

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

**Independent Auditors' Review Report
and
Interim Condensed Consolidated Financial Information (Unaudited)**

30 September 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 30 September 2014 and the related interim condensed consolidated statements of profit or loss and comprehensive income for three month and nine month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended. 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 2.1. 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 2.1.

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 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 nine month period ended 30 September 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 nine month period ended 30 September 2014 that might have had a material effect on the business or financial position of the Group.

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Kuwait

17 November 2014

Abdullatif M. Al-Aiban (CPA)
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Interim Condensed Consolidated Statement of Profit or Loss – period ended 30 September 2014 (Unaudited)

		Kuwaiti Dinars			
		Three months ended 30 September		Nine months ended 30 September	
	Note	2014	2013	2014	2013
Income					
Revenue from hotel operation and IT services		3,810,037	2,069,407	10,009,104	4,191,947
Cost of sales and services		(3,255,313)	(1,795,219)	(8,440,025)	(3,477,193)
Gross profit from hotel and IT services		554,724	274,188	1,569,079	714,754
Realised gain on investments at fair value through profit or loss		321,755	281,495	795,252	876,065
Unrealised gain on investments at fair value through profit or loss		1,794,861	1,508,994	3,010,775	2,147,746
Realised gain on sale of available for sale investments		1,100,105	1,814,087	1,909,522	3,135,131
Dividend income		47,854	56,852	1,672,267	3,992,559
Share of results of associates		196,501	1,440,710	4,302,254	4,908,508
Profit on disposal of associate		-	105,367	-	105,367
Realised gain on sale of investment properties		-	-	300,000	-
Management and placement fees		45,913	49,543	70,571	285,099
Interest and other income	3	401,403	1,659,647	1,206,392	3,072,154
Foreign exchange gain/(loss)		75,537	(74,631)	(17,877)	(85,327)
		<u>4,538,653</u>	<u>7,116,252</u>	<u>14,818,235</u>	<u>19,152,056</u>
Expenses and other charges					
General, administrative and other expenses		1,089,129	1,089,744	3,843,356	3,407,602
Finance costs		1,206,707	1,155,723	3,370,003	3,511,406
Impairment in value of available for sale investments	8	2,181,669	5,489,909	3,095,672	6,440,265
Impairment in value of receivables	7	-	-	710,607	127,008
Impairment in value of investment in associate		-	-	111,473	-
		<u>4,477,505</u>	<u>7,735,376</u>	<u>11,131,111</u>	<u>13,486,281</u>
Profit/(loss) before KFAS, Zakat and NLST		61,148	(619,124)	3,687,124	5,665,775
Reversal of/(provision for) KFAS		6,113	(6,187)	(14,374)	(47,710)
Reversal of/(provision for) Zakat		1,272	(14,017)	(32,991)	(42,946)
Provision for National Labor Support Tax (NLST)		(2,486)	(36,264)	(88,337)	(155,823)
Profit/(loss) for the period		66,047	(675,592)	3,551,422	5,419,296
Attributable to:					
Owners of the Parent Company		118,003	1,430,708	3,976,029	7,113,326
Non-controlling interests		(51,956)	(2,106,300)	(424,607)	(1,694,030)
		<u>66,047</u>	<u>(675,592)</u>	<u>3,551,422</u>	<u>5,419,296</u>
Basic and diluted earnings per share (Fils)	4	<u>0.3</u>	<u>3.6</u>	<u>9.9</u>	<u>17.7</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 30 September 2014
(Unaudited)

