Consolidated financial statements and independent auditors' report

Noor Financial Investment Company – KPSC and Subsidiaries

Kuwait

31 December 2013

Contents

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Independent auditors' report

To the shareholders of
Noor Financial Investment Company – KPSC
Kuwait

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Noor Financial Investment Company – KPSC (the "Parent Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards adopted for use by the State of Kuwait and, for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Noor Financial Investment Company – KPSC and its subsidiaries as at 31 December 2013, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted for use by the State of Kuwait.

Report on Other Legal and Regulatory Matters

In our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No 25 of 2012 as amended and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012 nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our audit, to the best of our knowledge and belief, 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 provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2013, that might have had a material effect on the business of the Group or on its financial position.

Abdullatif M. Al-Aiban (CPA)	Talal Yousef Al-Muzaini
(Licence No. 94-A)	(Licence No. 209A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners	of Deloitte & Touche – Al-Wazzan & Co.

Kuwait
23 March 2014

Consolidated statement of profit or loss

	Note	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD
Income			
Realised gain on investments at fair value through profit or loss		547,970	1,155,681
Unrealised gain on investments at fair value through profit or loss	10.2	2,214,986	1,049,465
Realised gain on sale of available for sale investments		3,815,312	642,755
Change in fair value of investment properties	19	1,232,097	2,166,075
Realised gain on sale of investment properties		-	60,000
Dividend income		4,145,815	2,516,773
Management and placement fees		305,617	904,373
Interest and other income	8	3,663,217	7,978,293
Rental income		1,130,444	819,196
Share of results of associates	18	6,953,943	4,855,737
Profit on disposal of associate	18	105,367	-
Foreign exchange loss		(30,970)	(63,848)
		24,083,798	22,084,500
Expenses and other charges			
General, administrative and other expenses	9	5,292,816	4,153,465
Finance costs	11	4,601,533	6,712,571
Impairment in value of available for sale investments	17	6,448,846	5,126,916
Impairment in value of accounts receivable	16	127,008	1,063,252
		16,470,203	17,056,204
Profit before KFAS, Zakat , NLST and directors' remuneration		7,613,595	5,028,296
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(62,140)	(32,488)
Provision for Zakat		(59,976)	(32,580)
Provision for National Labour Support Tax (NLST)		(207,830)	(81,054)
Directors' remuneration		(60,000)	(30,000)
Profit for the year		7,223,649	4,852,174
Attributable to:			
Owners of the Parent Company		9,050,160	4,518,082
Non-controlling interests		(1,826,511)	334,092
		7,223,649	4,852,174
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	12	24.71	12.34

The notes set out on pages 9 to 61 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD
Profit for the year	**7,223,649**	4,852,174
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences arising from translation of foreign operations	**(2,990,700)**	(2,213,229)
Available for sale investments:		
-Net changes in fair value arising during the year	**(2,295,664)**	(1,236,216)
-Transferred to consolidated statement of profit or loss on sale	**(3,815,312)**	(642,755)
-Transferred to consolidated statement of profit or loss on impairment	**6,448,846**	5,126,916
Share of other comprehensive income of associates	**(142,819)**	883,019
Total other comprehensive income for the year	**(2,795,649)**	1,917,735
Total comprehensive income for the year	**4,428,000**	6,769,909
Total comprehensive income attributable to:		
Owners of the Parent Company	**3,639,115**	6,553,133
Non-controlling interests	**788,885**	216,776
	4,428,000	6,769,909

The notes set out on pages 9 to 61 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	31 Dec. 2013 KD	31 Dec. 2012 KD
Assets			
Cash and bank balances	13	7,996,585	16,381,419
Short-term deposits	13	189,481	325,318
Murabaha and wakala investments	14	4,500,000	11,293,421
Investments at fair value through profit or loss	15	21,545,840	23,425,578
Accounts receivable and other assets	16	28,302,787	19,884,163
Available for sale investments	17	68,619,650	81,837,428
Investment in associates	18	39,865,645	44,894,829
Investment properties	19	28,604,121	16,745,156
Property, plant and equipment		4,476,204	4,428,634
Goodwill	7.3	1,990,375	-
Total assets		206,090,688	219,215,946
Liabilities and Equity			
Liabilities			
Accounts payable and other liabilities	21	6,433,037	4,244,350
Borrowings from banks and financial institutions	20	134,564,750	147,456,864
Provision for end of service indemnity		516,387	299,917
Total liabilities		141,514,174	152,001,131
Equity			
Share capital	22	37,560,251	37,560,251
Share premium	22	3,410,573	3,410,573
Treasury shares	23	(3,410,573)	(3,410,573)
Legal reserve	24	1,413,431	469,420
Voluntary reserve	24	1,413,431	469,420
Cumulative changes in fair value	25	6,540,895	8,961,240
Foreign currency translation reserve	25	(13,218,472)	(10,227,772)
Retained earnings		10,741,380	3,579,242
Equity attributable to the owners of the Parent Company		44,450,916	40,811,801
Non-controlling interests	25	20,125,598	26,403,014
Total equity		64,576,514	67,214,815
Total liabilities and equity		206,090,688	219,215,946

