokerage companies	2,367,410	1,698,255	1,779,440
Due from Kuwait Clearing Company (future trade customers)	3,720,489	4,845,544	4,756,191
Due on sale of foreign investment properties (net) (a)	972,085	972,085	962,051
Dividend receivable from associate	1,776,948	-	-
Accrued income	899,167	937,446	1,793,095
Other financial assets	827,682	1,111,222	1,139,395
	<b>16,281,274</b>	<b>15,022,589</b>	<b>16,244,676</b>
<b>Non-financial assets</b>			
Other assets	449,051	243,926	455,199
	<b>16,730,325</b>	<b>15,266,515</b>	<b>16,699,875</b>

- a) The consideration due on sale of the Group's investment property in the Kingdom of Saudi Arabia amounting to KD12,404,655 (sold during 2011) was due in instalments. Out of the consideration due, as of 31 March 2016 an amount of KD972,085. (31 December 2015: KD972,085 and 31 March 2015: KD962,051) is outstanding and the Group's management expects that it will be settled during 2nd quarter 2016.

### 8 Available for sale investments

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
<b>Quoted shares</b>	<b>9,676,791</b>	<b>13,926,441</b>	<b>22,388,818</b>
- Local	7,736,185	12,013,402	20,040,365
- Foreign	1,940,606	1,913,039	2,348,453
<b>Unquoted shares</b>	<b>19,329,714</b>	<b>23,372,486</b>	<b>24,394,075</b>
- Local	7,956,691	7,886,209	9,583,457
- Foreign	11,373,023	15,486,277	14,810,618
<b>Foreign funds</b>	<b>5,094,097</b>	<b>6,690,840</b>	<b>8,207,883</b>
	<b>34,100,602</b>	<b>43,989,767</b>	<b>54,990,776</b>

- a) Available for sale investments include investments in unquoted shares and foreign funds whose fair values cannot be reliably determined and as a result investments with a carrying value of KD2,835,639 (2015: KD2,835,639 and 31 March 2015: KD2,754,277) 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.

## Notes to the interim condensed consolidated financial information (continued)

### 8 Available for sale investments (continued)

- b) Quoted shares with a fair value of KD4,902,353 (31 December 2015: KD8,783,999 and 31 March 2015: KD16,820,948) and unquoted shares with a fair value of KD6,600,000 (31 December 2015: KD6,600,000 and 31 March 2015: KD8,300,000) are secured against bank loans (refer note 10).
- c) During the period, the Group recognised an impairment loss of KD410,953 (31 December 2015: KD2,797,488 and 31 March 2015: KD804,050) for certain local and foreign quoted shares, as the market value of these shares declined significantly below their cost. Further the Group also recognised an impairment loss of KD Nil (31 December 2015: KD5,455,335 and 31 March 2015: KD Nil) against certain unquoted shares, local and foreign funds based on independent valuations, estimate and the net asset values reported by the investment managers at the reporting date.

### 9 Investment properties

The movement of investment properties is as follows:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Fair value as at beginning of the period/year	39,755,699	32,840,512	32,840,512
Acquisition of properties	-	1,905,599	2,244,272
Developments and construction costs	987,668	1,769,789	-
Reclassification from property & equipment	-	2,280,290	-
Changes in fair value	-	959,509	-
	40,743,367	39,755,699	35,084,784

Investment properties comprise land and buildings in the following countries:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Kuwait	40,314,400	39,325,000	34,658,779
Jordan	428,967	430,699	426,005
	40,743,367	39,755,699	35,084,784

Investments properties amounting to KD9,535,000 (31 December 2015: KD9,535,000 and 31 March 2015: KD9,432,000) and KD 17,798,425 (31 December 2015: KD13,188,000 and 31 March 2015: KD11,510,637) are secured against bank loans and Ijara Financing facilities respectively (refer note 10).

The above investment properties include jointly controlled investment properties with a carrying value of KD9,825,430 (31 December 2015: KD8,852,000 and 31 March 2015: KD7,033,510) which are partly financed from Ijara financing arrangement.

During the period/year, borrowing cost of KD43,349 (31 December 2015: KD263,003 and 31 March 2015: KD Nil) has been capitalised to investment properties under development.

