

Interim condensed consolidated financial information and review report

Noor Financial Investment Company – KPSC and Subsidiaries

Kuwait

31 March 2015 (Unaudited)

Contents

	Page
Review report	1 and 2
Interim condensed consolidated statement of profit or loss	3
Interim condensed consolidated statement of comprehensive income	4
Interim condensed consolidated statement of financial position	5
Interim condensed consolidated statement of changes in equity	6 and 7
Interim condensed consolidated statement of cash flows	8
Notes to the interim condensed consolidated financial information	9 to 22



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Report on review of interim condensed consolidated financial information

To the Board of Directors of
Noor Financial Investment Company – KPSC
Kuwait

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 2015 and the related interim condensed consolidated statement of profit or loss, 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. 25 of 2012, as amended, and its Executive Regulations 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 2015 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 2015 that might have had a material effect on the business or financial position of the Group.



Abdullatif M. Al-Aiban (CPA)
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Kuwait
11 May 2015

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
Income			
Revenue from hotel operations and IT Services		4,236,031	2,926,496
Cost of sales and services		(3,755,331)	(2,415,425)
Gross profit from hotel operations and IT Services		480,700	511,071
Realised gain on investments at fair value through profit or loss		483,016	73,465
Unrealised (loss)/gain on investments at fair value through profit or loss		(169,144)	2,222,363
Realised gain on sale of available for sale investments		619,741	789,771
Dividend income		443,338	585,593
Share of results of associates		1,852,038	1,801,043
Management and placement fees		7,840	14,613
Realised gain on sale of investment properties		-	300,000
Rental Income		246,254	254,249
Interest and other income		91,832	173,905
Foreign exchange loss		(31,496)	(30,799)
		4,024,119	6,695,274
Expenses and other charges			
General, administrative and other expenses		1,280,840	1,496,550
Finance costs		1,092,452	1,085,251
Impairment in value of available for sale investments	8	804,050	67,187
Impairment in value of receivables		-	710,607
Impairment in value of investment in associate		-	111,473
		3,177,342	3,471,068
Profit before KFAS, Zakat and NLST		846,777	3,224,206
Provision for Kuwait Foundation for the Advancement of Sciences (KFAS)		(2,253)	(11,795)
Provision for Zakat		(7,449)	(29,914)
Provision for National Labour Support Tax (NLST)		(24,082)	(74,595)
Profit for the period		812,993	3,107,902
Attributable to:			
Owners of the Parent Company		1,009,012	3,253,871
Non-controlling interests		(196,019)	(145,969)
		812,993	3,107,902
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	4	2.50	8.08

The notes set out on pages 9 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
Profit for the period	812,993	3,107,902
Other comprehensive income:		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences arising from translation of foreign operations Available for sale investments:	617,693	2,714,813
-Net changes in fair value arising during the period	(837,333)	1,309,353
-Transferred to consolidated statement of profit or loss on sale	(619,741)	(789,771)
-Transferred to consolidated statement of profit or loss on impairment	804,050	67,187
Share of other comprehensive income of associates	(171,198)	1,084,694
Total other comprehensive income for the period	(206,529)	4,386,276
Total comprehensive income for the period	606,464	7,494,178
Total comprehensive income attributable to:		
Owners of the Parent Company	1,202,038	8,193,180
Non-controlling interests	(595,574)	(699,002)
	606,464	7,494,178