Abdulrauf A. Al-Asfour
Chairman & Managing Director

Abdulghani M.S. Behbehani
Vice Chairman

The notes set out on pages 9 to 61 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to owners of the Parent Company										
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained Earning KD	Sub-total KD	Non-controlling interests KD	Total KD
Balance as at 1 January 2013	37,560,251	3,410,573	(3,410,573)	469,420	469,420	8,961,240	(10,227,772)	3,579,242	40,811,801	26,403,014	67,214,815
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	(1,532,227)	(1,532,227)
Net increase in non-controlling interests on acquisition of subsidiary (refer note 7.3)	-	-	-	-	-	-	-	-	-	130,625	130,625
Additional investment made by non-controlling interests in the capital of a subsidiary	-	-	-	-	-	-	-	-	-	616,000	616,000
Amount due to non-controlling interest on reduction of share capital by subsidiary (note 25.3.1)	-	-	-	-	-	-	-	-	-	(6,642,010)	(6,642,010)
Other net changes in non-controlling interests	-	-	-	-	-	-	-	-	-	361,311	361,311
Transactions with owners	-	-	-	-	-	-	-	-	-	(7,066,301)	(7,066,301)
Profit for the year	-	-	-	-	-	-	-	9,050,160	9,050,160	(1,826,511)	7,223,649
Total other comprehensive income for the year	-	-	-	-	-	(2,420,345)	(2,990,700)	-	(5,411,045)	2,615,396	(2,795,649)
Total comprehensive income for the year	-	-	-	-	-	(2,420,345)	(2,990,700)	9,050,160	3,639,115	788,885	4,428,000
Transfer to reserves	-	-	-	944,011	944,011	-	-	(1,888,022)	-	-	-
Balance as at 31 December 2013	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

Consolidated statement of changes in equity (continued)

	Equity attributable to owners of the Parent Company											
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Gain on sale of treasury shares KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	(Accumulated losses)/ retained Earning KD	Sub-total KD	Non-controlling interests KD	Total KD
Balance as at 1 January 2012	75,000,000	5,896,598	(5,870,926)	-	-	71,321	4,712,960	(8,014,543)	(37,536,742)	34,258,668	26,650,120	60,908,788
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	-	(419,541)	(419,541)
Set off of losses (Note 22.2)	(37,439,749)	(2,486,025)	2,460,353	-	-	(71,321)	-	-	37,536,742	-	-	-
Dividend paid to non-controlling interests by subsidiary	-	-	-	-	-	-	-	-	-	-	(44,341)	(44,341)
Transactions with owners	(37,439,749)	(2,486,025)	2,460,353	-	-	(71,321)	-	-	37,536,742	-	(463,882)	(463,882)
Profit for the year	-	-	-	-	-	-	-	-	4,518,082	4,518,082	334,092	4,852,174
Total other comprehensive income for the year	-	-	-	-	-	-	4,248,280	(2,213,229)	-	2,035,051	(117,316)	1,917,735
Total comprehensive income for the year	-	-	-	-	-	-	4,248,280	(2,213,229)	4,518,082	6,553,133	216,776	6,769,909
Transfer to reserves	-	-	-	469,420	469,420	-	-	-	(938,840)	-	-	-
Balance as at 31 December 2012	37,560,251	3,410,573	(3,410,573)	469,420	469,420	-	8,961,240	(10,227,772)	3,579,242	40,811,801	26,403,014	67,214,815