## Notes to the interim condensed consolidated financial information (continued)

### 10 Borrowings from banks and financial institutions

	Effective interest/ profit rate p.a %	Security	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
<b>Short term</b>					
Ijara financing - Kuwaiti Dinnar	4.5	Secured	2,825,000	4,325,000	4,325,000
Loan Payable - Kuwaiti Dinnar	4.5	Secured	1,080,000	1,080,000	1,080,000
Murabaha and Tawaruq payables	4.5		-	-	928,914
			<b>3,905,000</b>	<b>5,405,000</b>	<b>6,333,914</b>
<b>Long term</b>					
Loans payable – Kuwaiti Dinar	3.75-4.00	Secured	69,193,625	73,508,000	73,845,500
Wakala payable – Kuwaiti Dinar	3.75	Secured	27,500,000	27,500,000	33,000,000
Ijara financing - Kuwaiti Dinnar	4.5-5.0	Secured	8,582,720	5,485,284	5,916,913
			<b>105,276,345</b>	<b>106,493,284</b>	<b>112,762,413</b>
<b>Total</b>			<b>109,181,345</b>	<b>111,898,284</b>	<b>119,096,327</b>

- 10.1 During 2011 and 2012, the Parent Company restructured its financing arrangements with some local banks and accordingly loans amounting to KD154,710,000 (out of which KD58,016,250 has been paid till reporting date) were converted into secured long term facilities. As per loan restructuring agreements, these loans are required to be 100% secured. As of 31 March 2016, 31 December 2015 and 31 March 2015, these are partly secured (notes 6,8 and 9) and the identification and securitization of the required balance is still in process.

The third instalment of the loan of KD38,677,500 fell due in 2014 and 2015 and the lenders agreed for payment of 50% of that amount within four months from the original due date. KD15,024,500 was paid in 2015 and the balance KD4,314,250 was settled during the 1<sup>st</sup> quarter of 2016.

The process of rescheduling the Parent Company's loans amounting to KD96,693,750 as of the reporting date comprising of the remaining 50% (KD19,338,750) of the third instalment and KD77,355,000 for the final instalment is ongoing.

The Parent Company had submitted a debt rescheduling plan to all its lenders and had, also requested from all of the lenders to extend the standstill as the restructuring is still in process and to continue negotiations to reach an acceptable debt rescheduling solution. Subsequent to the reporting date, the lenders have confirmed that they will continue to negotiate the terms and conditions of the restructuring to bring it to a successful closure. Accordingly, the Parent Company's management expects to finalize the debt rescheduling within the next few months.

- 10.2 Ijara financing contracts amounting to KD11,407,720 (31 December 2015: KD9,810,284 and 31 March 2015: KD11,321,913) are secured by investments properties (Note 9) and Property and equipment of KD Nil (31 December 2015: KD Nil, 31 March 2015: KD 2,200,000).
- 10.3 Long term loans and wakala amounting to KD96,693,750 (31 December 2015: KD101,008,000 and 31 March 2015: KD106,845,500) are secured by investment at fair value through profit or loss (note 6), available for sale investments (note 8) and investment properties (note 9) and against shares of two unlisted subsidiaries of the Parent Company.

## Notes to the interim condensed consolidated financial information (continued)

### 10 Borrowings from banks and financial institutions (continued)

10.4. The above loans are due as follows:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Short term Ijara Financing	2,825,000	4,325,000	4,325,000
Short term loans	1,080,000	1,080,000	1,080,000
Short term Murabaha and Tawaruq payable	-	-	928,914
Long term loans and Wakala payable			
- Current portion due within one year	12,375,000	5,689,375	11,526,875
- Due after more than one year	84,318,625	95,318,625	95,318,625
Long term ijara financing			
- Current portion due within one year	858,783	861,283	870,886
- Due after more than one year	7,723,937	4,624,001	5,046,027
	109,181,345	111,898,284	119,096,327