	Kuwaiti Dinars			
	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Profit/(loss) for the period	66,047	(675,592)	3,551,422	5,419,296
<i>Other comprehensive income</i>				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences arising on translation of foreign operations	(619,312)	(2,562,262)	1,850,417	(2,887,797)
<i>Available for sale investments:</i>				
- Net changes in fair value arising during the period	1,903,183	(529,359)	845,302	(1,672,545)
- Transferred to consolidated statement of profit or loss on sale	(1,100,105)	(1,814,087)	(1,909,522)	(3,135,131)
- Transferred to consolidated statement of profit or loss on impairment	2,181,669	5,489,909	3,095,672	6,440,265
Share of other comprehensive (loss)/gain of associates	(1,005,032)	(54,442)	160,038	(1,135,700)
Total other comprehensive income/(loss) for the period	1,360,403	529,759	4,041,907	(2,390,908)
Total comprehensive income/(loss) for the period	1,426,450	(145,833)	7,593,329	3,028,388
 Total comprehensive income attributable to:				
Owners of the Parent Company	1,467,302	2,530,075	8,559,866	5,098,201
Non-controlling interests	(40,852)	(2,675,908)	(966,537)	(2,069,813)
	1,426,450	(145,833)	7,593,329	3,028,388

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 30 September 2014 (Unaudited)

		Kuwaiti Dinars		
		30 September 2014	31 December 2013	30 September 2013
	Note	(Unaudited)	(Audited)	(Unaudited)
ASSETS				
Cash and bank balances	5	8,474,953	7,996,585	20,389,292
Short term deposits	5	607,074	189,481	189,082
Murabaha and wakala investments	5	596,332	4,500,000	-
Investments at fair value through profit or loss	6	22,138,515	21,545,840	19,530,186
Accounts receivable and other assets	7	19,065,029	28,302,787	22,178,284
Available for sale investments	8	65,334,127	68,619,650	71,114,305
Investments in associates		43,776,244	39,865,645	41,279,284
Investment properties	9	31,607,049	28,604,121	16,771,384
Property and equipment		6,785,973	4,476,204	4,597,008
Goodwill		1,990,375	1,990,375	1,990,375
Total assets		200,375,671	206,090,688	198,039,200
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable and other liabilities		6,081,153	6,433,037	6,130,870
Borrowings from banks and financial institutions	10	126,431,124	134,564,750	128,214,750
Provision for end of service indemnity		494,117	516,387	575,093
Total liabilities		133,006,394	141,514,174	134,920,713
Equity				
Equity attributable to owners of the Parent Company				
Share capital	11	41,316,276	37,560,251	37,560,251
Share premium		3,410,573	3,410,573	3,410,573
Treasury shares		(3,410,573)	(3,410,573)	(3,410,573)
Legal reserve		1,413,431	1,413,431	469,420
Voluntary reserve		1,413,431	1,413,431	469,420
Cumulative changes in fair value		9,274,315	6,540,895	9,833,912
Foreign currency translation reserve		(11,368,055)	(13,218,472)	(13,115,569)
Retained earnings		11,477,475	10,741,380	10,692,568
Equity attributable to the owners of the Parent Company		53,526,873	44,450,916	45,910,002
Non-controlling interests	11	13,842,404	20,125,598	17,208,485
Total Equity		67,369,277	64,576,514	63,118,487
Total liabilities and equity		200,375,671	206,090,688	198,039,200

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


Abdullatif A. Al-Asfour
Chairman


Abdulghani M.S. Behbehani
Vice Chairman

Interim Condensed Consolidated Statement of Changes in Equity - period ended 30 September 2014 (Unaudited)

	Kuwaiti Dinars								Non-controlling interests	Total equity	
	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
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
Issue of Bonus shares (Note 11)	3,756,025	-	-	-	-	-	-	(3,756,025)	-	-	-
Increase in non-controlling interest by subsidiary	-	-	-	-	-	-	-	-	-	2,500	2,500
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	(153,869)	(153,869)
Redemption of share capital by non-controlling interests of subsidiary (Note 11c)	-	-	-	-	-	-	-	-	-	(3,911,655)	(3,911,655)
Acquisition of non-controlling interest (Note 17)	-	-	-	-	-	-	-	-	516,091	(1,244,978)	(728,887)
Decrease in non-controlling interests on sale of subsidiary	-	-	-	-	-	-	-	-	-	(8,655)	(8,655)
Transactions with owners	3,756,025	-	-	-	-	-	-	(3,239,934)	516,091	(5,316,657)	(4,800,566)
Profit/(loss) for the period	-	-	-	-	-	-	-	3,976,029	3,976,029	(424,607)	3,551,422
Total other comprehensive income for the period	-	-	-	-	-	2,733,420	1,850,417	-	4,583,837	(541,930)	4,041,907
Total comprehensive income for the period	-	-	-	-	-	2,733,420	1,850,417	3,976,029	8,559,866	(966,537)	7,593,329
Balance as at 30 September 2014	41,316,276	3,410,573	(3,410,573)	1,413,431	1,413,431	9,274,315	(11,368,055)	11,477,475	53,526,873	13,842,404	67,369,277