The notes set out on pages 9 to 61 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD
OPERATING ACTIVITIES			
Profit before KFAS, Zakat , NLST and directors remuneration		7,613,595	5,028,296
Adjustments:			
Realised gain on sale of available for sale investments		(3,815,312)	(642,755)
Dividend income		(4,145,815)	(2,516,773)
Realized gain on sale of investment properties		-	(60,000)
Change in fair value of investment properties		(1,232,097)	(2,166,075)
Share of results of associates		(6,953,943)	(4,855,737)
Profit on disposal of associate		(105,367)	-
Interest income and income from murabaha and wakala investments		(75,829)	(144,496)
Net effect of unwinding discounting on receivable		(214,212)	(1,224,593)
Reversal of impairment provision on Wakala investment		(874,497)	-
Reversal of Impairment provision on accounts receivable		-	(4,634,934)
Depreciation		191,892	205,105
Provision for end of service indemnity		131,151	123,553
Finance costs		4,601,533	6,712,571
Impairment in value of accounts receivable		127,008	1,063,252
Impairment in value of investments		6,448,846	5,126,916
		1,696,953	2,014,330
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		5,884,057	1,984,970
Accounts receivable and other assets		(6,856,993)	5,828,265
Accounts payable and other liabilities		585,321	1,448,456
Cash from operation		1,309,338	11,276,021
KFAS and NLST paid		(32,149)	(30,099)
Payment of end of service indemnity		(188,594)	(106,187)
Net cash from operating activities		1,088,595	11,139,735
INVESTING ACTIVITIES			
Change in blocked deposits		5,048,933	(5,299,933)
Proceeds from sale of available for sale investments		11,056,993	11,521,321
Purchase of available for sale investments		(134,878)	(1,599,825)
Investments in associate		(50,000)	(125,000)
Dividend received from associate		1,832,689	2,044,961
Dividend received from other investments		4,145,815	2,516,773
Proceeds from disposals /redemption of units of an associate		2,974,491	2,411,278
Acquisition of subsidiaries (net)	7.3	(2,182,009)	-
Net cash and cash equivalent on consolidation of a subsidiary		742,987	-
Decrease/(increase) in Wakala investments		6,793,421	(4,412,340)
Money received from impaired Wakala investment		874,497	-
Acquisition of investment property		(10,626,868)	(2,980,083)
Proceeds from sale of investments properties		-	50,000
Net acquisition of property, plant and equipment		(105,728)	(1,662,520)
Interest income & income from murabaha and wakala investments received		75,829	144,496
Net cash from investing activities		20,446,172	2,609,128
FINANCING ACTIVITIES			
Repayments of borrowings (net)		(12,892,114)	(12,487,323)
Redemption of units by non-controlling interests of subsidiary		(1,532,227)	(419,541)
Payment to non controlling interests on reduction of share capital by subsidiaries		(6,591,086)	(6,260,292)
Additional investment made by non-controlling interest in the capital of a subsidiary		616,000	-
Dividend paid to non-controlling interest by subsidiaries		-	(44,341)
Dividend paid		(8,150)	(42,764)
Finance costs paid		(4,598,928)	(7,243,974)
Net cash used in financing activities		(25,006,505)	(26,498,235)
Net decrease in cash and cash equivalents		(3,471,738)	(12,749,372)
Cash and cash equivalents at beginning of the year		11,291,804	24,041,176
Cash and cash equivalents at end of the year	13	7,820,066	11,291,804

The notes set out on pages 9 to 61 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

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 SAK ("the Ultimate Parent Company").

The principal objectives of the Parent Company are as follows:

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

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

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Law No. 97 of 2013.

On 29 September 2013, Ministry of Commerce and Industry issued its regulation No. 425/2013 regarding the Executive by-laws of the Companies Law. All existing companies are required to comply with articles of these by-laws within one year from the date of its issuance.

The address of the 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 these consolidated financial statements for issuance on 23 March 2014. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2. Basis of preparation

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investments at fair value through profit or loss, available for sale financial investments and investment properties.

The consolidated financial statements are presented in Kuwaiti Dinars (KD).

The Group has elected to present the "statement of comprehensive income" in two statements: the "statement of profit or loss" and a "statement of comprehensive income".

3. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of Ministerial Order No. 18 of 1990, as modified by the State of Kuwait for financial services institutions regulated by Central Bank of Kuwait.

These regulations require adoption of all IFRS except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait requirement for a minimum general provision as described under the accounting policy for impairment of financial assets.