### 11 Share capital and non-controlling interests

- a) The authorised, issued and paid up share capital of the Parent Company comprise of 413,162,761 shares of 100 Fils each (31 December 2015: 413,162,761 and 31 March 2015: 413,162,761 of 100 Fils each), fully paid in cash.
- b) During the period ended 31 March 2015, one of the subsidiaries of the Group (Noor Al-Salhiya Real Estate Company KSCC) increased its share capital from KD11,000,000 to KD15,000,000 (40,000,000 shares with a par value of 100 fils and premium of 10 fils per each share). The Parent Company did not subscribe for this increase and consequently the Parent Company's shareholding in this subsidiary diluted from 100% to 73.32%. The proportionate carrying value of net assets on the date of dilution amounting to KD5,107,562 relating non-controlling interests was transferred to non-controlling interest in the interim condensed consolidated statement of changes in equity. Consequently the difference between cash proceeds received and non- controlling interests share of net assets on the date of dilution amounting to KD707,562 was recognized as a dilution loss in the interim condensed consolidated statement of changes in equity as of 31 March 2015.
- c) On 1st September 2015, the shareholders of one of the subsidiaries of the Group, (Kuwait India Holding Company - KSCC) decided to further decrease its share capital by KD4,000,000 out of which KD1,732,882 pertains to non-controlling interests. After completing its necessary formalities an amount of KD1,907,444 including prior capital reductions (31 December 2015: KD1,726,223 and 31 March 2015: KD3,911,655) has been paid to non-controlling interests and the balance amount is shown under accounts payable and other liabilities.
- d) Furthermore an amount of KD 904,653 (31 December 2014: KD943,381 and 31 March 2015: KD 956,119) is due to non- controlling interest for decrease in the share capital of another subsidiary (Noor Telecommunication Company KSCC) during 2012 and is included under accounts payable and other liabilities.

## Notes to the interim condensed consolidated financial information (continued)

### 12 Treasury shares

The Group holds treasury shares as follows:

	31 March 2016 (Unaudited)	31 Dec. 2015 (Audited)	31 March 2015 (Unaudited)
Number of shares	10,359,065	10,359,065	10,359,065
Percentage of issued shares	2.51%	2.51%	2.51%
Market value (KD)	455,799	481,697	859,802
Cost (KD)	3,410,573	3,410,573	3,410,573

Reserves equivalent to the cost of treasury shares held are not distributable. The treasury shares are not held as collateral against any financial liability.

### 13 Segment analysis

The Group activities are concentrated in four main segments: investments, real estate, IT services and Hotel operations. These segments are regularly reviewed by the Chief Operating Decision Maker (CODM) for resource allocation and performance assessment. In addition, the segments results, assets and liabilities are reported based on the geographical location in which the Group operates in. 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.

n	331	951	254	340	338	114	331)	440)	943	36	50)	52)	77	ts	3,59	0,23	9,30	0,39	3,52
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## Notes to the interim condensed consolidated financial information (continued)

### 14 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 (fellow subsidiaries), 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.

Details of significant related party transactions and balances are as follows:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
<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) (net)	3,750	3,784	55,991
- Due from associates (note 7)	168,392	166,730	1,131,436
- Due from other related parties (note 7)	1,311,823	935,034	944,790
- Accrued management fees	676,825	680,063	674,180
Due to related parties	1,825,770	62,000	57,000
<b>Transactions with related parties</b>			
Transfer of investments at fair value through profit or loss	-	2,200,042	-
<b>Investments in related parties</b>			
- Investments at fair value through profit or loss	926,163	926,163	1,412,019
- Available for sale investments	4,977,629	5,591,016	7,049,383
		Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
<b>Interim condensed consolidated statement of profit or loss</b>			
Management and placement fees			
- earned from Ultimate Parent Company		115	154
- earned from other related parties		417	501
<b>Compensation of key management personnel of the Group</b>			
Short term employee benefits		56,008	43,697
End of service benefits		3,289	1,193
		59,297	44,890

## Notes to the interim condensed consolidated financial information (continued)

### 15 Summary of financial assets and liabilities by category and fair value measurement

#### 15.1 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 position may also be categorized as follows:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
<b>Loans and receivables(at amortised cost):</b>			
• Cash and bank balances	6,266,964	7,737,506	7,341,773
• Short term deposits	5,928,917	2,613,255	3,322,059
• Murabaha and wakala investments	1,005,206	1,000,000	2,099,091
• Accounts receivable and other assets (note 7)	16,281,274	15,022,589	16,244,676
	29,482,361	26,373,350	29,007,599
<b>Investments at fair value through profit or loss: (note 6)</b>			
• - Held for trading	8,832,016	9,334,848	12,040,461
• - Designated on initial recognition	1,509,509	2,364,343	-
	10,341,525	11,699,191	12,040,461
<b>Available for sale investments (note 8)</b>			
• At fair value	31,264,963	41,154,128	53,182,658
• At cost / cost less impairment (refer note 8(a))	2,835,639	2,835,639	1,808,118
	34,100,602	43,989,767	54,990,776
<b>Total financial assets</b>	<b>73,924,488</b>	<b>82,062,308</b>	<b>96,038,836</b>
<b>Financial liabilities (at amortised costs) :</b>			
• Due to banks	1,803,950	2,016,195	834,141
• Accounts payable and other liabilities	9,242,522	7,568,953	10,314,572
• Borrowings from banks and financial institutions (note 10)	109,181,345	111,898,284	119,096,327
	120,227,817	121,483,432	130,245,040

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 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) at fair value. In the opinion of the Group's management, except and certain long term borrowing (Note 10) the carrying amounts of financial assets and liabilities which are carried of amortised cost are approximate to their fair values.