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 30 September 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	Non-controlling interests	Total equity
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	26,403,014	67,214,815
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	(1,229,331)	(1,229,331)
Net increase in non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	746,625	746,625
Redemption of share capital by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	(6,642,010)	(6,642,010)
Transactions with owners	-	-	-	-	-	-	-	-	(7,124,716)	(7,124,716)
Profit/(loss) for the period	-	-	-	-	-	-	-	7,113,326	(1,694,030)	5,419,296
Total other comprehensive income for the period	-	-	-	-	-	-	-	-	(375,783)	(2,390,908)
Total comprehensive income for the period	-	-	-	-	-	872,672	(2,887,797)	-	(2,015,125)	(2,015,125)
Balance as at 30 September 2013	37,560,251	3,410,573	(3,410,573)	469,420	469,420	9,833,912	(13,115,569)	10,692,568	17,208,485	63,118,487

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 30 September 2014 (Unaudited)

	Kuwaiti Dinars	
	Nine months ended	
	30 September	
	2014	2013
Operating activities		
Profit before KFAS, Zakat and NLST	3,687,124	5,665,775
<i>Adjustments:</i>		
Realized gain on sale of available for sale investments	(1,909,522)	(3,135,131)
Dividend income	(1,672,267)	(3,992,559)
Share of results of associates	(4,302,254)	(4,908,508)
Gain on disposal of associate	-	(105,367)
Gain on sale of investment properties	(300,000)	-
Interest income and income from wakala and murabaha investments	(80,504)	(84,413)
Effect of discounting on receivable	-	(142,913)
Depreciation	115,070	151,873
Provision for end of service indemnity	31,546	75,865
Finance costs	3,370,003	3,511,406
Impairment in value of available for sale investments, associates and receivables	3,917,752	6,567,273
	<u>2,856,948</u>	<u>3,603,301</u>
<i>Changes in operating assets and liabilities:</i>		
Investments at fair value through profit or loss	(592,675)	3,895,392
Accounts receivable and other assets	7,498,624	(203,989)
Accounts payable and other liabilities	75,313	(304,470)
<i>Cash from operations</i>	<u>9,838,210</u>	<u>6,990,234</u>
KFAS, Zakat and NLST paid	(482,431)	(76,405)
Payment of end of service indemnity	(53,816)	(74,438)
Net cash from operating activities	<u>9,301,963</u>	<u>6,839,391</u>
Investing activities		
Changes in blocked deposits	(1,154,543)	5,044,933
Proceeds from wakala investments	3,903,669	11,293,421
Proceeds from sale of available for sale investments	5,184,311	9,678,410
Dividend received	4,152,816	5,825,249
Acquisition of associate (net)	(251,298)	(50,000)
Proceeds from redemption of units of an associate	-	2,974,491
Acquisition of subsidiaries (net)	-	(2,151,238)
Acquisition of available for sale investments	(1,053,489)	(252,048)
Acquisition of investment properties	(3,721,428)	(26,228)
Acquisition of property and equipment (net)	(2,424,839)	(186,514)
Proceeds from sale of investment properties	2,100,000	-
Interest income & income from murabaha and wakala investments received	80,504	84,413
Net cash from investing activities	<u>6,815,703</u>	<u>32,234,889</u>
Financing activities		
Repayment of bank borrowings (net)	(8,133,626)	(19,242,114)
Redemption of units by non-controlling interests	(153,869)	(1,229,331)
Payment to subsidiary's shareholders on capital reduction	(3,989,395)	(6,170,108)
Investment by NCI in subsidiaries	2,500	-
Acquisition of non-controlling interests by subsidiary	(728,887)	-
Dividend paid	(2,300)	(7,300)
Finance costs paid	(3,370,671)	(3,508,857)
Net cash used in financing activities	<u>(16,376,248)</u>	<u>(30,157,710)</u>
<i>Net (decrease)/increase in cash and cash equivalents</i>	<u>(258,582)</u>	<u>8,916,570</u>
Cash and cash equivalents at the beginning of period	7,820,066	11,291,804
Cash and cash equivalents at the end of period (refer note 5)	<u>7,561,484</u>	<u>20,208,374</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 from 13 September 2011, also by the Capital Market Authority (CMA), as an investment company and is a subsidiary of National Industries Group Holding S.A.K ("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 17 November 2014.