Notes to the consolidated financial statements (continued)

4. Changes in accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those used in previous year except for a new accounting policy for jointly controlled assets and adoption of new and amended standards discussed below:

4.1 New and amended standards adopted by the Group

The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 Consolidated Financial Statements, IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. In addition, the application of IFRS 12 Disclosure of Interest in Other Entities has resulted in additional disclosures in the annual consolidated financial statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim consolidated financial statements of the Group.

The nature and the impact of each new standard/amendment is described below:

Standard	*Effective for annual periods beginning*
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements	1 January 2013
IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IFRS 7 Financial Instruments: Disclosures – amendments	1 January 2013
Annual Improvements 2009-2011	1 January 2013

IAS 1 Presentation of Financial Statements

The amendment to IAS 1 requires entities to group other comprehensive income items presented in the consolidated statement of comprehensive income based on those:

a) Potentially reclassifiable to consolidated profit or loss in a subsequent period, and
b) That will not be reclassified to consolidated profit or loss subsequently.

The amendments to IAS 1 changed the current presentation of the consolidated statement of comprehensive income of the Group; however the amendment affected presentation only and had no impact on the Group's financial position or performance.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities. It revises the definition of control together with accompanying guidance to identify an interest in a subsidiary. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. However, the requirements and procedures of consolidation and the accounting for any non-controlling interests and changes in control remain the same. IFRS 10 did not change the classification (as subsidiaries or otherwise) of any of the Group's existing investees except for consolidation of a subsidiary noted in note 18.

Notes to the consolidated financial statements (continued)

4. Changes in accounting policies (continued)

4.1 New and amended standards adopted by the Group (continued)

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

IFRS 11 supersedes IAS 31 Interests in Joint Ventures (IAS 31). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates. As a consequence of the new IFRS 11, IAS 28 brings investments in joint ventures into its scope, however, the equity accounting methodology under IAS 28 remains unchanged.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments including subsidiaries, joint arrangements, associates and unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. IFRS 12 disclosures are provided in Note 7 and 18.

IFRS 13 Fair Value Measurement

IFRS 13 does not affect which items to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances. The application of IFRS 13 has not materially impact the fair value measurements carried out by the Group.

IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the IFRS 13 disclosures that were required previously by IFRS 7, 'Financial Instruments; Disclosures'.

The Group has applied IFRS 13 for the first time in the current year, see note 29.3 and 29.4.

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The required disclosures are required to be provided retrospectively.

The adoption of this amendment did not have any significant impact on the consolidated financial position or performance of the Group.

Annual Improvements 2009-2011 (the Annual Improvements)

The Annual Improvements 2009-2011 (the Annual Improvements) made several minor amendments to a number of IFRSs. The amendments relevant to the Group are summarised below:

Notes to the consolidated financial statements (continued)

4. Changes in accounting policies (continued)

4.1 New and amended standards adopted by the Group (continued)

Annual Improvements 2009-2011 (the Annual Improvements) (continued)

Clarification of the requirements for opening statement of financial position (amendments to IAS 1):

- clarifies that the appropriate date for the opening statement of financial position ("third balance sheet") is the beginning of the preceding period (related notes are no longer required to be presented)
- addresses comparative requirements for the opening statement of financial position when an entity changes accounting policies or makes retrospective restatements or reclassifications, in accordance with IAS 8.

Clarification of the requirements for comparative information provided beyond minimum requirements (amendments to IAS 1):

- clarifies that additional financial statement information need not be presented in the form of a complete set of financial statements for periods beyond the minimum requirements
- requires that any additional information presented should be presented in accordance with IFRS and the entity should present comparative information in the related notes for that additional information.

4.2 IASB Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been early adopted by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Standard	*Effective for annual periods beginning*
IAS 32 Financial Instruments: Presentation – amendments	1 January 2014
IAS 36 Impairment of Assets- Amendments	1 January 2014
IFRS 9 Financial Instruments	To be determined.
IFRIC 21 Levies	1 January 2014

4.2.1 *IAS 32 Financial Instruments: Presentation - Amendments*

The amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off
- that some gross settlement systems may be considered equivalent to net settlement.

The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively. Management does not anticipate a material impact on the Group's consolidated financial statements from these amendments.

Notes to the consolidated financial statements (continued)

4. Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

4.2.2 IAS 36 Impairment of Assets- Amendments

The amendments to IAS 36 reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendments are applicable to annual periods beginning on or after 1 January 2014. Management does not anticipate a material impact on the Group's consolidated financial statements from these amendments.