The notes set out on pages 9 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Assets				
Cash and bank balances	5	7,341,773	8,137,702	13,083,107
Short-term deposits	5	3,322,059	1,570,220	415,504
Murabaha and wakala investments	5	2,099,091	598,354	592,285
Investments at fair value through profit or loss	6	12,040,461	17,372,642	22,999,582
Accounts receivable and other assets	7	16,938,870	14,604,165	23,018,085
Available for sale investments	8	54,990,776	58,207,419	67,719,284
Investment in associates		50,836,532	50,294,896	44,682,782
Investment properties	9	35,084,784	32,840,512	30,077,520
Property and equipment		6,653,507	6,632,396	4,754,518
Goodwill and Intangible asset		10,202,847	10,314,660	1,990,375
Total assets		199,510,700	200,572,966	209,333,042
Liabilities and equity				
Liabilities				
Due to banks		834,141	1,508,363	-
Accounts payable and other liabilities		10,314,572	9,932,077	11,261,112
Borrowings from banks and financial institutions	10	119,096,327	124,927,082	129,439,750
Provision for end of service indemnity		582,139	526,243	525,864
Total liabilities		130,827,179	136,893,765	141,226,726
Equity				
Share capital	11	41,316,276	41,316,276	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		1,507,907	1,507,907	1,413,431
Voluntary reserve		1,507,907	1,507,907	1,413,431
Cumulative changes in fair value		5,584,737	6,009,404	8,765,391
Foreign currency translation reserve		(8,919,845)	(9,537,538)	(10,503,659)
Retained earnings		4,796,907	4,495,457	13,995,251
Equity attributable to the owners of the Parent Company		45,793,889	45,299,413	52,644,096
Non-controlling interests		22,889,632	18,379,788	15,462,220
Total equity		68,683,521	63,679,201	68,106,316
Total liabilities and equity		199,510,700	200,572,966	209,333,042

Fahad Sulaiman Al-Khaled
 Chairman

Abdulghani M.S. Behbehani
 Vice Chairman

The notes set out on pages 9 to 22 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 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 11e)	-	-	-	-	-	-	-	(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

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

	Equity attributable to owners of the Parent Company										Total KD
	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	
Balance as at 1 January 2014	37,560,251	3,410,573	(3,410,573)	1,413,431	1,413,431	6,540,895	(13,218,472)	10,741,380	44,450,916	20,125,598	64,576,514
Increase in non-controlling interest of subsidiary during the period	-	-	-	-	-	-	-	-	-	2,500	2,500
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	(46,566)	(46,566)
Decrease of non-controlling interest on sale of subsidiary	-	-	-	-	-	-	-	-	-	(8,655)	(8,655)
Amount due to non-controlling interest on reduction of share capital of a subsidiary (Note 11c)	-	-	-	-	-	-	-	-	-	(3,911,655)	(3,911,655)
Transactions with owners	-	-	-	-	-	-	-	-	-	(3,964,376)	(3,964,376)
Profit/(loss) for the period	-	-	-	-	-	-	-	3,253,871	3,253,871	(145,969)	3,107,902
Total other comprehensive income for the period	-	-	-	-	-	2,224,496	2,714,813	-	4,939,309	(553,033)	4,386,276
Total comprehensive income for the period	-	-	-	-	-	2,224,496	2,714,813	3,253,871	8,193,180	(699,002)	7,494,178
Balance as at 31 March 2014	37,560,251	3,410,573	(3,410,573)	1,413,431	1,413,431	8,765,391	(10,503,659)	13,999,251	52,644,096	15,462,220	68,106,316