The Parent Company's consolidated financial statements for the year ended 31 December 2013 were approved by the shareholders at the Annual General Meeting (AGM) held on 15 May 2014.

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.

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2014 (Unaudited)

2.2 Significant accounting policies

During the current period, the Group has adopted the following amended IFRSs effective for the annual periods beginning on or after 1 January 2014 which did not have any significant impact on this interim condensed consolidated financial information and relevant disclosures will be made as applicable in the annual consolidated financial statements of the Group:

Amendments to "IAS 32: Offsetting Financial Assets and Financial Liabilities" clarified the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting.

Amendments to IAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied.

IFRIC 21: Levies sets out accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. This interpretation was issued on 30 May 2013 and is effective for annual period beginning on or after 1 January 2014.

New and revised IASB Standards, but not yet effective

The following IASB Standards/amendments have been issued but are not yet effective and have not been early adopted by the Group. This listing of standards issued is those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these amendments when they become effective.

IFRS 13: Fair value measurement (effective for financial years beginning on or after 1 July, 2014)	Clarifies that short term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is not material. Also, clarifies that portfolio exception in IFRS 13, which allows an entity to fair value a group of financial assets and financial liabilities on a net basis applies to all contracts within the scope of IAS 39 and IFRS 9.
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IAS 16: Property, plant and equipment (effective for financial years beginning on or after 1 July, 2014)	Clarifies how the gross amount and depreciation are adjusted after the carrying amount of the asset is restated to the revalued amount.
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IAS 24: Related party transactions (effective for financial years beginning on or after 1 July, 2014)	Includes in the definition of related party, entities that provide key management personnel service to a reporting entity.
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IFRS 15 – Revenue from contracts with customers

IFRS 15 specifies how and when an entity will recognize revenue as well as requires the entity to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2017.

IFRS 9: Financial Instruments: Classification and Measurement

IFRS 9 continues to be amended and the effective date is currently expected for annual periods beginning on or after 1 January 2018. The current transitional guidance will change once the final aspects of the standard are completed. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2014 (Unaudited)

3. Interest and other income

	Kuwaiti Dinar			
	Three months ended		Nine months ended	
	30 September (Unaudited)		30 September (Unaudited)	
	2014	2013	2014	2013
Interest income	3,841	15,792	66,964	74,535
Income from wakala and murabaha investments	3,066	633	13,540	9,878
Income from financing future trade by customers	100,659	106,429	269,093	357,799
Effect of discounting on receivables (note 7)	-	-	-	142,913
Rental income	261,739	282,860	762,180	859,531
Reversal of impairment provision on wakala (note 5)	-	874,497	-	874,497
Gain on sale of subsidiary	-	-	13,158	-
Other income	32,098	379,436	81,457	753,001
	<u>401,403</u>	<u>1,659,647</u>	<u>1,206,392</u>	<u>3,072,154</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		Nine months ended	
	30 September (Unaudited)		30 September (Unaudited)	
	2014	2013	2014	2013
Profit for the period attributable to the owners of Parent Company(KD)	118,003	1,430,708	3,976,029	7,113,326
Weighted average number of shares outstanding during the period	413,162,760	413,162,760	413,162,760	413,162,760
Less: Weighted average number of treasury shares outstanding during the period	(10,358,684)	(10,358,684)	(10,358,684)	(10,358,684)
	<u>402,804,076</u>	<u>402,804,076</u>	<u>402,804,076</u>	<u>402,804,076</u>
Basic and diluted earnings per share (Fils)	0.3	3.6	9.9	17.7

The weighted average number of shares outstanding during the previous periods have been restated to add the bonus shares issued during the period (Note 11).