4.2.3 IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities, and hedge accounting have been issued. Chapter dealing with impairment methodology is still being developed. The effective date for the entire standard will be determined after completion of the new impairment model.

Further, in November 2013, the IASB made limited modifications to IFRS 9's financial asset classification model to address application issues. Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice.

The Group's management have yet to assess the impact of this new standard on the Group's consolidated financial statements. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

4.2.4 IFRIC 21 Levies

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The Interpretation clarifies that 'economic compulsion' and the going concern principle do not create or imply that an obligating event has occurred.

IFRIC 21 provides the following guidance on recognition of a liability to pay levies, a) the liability is recognised progressively if the obligating event occurs over a period of time, and b) if an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. The Group is not currently subjected to any significant levies so this amendment is not expected to have a significant impact on the Group's financial statements. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014.

5. Summary of significant accounting policies

The significant accounting policies and measurement bases adopted in the preparation of the consolidated financial statements are summarised below:

5.1 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are deconsolidated from the date that control ceases. All subsidiaries have a reporting date of 31 December. The details of the significant subsidiaries are set out in Note 7 to the consolidated financial statements.

Notes to the consolidated financial statements (continued)

5. Summary of significant accounting policies (continued)

5.1 Basis of consolidation (continued)

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the date the Group gains control, or until the date the Group ceases to control the subsidiary as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Losses of subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group has directly disposed of the related assets or liabilities.

5.2 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Notes to the consolidated financial statements (continued)

5. Summary of significant accounting policies (continued)

5.2 Business combinations (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensives income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within other comprehensive income.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

5.3 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See note 5.2 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to note 5.13 for a description of impairment testing procedures.

5.4 Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

Under the equity method, the carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The share of results of an associate is shown on the face of the consolidated statement of profit or loss. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates are prepared either to the reporting date of the Parent Company or to a date not earlier than three months of the Parent Company's reporting date, using consistent accounting policies. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount under separate heading in the consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

5. Summary of significant accounting policies (continued)

5.4 Investment in associates (continued)
Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

5.5 Segment reporting
The Group has two operating segments: Domestic & GCC investments and International investments. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources.

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

5.6 Revenue
Revenue arises from rendering of services, investing activities and real estate activities. It is measured by reference to the fair value of consideration received or receivable.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is made. The following specific recognition criteria should also be met before revenue is recognised;

5.6.1 Rendering of services
The Group earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

The Group earns fees and commission income from diverse range of asset management, investment banking, custody and brokerage services provided to its customers. Fee income can be divided into the following two categories:

- *Fee income earned from services that are provided over a certain period of time*

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management fees.

- *Fee income from providing transaction services*

Fees arising for rendering specific advisory services, brokerage services, equity and debt placement transactions for a third party or arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

5.6.2 Interest income
Interest income is recognised on a time proportion basis using effective interest method.

Notes to the consolidated financial statements (continued)

5. Summary of significant accounting policies (continued)

5.6 Revenue (continued)

5.6.3 Revenue from sale of investment properties
Revenue from sale of investment properties is recognised on completion of sale contract and after transferring the risk and rewards associated with the investments property to the purchaser and the amount of revenue can be reliably measured.

5.6.4 Dividend income
Dividend income, other than those from investments in associates, is recognised at the time the right to receive payment is established.

5.7 Operating expenses
Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

5.8 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

5.9 Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The Group depreciates its equipment using the straight-line method at rates sufficient to write off the assets over their estimated useful economic lives.

5.10 Investment properties
Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate valuers and are included in the consolidated statement of financial position. Changes in fair value are taken to the consolidated statement of profit or loss.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

5.11 Investment in jointly controlled assets
Investment in jointly controlled assets are accounted for under the method of proportionate consolidation whereby the Group recognises its interest in assets, liabilities, income and expenses relating to the assets on a line-by-line basis and classified according to their nature.

Notes to the consolidated financial statements (continued)

5. Summary of significant accounting policies (continued)

5.12 Impairment testing of goodwill and non financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from the asset or each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effect of future reorganisations and assets enhancements. Discount factors are determined individually for each asset or cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

5.13 Financial instruments

15.13.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of financial asset or part of group of similar financial assets) is primarily derecognised when:

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either

  (a) the Group has transferred substantially all the risks and rewards of the asset or
  (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Notes to the consolidated financial statements (continued)

5. Summary of significant accounting policies (continued)

5.13. Financial instruments (continued)

5.13.1 Recognition, initial measurement and derecognition (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

5.13.2 Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- available-for-sale (AFS) financial assets.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All significant income and expenses relating to financial assets that are recognised in profit or loss are presented, under separate headings in the consolidated statement of profit or loss.