The notes set out on pages 9 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
OPERATING ACTIVITIES			
Profit before KFAS, Zakat and NLST		846,777	3,224,206
Adjustments:			
Realised gain on sale of available for sale investments		(619,741)	(789,771)
Dividend income		(443,338)	(585,593)
Share of results of associates		(1,852,038)	(1,801,043)
Realised gain on sale of investment properties		-	(300,000)
Interest income and income from murabaha and wakala investments		(5,571)	(67,391)
Depreciation		56,818	34,115
Amortization of intangible assets		111,813	-
Provision for end of service indemnity		94,449	19,215
Finance costs		1,092,452	1,085,251
Impairment in value of available for sale investments, receivable and investment in associates		804,050	889,267
		85,671	1,708,256
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		5,332,181	(1,453,742)
Accounts receivable and other assets		(2,213,216)	5,317,278
Accounts payable and other liabilities		427,210	759,952
Cash from operation		3,631,846	6,331,744
Payment of end of service indemnity		(38,553)	-
Net cash from operating activities		3,593,293	6,331,744
INVESTING ACTIVITIES			
Change in short term deposits maturing after three months		124,117	-
Change in blocked deposits		(334)	(153,580)
Decrease in Murabaha and wakala investments		(1,500,737)	3,907,715
Proceeds from sale of available for sale investments		2,379,308	2,240,499
Purchase of available for sale investments		-	(30,780)
Acquisition /improvement of investment properties		(2,244,272)	(3,273,399)
Proceeds from sale of investment properties		-	2,100,000
Net acquisition of property, plant and equipment		(77,929)	(312,429)
Dividend received		443,338	585,593
Dividend received from associate		1,635,164	-
Interest income & income from murabaha and wakala investments received		5,571	67,391
Net cash from investing activities		764,226	5,131,010
FINANCING ACTIVITIES			
Repayments of borrowings (net)		(5,830,755)	(5,125,000)
Dividend paid		-	(300)
Payment to subsidiaries shareholders on account of capital reduction		(91,593)	(48,584)
Redemption of units by non-controlling interest		(2,144)	(46,566)
Investment made by non-controlling interest in the capital of a subsidiary		4,400,000	2,500
Finance costs paid		(1,079,112)	(1,085,839)
Net cash used in financing activities		(2,603,604)	(6,303,789)
Net increase in cash and cash equivalents		1,735,915	5,158,965
Cash and cash equivalents at beginning of the period		6,245,901	7,820,066
Cash and cash equivalents at end of the period	5	7,999,816	12,979,031

The notes set out on pages 9 to 22 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 Board of Directors of the Parent Company approved this interim condensed consolidated financial information for issue on 11 May 2015.

The annual consolidated financial statements for the year ended 31 December 2014 were approved for issuance by Board of Directors of the Parent Company on 13 April 2015 and are subject to the approval of shareholders at their forthcoming Annual General Meeting.

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 2015 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The opening balances in the interim condensed consolidated financial information are subject to the Parent Company shareholders' approval.

As disclosed in Note 10 (a), 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 2014 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 2014.

Operating results for the three months period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2014.

The subsidiaries are consolidated and share of results of associates are recorded based on the management accounts for the period ended 31 March 2015.

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 2014. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although there are certain new standards and amendments which apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statement of the Group or the interim condensed consolidated financial information of the Group.

4 Basic & diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the 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 2015 (Unaudited)	Three months ended 31 March 2014 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	1,009,012	3,253,871
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 earnings per share (Fils)	2.50	8.08

The weighted average number of shares outstanding during the previous period has been restated to add the bonus shares issued during the year ended 31 December 2014.

The earnings per share reported during the three months period ended 31 March 2014 was 8.89 Fils.

Notes to the interim condensed consolidated financial information (continued)

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 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Cash and bank balances	7,341,773	8,137,702	13,083,107
Short term deposits	3,322,059	1,570,220	415,504
	10,663,832	9,707,922	13,498,611
Less: Due to banks	(834,141)	(1,508,363)	-
Less: Blocked balances	(1,729,875)	(1,729,541)	(519,580)
Less: Short term deposits maturing after 3 months	(100,000)	(224,117)	-
Cash and cash equivalents as per cash flow statement	7,999,816	6,245,901	12,979,031

Cash and bank balances include call accounts which earn interests. The short term deposits mature within three to nine 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 KD968,000 (31 December 2014: KD970,545 and 31 March 2014: KD Nil).

- b. Murabaha and wakala investments

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Placed with 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)
	-	-	-
Placed with local Islamic banks	2,099,091	598,354	592,285
	2,099,091	598,354	592,285

No profit was recognised on impaired wakala investments during the current period. (31 December 2014: KD Nil and 31 March 2014: Nil).

Wakala investments of KD14,324,160 (31 December 2014: KD14,324,160 and 31 March 2014: 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.