The earning per share reported during the previous period for the three months and nine months ended 30 September 2013 were 4 Fils and 19 Fils respectively.

5. Cash and cash equivalents, murabaha and wakala investments

a) Cash and cash equivalents

	Kuwaiti Dinars		
	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Cash and bank balances	8,474,953	7,996,585	20,389,292
Short term deposits	607,074	189,481	189,082
	<u>9,082,027</u>	<u>8,186,066</u>	<u>20,578,374</u>
Less: Blocked balances	(1,520,543)	(366,000)	(370,000)
Cash and cash equivalents as per cash flow statement	<u>7,561,484</u>	<u>7,820,066</u>	<u>20,208,374</u>

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2014 (Unaudited)

b) *Murabaha and Wakala investments*

	Kuwaiti Dinars		
	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Placed with a local Islamic investment company	14,324,160	14,324,160	14,324,160
Less : Impairment in value	(14,324,160)	(14,324,160)	(14,324,160)
	-	-	-
Placed with a local Islamic bank	596,332	4,500,000	-
	596,332	4,500,000	-

No profit was recognised on impaired wakala investments during the current period (31 December 2013 and 30 September 2013: Nil).

Wakala investments of KD 14,324,160 (31 December 2013: KD 14,324,160 and 30 September 2013: KD 14,324,160) 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. Of the above KD 4,784,847 (31 December 2013: KD 4,784,847 and 30 September 2013: KD 4,784,847) relates to the subsidiary acquired in 2010. Full provision has been made for these receivables in accordance with the Central Bank of Kuwait 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 has initiated legal proceedings against the parties to recover KD 9,968,250 including profits thereon. During the current year the court of appeal has ordered the related parties to pay KD 8,285,000 with 7% of profit thereon to the Group. However, the related parties have appealed to the court of cassation against the order of the court of appeal. The legal proceeding relating to KD 1,683,250 are still in progress.

6. **Investments at fair value through profit or loss**

	Kuwaiti Dinars		
	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
<i>Held for trading:</i>			
Quoted shares	22,138,515	21,269,751	18,177,409
Quoted debt instruments	-	276,089	1,352,777
	22,138,515	21,545,840	19,530,186

Quoted shares with a fair value of KD 10,517,549 (31 December 2013: KD 11,502,217 and 30 September 2013: KD 10,572,419) are secured against bank loans (Note 10).

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2014 (Unaudited)

7. Accounts receivable and other assets

	Kuwaiti Dinars		
	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
<i>Financial assets</i>			
Accounts receivable	4,931,567	4,304,497	4,581,772
Due from Ultimate Parent Company (net of discount and provision)	56,452	59,032	50,737
Due from other related parties	1,432,013	5,016,167	4,869,386
Due from future trade clients	6,032,722	5,544,247	5,249,466
Due on sale of investment properties (net)	1,315,032	3,766,548	4,077,294
Due from investment brokerage companies	908,790	5,032,812	511,884
Accrued income	817,901	1,363,902	1,406,549
Advance payments to acquire investments	2,716,920	2,887,127	150,000
Other financial assets	492,020	62,288	994,854
	<u>18,703,417</u>	<u>28,036,620</u>	<u>21,891,942</u>
<i>Non-financial assets</i>			
Other assets	361,612	266,167	286,342
	<u>19,065,029</u>	<u>28,302,787</u>	<u>22,178,284</u>

Due on sale of investment properties has been discounted based on an effective interest rate of 5.5% p.a to give effect to the deferred payment terms. The effect of unwinding of discount on this receivable amounting to KD Nil for the period ended 30 September 2014 (31 December 2013: KD 214,212 and 30 September 2013: KD 142,913) is recognized in "Other income" (note 3).

During the current period the Group has made a provision of KD 710,607 (31 December 2013: KD 127,008 and 30 September 2013: KD 127,008) against accrued management fees receivable and other receivable.