- *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

In addition, in accordance with Central Bank of Kuwait instructions, a minimum general provision is made on all applicable credit facilities (net of certain categories of collateral) that are not provided for specifically.

Notes to the consolidated financial statements (continued)

5. Summary of significant accounting policies (continued)

5.13. Financial instruments (continued)

5.13.2 Classification and subsequent measurement of financial assets (continued)

- *Loans and receivables (continued)*

The Group categorises loans and receivables into following categories:

- *Cash and bank balances and short term deposits*

Cash on hand and demand deposits are classified under cash and bank balances and deposits placed with financial institutions with a maturity of less than one year are classified as short term deposits.

- *Murabaha investments / receivables*

Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis. When the credit risk of the transaction is attributable to a financial institution, the amount due under Murabaha contracts is classified as a Murabaha investment. Whereas, when the credit risk of transaction is attributable to counterparties other than banks and financial institutions, the amount due is classified as Murabaha receivable.

Murabaha receivables which arise from the Group's financing of long-term transactions on an Islamic basis are classified as Murabaha receivables originated by the Group and are carried at the principal amount less provision for credit risks to meet any decline in value. Third party expenses such as legal fees, incurred in granting a Murabaha are treated as part of the cost of the transaction.

All Murabaha receivables are recognized when the legal right to control the use of the underlying asset is transferred to the customer.

- *Wakala investments*

Wakala is an agreement whereby the Group provides a sum of money to a financial institution under an agency arrangement, who invests it according to specific conditions in return for a fee. The agent is obliged to return the amount in case of default, negligence or violation of any terms and conditions of the Wakala.

- *Loans and advances*

Loans and advances are financial assets originated by the Group by providing money directly to the borrower that have fixed or determinable payments and are not quoted in an active market.

- *Receivables and other financial assets*

Trade receivables are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Loans and receivables which are not categorised under any of the above are classified as "other receivables/other assets".

- *Financial assets at* FVTPL

Classification of investments as financial assets at FVTPL depends on how management monitors the performance of these investments. Investments at FVTPL are either "held for trading" or "designated" as such on initial recognition.

Notes to the consolidated financial statements (continued)

5. Summary of significant accounting policies (continued)

5.13. Financial instruments (continued)

5.13.2 Classification and subsequent measurement of financial assets (continued)

- *Financial assets at* FVTPL (continued)

The Group classifies investments as trading if they are acquired principally for the purpose of selling or are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of consolidated statement of profit or loss in the management accounts, they are as designated at FVTPL upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

- *AFS financial assets*

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Financial assets whose fair value cannot be reliably measured are carried at cost less impairment losses, if any. Impairment charges are recognised in profit or loss. All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the fair value reserve within equity, except for impairment losses, and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to statement of profit or loss and presented as a reclassification adjustment within other comprehensive income.

The Group assesses at each reporting date whether there is objective evidence that a financial asset available for sale or a group of financial assets available for sale is impaired. In the case of equity investments classified as financial assets available for sale, objective evidence would include a significant or prolonged decline in the fair value of the equity investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss is removed from other comprehensive income and recognised in the consolidated statement of profit or loss.

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in consolidated statement of profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

5.13.3 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings and accounts payable and other liabilities. The subsequent measurement of financial liabilities depends on their classification.

The Group classifies all its financial liabilities as "financial liabilities other than at fair value through profit or loss (FVTPL).

Notes to the consolidated financial statements (continued)

5. Summary of significant accounting policies (continued)

5.13. Financial instruments (continued)

5.13.3 Classification and subsequent measurement of financial liabilities (continued)

- ***Financial liabilities other than at fair value through profit or loss(FVTPL)***

These are stated at amortised cost using effective interest rate method. The Group categorises financial liabilities other than at FVTPL into the following categories:

- *Borrowings*

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

- *Wakala payables*

Wakala payables represent short-term borrowings under Islamic principles, whereby the Group receives funds for the purpose of financing its investment activities and are stated at amortised cost.