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. However, the related parties have submitted appeals to the court of cassation against the order of the court of appeal. The legal proceeding relating to remaining amounts are still in process.

Notes to the interim condensed consolidated financial information (continued)

6 Investments at fair value through profit or loss

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Held for trading:			
Quoted shares			
- Local	7,441,726	12,548,333	20,315,624
- Foreign	4,598,735	4,824,309	2,683,958
	12,040,461	17,372,642	22,999,582

Quoted shares with a fair value of KD2,382,584 (31 December 2014: KD7,546,813 and 31 March 2014: KD10,312,897) are secured against bank loans (refer note 10)

7 Accounts receivable and other assets

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Financial assets:			
Accounts receivable	3,682,287	3,111,645	4,697,766
Due from the Ultimate Parent Company (net of discount and provision)	55,991	55,837	60,790
Due from other related parties	2,076,226	80,484	5,037,957
Due from investment brokerage companies	1,779,440	2,124,189	1,259,306
Due from Kuwait Clearing Company (future trade customers)	4,756,191	5,250,261	6,051,410
Due on sale of foreign investment properties (net) (a)	962,051	937,715	1,880,975
Advance payments to acquire investments	-	-	1,858,100
Accrued income	1,793,095	1,333,508	881,561
Other financial assets	1,139,395	1,107,273	1,065,041
	16,244,676	14,000,912	22,792,906
Non-financial assets			
Other assets	694,194	603,253	225,179
	16,938,870	14,604,165	23,018,085

- 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 2015 an amount of KD962,051 is outstanding and the Group's management expects that it will be settled during 2015.

Notes to the interim condensed consolidated financial information (continued)

8 Available for sale investments

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Quoted shares	32,071,958	34,464,926	38,408,443
Unquoted shares	14,710,932	15,713,763	22,303,274
Foreign funds	8,207,886	8,028,730	7,007,567
	54,990,776	58,207,419	67,719,284

- 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 KD1,808,118 (2014: KD1,808,118 and 31 March 2014: KD596,315) 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.
- b) Quoted shares with a fair value of KD16,820,948 (31 December 2014: KD18,175,068 and 31 March 2014: KD28,630,842) and unquoted shares with a fair value of KD8,300,000 (31 December 2014: KD8,300,000 and 31 March 2014: KD13,800,000) are secured against a bank loan (refer note10).
- c) During the period, the Group recognised an impairment loss of KD804,050 (31 December 2014: KD922,655 and 31 March 2014: KD Nil) 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 2014: KD7,748,856 and 31 March 2014: KD67,187) 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 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Fair value as at beginning of the period/year	32,840,512	28,604,121	28,604,121
Addition during the period/year	2,244,272	4,931,859	3,273,399
Disposals during the period/year	-	(1,800,000)	(1,800,000)
Change in fair value	-	1,104,532	-
	35,084,784	32,840,512	30,077,520

Investment properties comprise land and buildings in the following countries:

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Kuwait	34,658,779	32,425,450	29,677,766
Jordan	426,005	415,062	399,754
	35,084,784	32,840,512	30,077,520

Notes to the interim condensed consolidated financial information (continued)

9 Investment properties (continued)

Investments properties amounting to KD9,432,000 (31 December 2014: KD9,432,000 and 31 March 2014: KD9,272,000) and KD11,510,367 (31 December 2014: KD9,350,000 and 31 March 2014: KD13,889,766) 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 KD7,033,510 (31 December 2014: KD7,013,450 and 31 March 2014: KD3,266,325) which are partly financed from Ijara financing arrangement arranged by joint owner(related party).