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 instalments. Out of the consideration due, KD 9,405,645 (31 December 2013: KD 6,383,417 and 30 September 2013: KD 5,901,425) was settled in cash and 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 parties" in 2013.

8. Available for sale investments

	Kuwaiti Dinars		
	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Quoted shares	35,243,787	39,580,163	41,380,615
Unquoted shares	22,411,722	22,380,652	22,355,193
Funds (foreign)	7,678,618	6,658,835	7,378,497
	<u>65,334,127</u>	<u>68,619,650</u>	<u>71,114,305</u>

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2014 (Unaudited)

- a. Available for sale investments include a number of 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 1,551,068 (31 December 2013: KD 663,875 and 30 September 2013: KD 5,716,485) are carried at cost. The Group's management is not aware of any circumstance that would indicate impairment/further impairment in value of these investments.
- b. Quoted shares with a fair value of KD 22,572,996 (31 December 2013: KD 27,040,946 and 30 September 2013: KD 30,990,357) are secured against bank loans (refer note 10).
- c. During the period, the Group recognized an impairment loss of KD 846,816 (31 December 2013: KD 6,109,925 and 30 September 2013: 6,109,925) for certain quoted available for sale investments 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 2,248,856 (31 December: KD 338,921 and 30 September 2013: KD 330,340) against certain unquoted shares and foreign funds based on estimates made by the management as per information available to them at the reporting date.

9. Investment properties

The movement in investment properties is as follows:

	Kuwaiti Dinars		
	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Fair value as at 1 January	28,604,121	16,745,156	16,745,156
Additions during the period/ year	4,802,928	10,626,868	26,228
Disposals during the period/ year	(1,800,000)	-	-
Change in fair value	-	1,232,097	-
	<u>31,607,049</u>	<u>28,604,121</u>	<u>16,771,384</u>

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

	Kuwaiti Dinars		
	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Kuwait	31,198,890	28,203,475	16,453,900
Jordan	408,159	400,646	317,484
	<u>31,607,049</u>	<u>28,604,121</u>	<u>16,771,384</u>

Investment properties amounting to KD 23,386,390 (31 December 2013: KD 19,873,475 and 30 September 2013: KD 8,200,000) are secured against bank loans and Ijara financing (refer note 10).

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2014 (Unaudited)

10. Borrowings from banks and financial institutions

			Kuwaiti Dinars		
	Effective interest/ cost rate per annum %	Security	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
<i>Short term</i>					
Ijara Financing - KD	4.5	Secured	4,205,000	1,500,000	-
<i>Long term</i>					
Loans payable - KD	3.25	Secured	83,032,500	88,614,750	88,614,750
Wakala payable – KD	3.25	Secured	33,000,000	39,600,000	39,600,000
Ijara financing – KD	4.5 - 5	Secured	6,193,624	4,850,000	-
			126,431,124	134,564,750	128,214,750

The above loans are due as follows:

	Kuwaiti Dinars		
	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Short term Ijara financing due within one year	4,205,000	1,500,000	-
<i>Long term loans</i>			
Due within one year	38,677,500	30,556,000	30,556,000
Due after one year	77,355,000	97,658,750	97,658,750
<i>Long term ijara financing</i>			
- Current portion due within one year	804,011	600,000	-
- Due after more than one year	5,389,613	4,250,000	-
	<u>126,431,124</u>	<u>134,564,750</u>	<u>128,214,750</u>