## Notes to the interim condensed consolidated financial information (continued)

### 15 Summary of financial assets and liabilities by category (continued)

#### 15.2 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 2016	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<b>Financial assets at fair value:</b>				
Investments at fair value through profit or loss				
- Quoted shares	8,832,016	-	-	8,832,016
- Unquoted shares	-	1,509,509	-	1,509,509
Available for sale investments				
- Quoted shares	8,743,838	932,953	-	9,676,791
- Unquoted shares	-	10,286,178	7,851,113	18,137,291
- Foreign funds	-	-	3,450,882	3,450,882
<b>Total assets</b>	<b>17,575,854</b>	<b>12,728,640</b>	<b>11,301,995</b>	<b>41,606,489</b>
<b>31 December 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	KD	KD	KD	KD
<b>Financial assets at fair value:</b>				
Investments at fair value through profit or loss				
-Quoted shares	9,334,848	-	-	9,334,848
-Unquoted shares	-	2,364,343	-	2,364,343
Available for sale investments				
-Quoted shares	13,064,544	861,897	-	13,926,441
-Unquoted shares	-	14,268,132	7,911,930	22,180,062
-Foreign funds	-	5,047,625	-	5,047,625
<b>Total assets</b>	<b>22,399,392</b>	<b>22,541,997</b>	<b>7,911,930</b>	<b>52,853,319</b>

## Notes to the interim condensed consolidated financial information (continued)

### 15 Summary of financial assets and liabilities by category (continued)

#### 15.2 Fair value hierarchy for financial instruments measured at fair value (continued)

31 March 2015	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value:				
Investments at fair value through profit or loss				
- Quoted shares	12,040,461	-	-	12,040,461
Available for sale investments				
- Quoted shares	22,388,818	-	-	22,388,818
- Unquoted shares	-	13,296,178	9,905,473	23,201,651
- Foreign funds	-	6,646,030		6,646,030
Total assets	34,429,279	19,942,208	9,905,473	64,276,960

There were no transfers between the levels during the current period.

### 16 Contingent liabilities and Capital commitments

#### *Contingent liabilities*

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 filed a case against the seller claiming misrepresentation in valuing the subsidiary's assets at JD4,500,000 (KD1,923,867). The subsidiary's management and legal advisor believe that the favorable decision of the court is probable hence, no provision for any effects that may result has been made in the interim condensed consolidated financial statements.

In addition to the above, the Parent Company had contingent liabilities with respect to outstanding legal cases amounting to KD227,249 and the Parent Company's management and legal advisor believe that the case can be successfully resisted. No provision for any effects that may result has been made in the interim condensed consolidated financial statements.

#### *Guarantees and capital commitments*

At the reporting date, the Group had capital commitments of KD1,773,266 (31 December 2015: KD1,791,430 and 31 March 2015: KD1,985,797) towards purchase of investments and guarantees amounting to KD7,250,890 (31 December 2015: KD7,296,552 and 31 March 2015: KD7,477,474).

### 17 Fiduciary assets

The Group manages mutual funds and portfolios on behalf of its 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 statements of financial position. Assets under management at 31 March 2016 amounted to KD51,493,824 (31 December 2015: KD54,230,073 and 31 March 2015: KD55,328,169) of which assets managed on behalf of its Ultimate Parent Company and other related parties amounted to KD49,618,251 (31 December 2015: KD52,230,986 and 31 March 2015: KD53,383,769).

## Notes to the interim condensed consolidated financial information (continued)

### **18 Distributions and directors' remuneration**

The shareholders at their Annual General Meeting held on 09 May 2016 approved not to make any distributions for the year ended 31 December 2015. (2014: Nil).

The shareholders of the Parent Company at the Annual General Meeting held on 09 May 2016, approved to distribute a total amount of KD30,000 as remuneration to the Board of Directors for the year ended 31 December 2015, which is in excess of the amount stipulated in the Companies Law. Consequently, this will be recorded as an expense during the 2nd quarter of 2016.

### **19 Comparative information**

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