10 Borrowings from banks and financial institutions

	Effective interest/ profit rate p.a %	Security	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Short term					
Ijara financing	4.5	Secured	5,405,000	4,205,000	3,125,000
Murabaha and Tawaruq payables	4.5		928,914	-	-
			6,333,914	4,205,000	3,125,000
Long term					
Loans payable – Kuwaiti Dinar	3.5	Secured	73,845,500	81,657,500	88,614,750
Wakala payable – Kuwaiti Dinar	3.5	Secured	33,000,000	33,000,000	33,000,000
Ijara financing	4.5-5.0	Secured	5,916,913	6,064,582	4,700,000
			112,762,413	120,722,082	126,314,750
Total			119,096,327	124,927,082	129,439,750

- a. During 2011 and 2012, the Parent Company restructured its financing arrangements with some local banks and accordingly loans amounting to KD106,845,500 (net of repayment of KD51,704,500) were converted into secured long term facilities. As per loan restructuring agreements, these loans are required to be 100% secured. As of 31 March 2015, these are partly secured (notes 6,8 and 9) and the process of identification and securitization of the required balance has not been completed as yet.

The Parent Company is currently in the process of rescheduling the original repayment plan of its loans amounting to KD106,845,500 including an amount of KD29,490,500 which was due within one year and KD77,355,000 due after one year. Loan instalments totalling to KD18,373,500 (including an amount of KD9,187,000 which has been paid during December 2014 and during 2015) from two lending bankers fell due and both lenders have agreed to rollover the balance and continue discussions with the Parent Company to reschedule the dues. The Parent Company had submitted a debt reschedulement plan to all its lenders and had also requested from all of the lenders to enter into standstill agreements till 30 June 2015 and to continue negotiations to reach an acceptable debt rescheduling solution. During the three month period ended 31 March 2015, the Parent Company has received approval from Majority of its lenders to whom an amount of KD99,970,500 (93%) is payable at 31 March 2015, to the requested standstill till 30 June 2015 and is in discussions with the remaining lender as well for the requested standstill. As per the standstill approval letters, the Parent Company should pay 50% of the third instalment within four months from the original due date and remaining 50% (KD19,338,750) to be added to the outstanding loan for final restructuring.

Notes to the interim condensed consolidated financial information (continued)

10 Borrowings from banks and financial institutions (continued)

Debt rescheduling may involve upfront settlement of part of the debts, providing collateral to the financiers over the Group assets, renegotiating the pricing and repayment period of credit facilities and other terms and restrictions usually associated with such debts rescheduling process.

- b. Ijara financing contracts amounting to KD11,321,913 (31 December 2014: KD10,269,582 and 31 March 2014: KD7,825,000) are secured by investments properties (Note 9) and Property and equipment KD2,200,000 (31 December 2014: KD2,200,000 and 31 March 2014: KD Nil).
- c. Long term loans and wakala amounting to KD106, 845,500 (31 December 2014: KD114, 675,500 and 31 March 2014: KD121, 614,780) are secured by investment at fair value through profit or loss (note 6), available for sale investments (note 8) and investment properties (note 9).
- d. The above loans are due as follows:

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (unaudited) KD
Short term Ijara Financing and loans	5,405,000	4,205,000	3,125,000
Short term Murabaha and Tawaruq payable	928,914	-	-
Long term loans and Wakala payable			
- Current portion due within one year	11,526,875	15,024,375	34,956,000
- Due after more than one year	95,318,625	99,633,125	86,658,750
Long term ijara financing			
- Current portion due within one year	870,886	870,886	600,000
- Due after more than one year	5,046,027	5,193,696	4,100,000
	119,096,327	124,927,082	129,439,750

11 Share capital, non-controlling interests and propose distribution

- 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 2014: 413,162,761 and 31 March 2014: 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 KD3,756,025 for the year ended 2013.
- 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 KD9,000,000 out of which KD3,911,655 pertains to non-controlling interests. After completing its necessary formalities an amount of KD4,023,841 (31 December 2014: KD3,932,248 and 31 March 2014: KD Nil) has been paid to non-controlling interests and the balance amount is shown under accounts payable and other liabilities.
- d. Subject to the requisite consent of the relevant authorities and approval from the general assembly, the Parent Company's Board of Directors propose not to make any distributions for the year ended 31 December 2014(2013: stock dividend 10%).