- During 2011 and 2012, the Parent Company restructured its financing arrangements with some local banks and accordingly loans amounting to KD 116,032,500 (net of repayment of KD 38,677,500) were converted into secured long term facilities. As per loan restructuring agreements, these loans are required to be 100% secured. As of 30 September 2014, these are partly secured (notes 6, 8 and 9) and the process of identification and securitization of the required balance investment portfolios is currently underway. The Parent Company is currently in the process of rescheduling the existing repayment plan of its loans amounting to KD 116,032,500 including KD 38,677,500 due within one year and KD 77,355,000 due after one year. Subsequent to the reporting date, the Parent Company has received a rollover confirmation from the lead bank to reschedule KD 15,623,750 that was due in the last week of September 2014 till end of January 2015 and from another lender bank for another amount of KD 2,750,000 that was due in October 2014 till end of December 2014. These two lending banks have already confirmed in principle approval to a rescheduling. The rescheduling is expected to be formalized by the end of the current year and affect the existing repayment plan and amounts due within one year.
- Short term Ijara financing contracts amounting to KD 4,205,000 (31 December 2013: KD 1,500,000 and 30 September 2013: KD Nil) are secured by investments properties (Note 9).
- Long term loans, wakala and Ijara financing amounting to KD 122,226,124 (31 December 2013: KD 128,214,750 and 30 September 2013: KD 128,214,750) 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 property and equipment.

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2014 (Unaudited)

11. Share capital and Non - controlling interests

- a. The authorized, issued and paid up share capital of the Parent Company comprise of 413,162,760 shares of 100 Fils each (31 December 2013 and 30 September 2013: 375,602,510 of 100 Fils each) fully paid in cash.
- b. At the AGM held on 15 May 2014, the shareholders approved 10% bonus shares on outstanding shares as at the date of the AGM, which is 37,560,251 shares of 100 Fils each amounting to KD 3,756,025.
- c. 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. An amount of KD 3,579,788 has been paid to non-controlling interests and the balance amount is shown under accounts payable and other liabilities.

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 State of 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 30 September 2014 and 30 September 2013 are as follows:

Three months ended 30 September 2014 (unaudited)

	Kuwaiti Dinars		
	Domestic & GCC	International	Total
Income	2,882,838	1,655,815	4,538,653
Profit/(loss) for the period	591,901	(525,854)	66,047
Share of results of associates	43,856	152,645	196,501
Impairment in value of available for sale investments	-	2,181,669	2,181,669

Three months ended 30 September 2013 (unaudited)

	Kuwaiti Dinars		
	Domestic & GCC	International	Total
Income	5,497,741	1,618,511	7,116,252
Profit/(loss) for the period	3,121,992	(3,797,584)	(675,592)
Share of results of associates	232,504	1,208,206	1,440,710
Impairment in value of available for sale investments	-	5,489,909	5,489,909

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2014 (Unaudited)

Nine months ended 30 September 2014 (unaudited)

	Kuwaiti Dinars		
	Domestic & GCC	International	Total
Income	8,087,561	6,730,674	14,818,235
Profit for the period	316,575	3,234,847	3,551,422
Share of results of associates	222,698	4,079,556	4,302,254
Impairment in value of available for sale investment, receivable and investments in associates	421,926	3,495,826	3,917,752
Total assets	129,398,391	70,977,280	200,375,671
Total liabilities	(132,060,594)	(945,800)	(133,006,394)
Net assets	(2,662,203)	70,031,480	67,369,277

Nine months ended 30 September 2013 (unaudited)

	Kuwaiti Dinars		
	Domestic & GCC	International	Total
Income	12,606,348	6,545,708	19,152,056
Profit for the period	4,643,990	775,306	5,419,296
Share of results of associates	190,250	4,718,258	4,908,508
Impairment in value of available for sale investments and receivables	796,873	5,770,400	6,567,273
Total assets	136,010,663	62,028,537	198,039,200
Total liabilities	134,067,274	853,439	134,920,713
Net assets	1,943,389	61,175,098	63,118,487

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.

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

	Kuwaiti Dinars		
	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Interim condensed consolidated statement of financial position			
Due from Ultimate Parent Company and other related parties			
- Due from Ultimate Parent Company (note 7) (net)	56,452	59,032	50,737
- Due from an associate	49,968	4,834,626	4,686,754
- Due from other related parties	1,382,045	181,541	182,633
- Accrued management fees	645,643	669,354	658,449
Due to other related parties included in accounts payable and other liabilities	320,513	536,035	65,000
Purchase of investment property	1,281,500	-	-

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2014 (Unaudited)