- *Ijara financing*

Ijara finance payable ending with ownership is an Islamic financing arrangement through which a financial institution provides finance to purchase an asset by way of renting the asset ending with transferring its ownership. This ijara finance payable is stated at the gross amount of the payable, net of deferred finance cost. Deferred finance costs are expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

- *Accounts payables and other financial liabilities*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as trade payables. Financial liabilities other than at FVTPL which are not categorised under any of the above are classified as "other liabilities"

All interest-related charges are included within finance costs.

5.13.4 Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

5.13.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.13.6 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 29.3.

Notes to the consolidated financial statements (continued)

5. Summary of significant accounting policies (continued)

5.14 Equity, reserves and dividend payments
Share capital represents the nominal value of shares that have been issued and paid up.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the Companies' Law and the Parent Company's Articles of Association.

Other components of equity include the following:
- foreign currency translation reserve – comprises of foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Kuwaiti Dinar (KD)
- Cumulative changes in fair value reserve – comprises of gains and losses relating to available for sale financial assets

Retained earnings include all current and prior period profit. All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting.

5.15 Treasury shares
Treasury shares consist of the Parent Company's own issued shares that have been re-acquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares re-acquired is charged to a contra account in equity.

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "gain on sale of treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

5.16 Provisions, contingent assets and contingent liabilities
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Notes to the consolidated financial statements (continued)

5. Summary of significant accounting policies (continued)

5.17 Foreign currency translation

5.17.1 Functional and presentation currency
The consolidated financial statements are presented in Kuwait Dinar (KD), which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

5.17.2 Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Translation difference on non-monetary asset classified as, "fair value through profit or loss" is reported as part of the fair value gain or loss in the consolidated statement of profit or loss and "available for sale" is reported as part of the cumulative change in fair value reserve within other comprehensive income.

5.17.3 Foreign operations
In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities are translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

5.18 End of service indemnity
The Parent Company and its local subsidiaries provide end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

5.19 Taxation

5.19.1 National Labour Support Tax (NLST)
NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the Group. As per law, allowable deductions include, share of profits of listed associates and cash dividends from listed companies which are subjected to NLST.

Notes to the consolidated financial statements (continued)

5. Summary of significant accounting policies (continued)

5.19. Taxation (continued)

5.19.2 Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the Group in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from Kuwaiti shareholding associates and subsidiaries, and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

5.19.3 Zakat

Contribution to Zakat is calculated at 1% of the profit of the Group in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

5.20 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances, short-term deposits and short term highly liquid investments maturing within three months from the date of inception less due to banks and blocked bank balances.

5.21 Fiduciary assets

Assets held in a trust or fiduciary capacity are not treated as assets of the Group and, accordingly, they are not included in these consolidated financial statements.

6 Significant management judgements and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6.1. Significant management judgments

In the process of applying the Group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

6.1.1. Classification of financial instruments

Judgements are made in the classification of financial instruments based on management's intention at acquisition. Such judgement determines whether it is subsequently measured at cost, amortised cost or at fair value and if the changes in fair value of instruments are reported in the consolidated statement of profit or loss or other comprehensive income.

The Group classifies financial assets as held for trading if they are acquired primarily for the purpose of short term profit making.

Classification of financial assets at fair value through profit or loss depends on how management monitors the performance of these financial assets. When they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as fair value through profit or loss.

Classification of assets as loans and receivables depends on the nature of the asset. If the Group is unable to trade these financial assets due to inactive market and the intention is to receive fixed or determinable payments the financial asset is classified as loans and receivables.

All other financial assets are classified as available for sale.

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (continued)

6.1. Significant management judgments (continued)

6.1.2 Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading, property, plant and equipment or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost less amortisation and impairment, cost or net realisable value whichever is lower or fair value and if the changes in fair value of these properties are reported in the statement of profit or loss or other comprehensive income.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as property, plant and equipment if it is acquired with the intention of owner occupation or being developed for owner occupation.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

6.1.3 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

6.2. Estimates uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

6.2.1 Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

6.2.2. Impairment of associates

After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss on the Group's investment in its associates, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss.

6.2.3. Impairment of available for sale investments

The Group treats available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the group evaluates other factors, including normal volatity in share price for quoted entities and the future cash flows and discount factors for unquoted entities.

During the year ended 31 December 2013, impairment loss recognised for available for sale investments amounted to KD6,448,846 (2012: KD5,126,916) (see note 17).