Further, the Directors have proposed to distribute a total amount of KD24,000 as remuneration to the Board of Directors for the year ended 31 December 2014, which is in excess of the amount stipulated in the Companies Law. Accordingly, this proposal is subject to the approval of the forthcoming Ordinary General Assembly of the shareholders.

Notes to the interim condensed consolidated financial information (continued)

11 Share capital, non-controlling interests and propose distribution (continued)

- e. During the current quarter 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 has been 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 has been recognized as a dilution loss in the interim condensed consolidated statement of changes in equity as of 31 March 2015.

12 Segment analysis

The Group activities are concentrated in three main segments: investments, real estate and hotel & IT services. 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.

Notes to the interim condensed consolidated financial information (continued)

12 Segment analysis

Segmental information for the period/year ended 31 March 2015, 31 December 2014 and 31 March 2014 are as follows:

	Investments		Real Estate		Hotel and IT services		Total	
	31 March 2015 (Unaudited) KD	31 March 2014 (Unaudited) KD	31 March 2015 (Unaudited) KD	31 March 2014 (Unaudited) KD	31 March 2015 (Unaudited) KD	31 March 2014 (Unaudited) KD	31 March 2015 (Unaudited) KD	31 March 2014 (Unaudited) KD
Sales	-	-	-	-	4,236,031	2,926,496	4,236,031	2,926,496
Investments related income (realised, unrealised and dividend income)	1,376,951	3,671,192	-	-	-	-	1,376,951	3,671,192
Rental income	-	-	246,254	254,249	-	-	246,254	254,249
Interest and other income	91,832	173,905	-	-	-	-	91,832	173,905
Realised gain on sale of properties	1,852,038	1,822,994	-	300,000	-	-	1,852,038	300,000
Share of results of associates	(23,656)	(16,186)	-	(21,951)	-	-	(23,656)	(16,186)
Others	-	-	-	-	-	-	-	-
Segment revenue	3,297,165	5,651,905	246,254	532,298	4,236,031	2,926,496	7,779,450	9,110,699
Cost of sales and services	-	-	-	-	(3,755,331)	(2,415,425)	(3,755,331)	(2,415,425)
Net revenue as per consolidated - statement of profit or loss	3,297,165	5,651,905	246,254	532,298	480,700	511,071	4,024,119	6,695,274
Less								
General and administrative expenses	356,195	729,685	81,588	79,535	843,057	687,330	1,280,840	1,496,550
Impairments	804,050	889,267	-	-	-	-	804,050	889,267
Finance costs	1,031,308	1,066,003	61,144	19,248	-	-	1,092,452	1,085,251
Segment profit/(loss) before Zakat, KFAS, NLST	1,105,612	2,966,950	103,522	433,515	(362,357)	(176,259)	846,777	3,224,206
	Investments		Real Estate		Hotel and IT services		Total	
	31 March 2015 (Unaudited) KD	31 March 2014 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Assets	128,990,884	135,236,915	40,774,118	42,363,685	24,793,259	24,561,933	199,510,700	209,333,042
Liabilities	(109,536,061)	(116,339,924)	(8,862,106)	(3,286,837)	(11,395,818)	(11,691,735)	(130,827,179)	(141,226,726)
Net Assets	19,454,823	18,896,991	31,912,012	39,076,848	13,397,441	12,870,198	68,683,521	68,106,316

Notes to the interim condensed consolidated financial information (continued)