	Kuwaiti Dinars			
	Three months ended		Nine months ended	
	30 September (Unaudited)		30 September (Unaudited)	
	2014	2013	2014	2013
Interim condensed consolidated statement of profit or loss				
<i>Management and placement fees</i>				
- earned from Ultimate Parent Company	202	995	581	19,871
- earned from other related parties	196	18,815	9,080	142,379
Impairment in value of other receivables	-	-	-	127,008
<i>Key management compensation</i>				
Short term employee benefits	48,253	325,547	325,352	474,947
End of service benefits	5,887	4,707	18,037	15,860
	<u>54,140</u>	<u>330,254</u>	<u>343,389</u>	<u>490,807</u>

14. Financial instruments

14.1 Categories of financial assets and liabilities

The categories of the Group's financial assets and liabilities are as follows:

	Kuwaiti Dinars		
	30 September	31 December	30 September
	2014 (Unaudited)	2013 (Audited)	2013 (Unaudited)
Loans and receivables:			
Cash and bank balances (note 5)	8,474,953	7,996,585	20,389,292
Short term deposits (note 5)	607,074	189,481	189,082
Murabaha and wakala investment (note 5)	596,332	4,500,000	-
Accounts receivable and other assets (note 7)	18,703,417	28,036,620	21,891,942
Investments at fair value through profit or loss: (note 6)			
Trading securities	22,138,515	21,545,840	19,530,186
Available for sale investments (note 8)	65,334,127	68,619,650	71,114,305
	<u>115,854,418</u>	<u>130,888,176</u>	<u>133,114,807</u>
Other financial liabilities:			
Accounts payable and other liabilities	6,081,153	6,433,037	6,130,870
Borrowings from banks and financial institutions (note 10)	126,431,124	134,564,750	128,214,750
Provision for end of service indemnity	494,117	516,387	575,093
	<u>133,006,394</u>	<u>141,514,174</u>	<u>134,920,713</u>

14.2 Fair value hierarchy for financial instruments measured at fair value

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.

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2014 (Unaudited)

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 interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

30 September 2014

30 September 2014

	Kuwaiti Dinars			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Investments at fair value through profit or loss				
- Quoted shares	22,138,515	-	-	22,138,515
Available for sale investments				
- Quoted shares	35,243,787	-	-	35,243,787
- Unquoted shares	-	-	22,165,458	22,165,458
- Foreign funds	-	6,373,814	-	6,373,814
Total assets	57,382,302	6,373,814	22,165,458	85,921,574

31 December 2013

31 December 2015

	Kuwaiti Dinars			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
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
Total assets	61,126,003	6,308,412	22,067,200	89,501,615

30 September 2013

30 September 2019

	Kuwaiti Dinars			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Investments at fair value through profit or loss				
- Quoted shares and debt instruments	19,530,186	-	-	19,530,186
Available for sale investments				
- Quoted shares	41,380,615	-	-	41,380,615
- Unquoted shares	-	-	22,108,928	22,108,928
- Foreign funds	-	1,908,277	-	1,908,277
Total assets	60,910,801	1,908,277	22,108,928	84,928,006

Notes to the Interim Condensed Consolidated Financial Information - 30 September 2014 (Unaudited)

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

15. Capital commitments

At the interim condensed statement of financial position date, the Group had capital commitments of KD 2,166,619 (31 December 2013: KD 3,281,626 and 30 September 2013: KD 1,657,429).

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. Subsequently the lending bank has filed legal cases against the disposed subsidiary, the Buyers and the Parent Company. The Parent Company's management based on a legal opinion believes that it would not incur any loss on account of this.

16. 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 statement of financial position. Assets under management at 30 September 2014 amounted to KD 58,300,373 (31 December 2013: KD 55,383,008 and 30 September 2013: KD 55,841,977) of which assets managed on behalf of Ultimate Parent Company and other related parties amounted to KD 56,068,248 (31 December 2013: KD 52,812,868 and 30 September 2013: KD 52,290,786).

17. Acquisition of non controlling interests

During the current period the Group acquired the entire shareholding held by non-controlling interests (34.44%) with respect of National Drilling and Petroleum Services KSCC for a consideration of KD 728,887 resulting in a gain of KD 516,091 which has been recognized in equity.

18. 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.