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 (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 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Interim condensed consolidated statement of financial position			
Due from related parties and the Ultimate Parent Company			
- Due from Ultimate Parent Company (note 7) (net)	55,991	55,837	60,790
- Due from associates (note 7)	1,131,436	34,281	4,834,626
- Due from other related parties (note 7)	944,790	46,203	203,331
- Accrued management fees	674,180	782,251	632,336
Due to related parties	57,000	84,813	698,729
Purchase of investment property	-	1,280,500	-
		Three months ended 31 March 2015 (Unaudited)	Three months ended 31 March 2014 (Unaudited)
		KD	KD
Interim condensed consolidated statement of profit or loss			
Management and placement fees			
- earned from ultimate parent company		154	180
- earned from other related parties		501	8,427
Compensation of key management personnel of the Group			
Short term employee benefits		43,697	204,694
End of service benefits		1,193	7,077
		44,890	211,771

Notes to the interim condensed consolidated financial information (continued)

14 Summary of financial assets and liabilities by category and fair value measurement

14.1 Categories of financial assets and liabilities

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

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Loans and receivables(at amortised cost):			
• Cash and bank balances	7,341,773	8,137,702	13,083,107
• Short term deposits	3,322,059	1,570,220	415,504
• Murabaha and wakala investments	2,099,091	598,354	592,285
• Accounts receivable and other assets (note 7)	16,244,676	14,000,912	22,792,906
	29,007,599	24,307,188	36,883,802
Investments at fair value through profit or loss: (note 6)			
• - Held for trading	12,040,461	17,372,642	22,999,582
	12,040,461	17,372,642	22,999,582
Available for sale investments (note 8)			
• At fair value	53,182,658	56,399,301	67,122,969
• At cost / cost less impairment (refer note 8(a))	1,808,118	1,808,118	596,315
	54,990,776	58,207,419	67,719,284
Total financial assets	96,038,836	99,887,249	127,602,668
Financial liabilities (at amortised costs) :			
• Due to banks	834,141	1,508,363	-
• Accounts payable and other liabilities	10,314,572	9,932,077	11,078,568
• Borrowings from banks and financial institutions (note 10)	119,096,327	124,927,082	129,439,750
	130,245,040	136,367,522	140,518,318

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)

14 Summary of financial assets and liabilities by category (continued)

14.2 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the interim 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 2015	Note	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	a	12,040,461	-	-	12,040,461
Available for sale investments					
- Quoted shares	a	32,071,958	-	-	32,071,958
- Unquoted shares	d	-	3,613,034	10,851,633	14,464,667
- Foreign funds	c	-	6,646,033	-	6,646,033
Total assets		44,112,419	10,259,067	10,851,633	65,223,119
31 December 2014	Note	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	a	17,372,642	-	-	17,372,642
Available for sale investments					
-Quoted shares	a	34,464,926	-	-	34,464,926
-Unquoted shares	d	-	4,618,944	10,848,554	15,467,498
-Foreign funds	c	-	6,466,877	-	6,466,877
Total assets		51,837,568	11,085,821	10,848,554	73,771,943

Notes to the interim condensed consolidated financial information (continued)

14 Summary of financial assets and liabilities by category (continued)

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

31 March 2014	Note	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 and debt instruments	a	22,999,582	-	-	22,999,582
Available for sale investments					
- Quoted shares	a	38,408,443	-	-	38,408,443
- Unquoted shares	d	-	-	22,057,008	22,057,008
- Foreign funds	c	-	6,657,518	-	6,657,518
Total assets		61,408,025	6,657,518	22,057,008	90,122,551

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

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

15 Contingent liabilities and Capital commitments

Guarantees and capital commitments

At the reporting date, the Group had capital commitments of KD1,985,797 (31 December 2014: KD1, 945,441 and 31 March 2014: KD3, 147,545) towards purchase of investments and guarantees amounting to KD7,477,474 (31 December 2014: KD7,311,950 and 31 March 2014: KD7,044,486).

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 consolidated statements of financial position. Assets under management at 31 March 2015 amounted to KD55,328,169 (31 December 2014: KD53,931,582 and 31 March 2014: KD50,274,873) of which assets managed on behalf of its Ultimate Parent Company and other related parties amounted to KD53,383,769 (31 December 2014: KD52,110,885 and 31 March 2014: KD47,508,804).