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (continued)

6.2. Estimates uncertainty (continued)

6.2.4. Impairment of loans and receivables

The Group's management reviews periodically items classified as loans and receivables to assess whether a provision for impairment should be recorded in the consolidated statement of profit or loss. In particular, considerable judgement by management is required in the estimation of amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty. During the year ended 31 December 2013, impairment loss recognised for loans and receivables amounted to KD127,008 (2012: KD1,063,252) (see note 16).

6.2.5. Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6.2.6. Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

7 Subsidiary companies

7.1 Details of the Group's material consolidated subsidiaries at the end of the reporting period are as follows:

Subsidiary, country of registration and place of business	Proportion of ownership interest held by the Group		Nature of business
	2013	2012	
Noor Kuwait for Economic & Management Consulting KSCC, Kuwait	92.2%	92.2%	Administrative & economic consulting & related activities
Kuwait India Holding Company KSCC, Kuwait	57%	57%	Investment & related activities
Noor Jordanian Kuwaiti Financial Investment Co. Ltd, Jordan	100%	100%	Investment & related activities
Noor Salihiya Real Estate Co. KSCC, Kuwait	99.87%	99.87%	Real estate development
Noor Telecommunication Company KSCC, Kuwait (the group holds 51% of the subsidiary, however the effective holding used for consolidation purpose is 50%)	50%	50%	Telecommunications
Hotel Global Group PSC, Jordan	100%	100%	Hospitality

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.2 Subsidiaries with material non-controlling interests

The Group includes two subsidiaries, with material non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI		Profit allocated to NCI		Accumulated NCI	
	31 Dec. 2013 KD	31 Dec. 2012 KD	31 Dec. 2013 KD	31 Dec. 2012 KD	31 Dec. 2013 KD	31 Dec. 2012 KD
Kuwait India Holding Company KSCC (KIHC)	43%	43%	(27,977)	(47,354)	5,162,569	11,832,557
Noor Telecommunication Company KSCC, (NTEL)	50%	50%	(1,847,908)	167,425	12,131,304	13,590,764
Individually immaterial subsidiaries with non controlling interests			49,374	214,021	2,831,725	979,693
			(1,826,511)	334,092	20,125,598	26,403,014

Summarised financial information for the above subsidiaries, before intra group eliminations, is set out below:

31 December 2013	KIHC KD	NTEL KD
Non-current assets	293,867	23,770,094
Current assets	18,348,354	11,114,843
Total assets	18,642,221	34,884,937
Non-current liabilities	-	5,093,435
Current liabilities	331,668	3,573,017
Total liabilities	331,668	8,666,452
Equity attributable to owners of the Parent Company	10,361,606	13,333,725
Non-controlling interest	7,948,947	12,884,760
31 December 2012		
Non-current assets	385,674	20,283,792
Current assets	33,103,086	10,512,705
Total assets	33,488,760	30,796,497
Non-current liabilities	16,572	-
Current liabilities	221,272	2,485,251
Total liabilities	237,844	2,485,251
Equity attributable to owners of the Parent Company	18,816,083	14,398,024
Non-controlling interests	14,434,833	13,913,222

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.2 Subsidiaries with material non-controlling interests (continued)

For the year ended 31 December 2013	KIHC KD	NTEL KD
Revenue	537,834	2,943,553
Profit for the year attributable to owners of the Parent Company	270,038	(1,931,040)
Profit for the year attributable to NCI	207,161	(1,855,315)
Profit for the year	477,199	(3,786,355)
Other comprehensive income for the year attributable to owners of the Parent Company	(51,952)	482,954
Other comprehensive income for the year attributable to NCI	(39,855)	464,015
Total other comprehensive income for the year	(91,807)	946,969
Total comprehensive income for the year attributable to owners of the Parent Company	218,086	(1,448,086)
Total comprehensive income for the year attributable to NCI	167,306	(1,391,300)
Total comprehensive income for the year	385,392	(2,839,386)
For the year ended 31 December 2012		
Revenue	860,340	1,139,669
Profit for the year attributable to owners of the Parent Company	389,184	141,477
Profit for the year attributable to NCI	298,565	135,930
Profit for the year	687,749	277,407
Other comprehensive income for the year attributable to owners of the Parent Company	-	145,313
Other comprehensive income for the year attributable to NCI	-	139,615
Total other comprehensive income for the year	-	284,928
Total comprehensive income for the year attributable to owners of the Parent Company	389,184	286,790
Total comprehensive income for the year attributable to NCI	298,555	275,545
Total comprehensive income for the year	687,739	562,335

For the year ended 31 December 2013	KIHC KD	NTEL KD
Net cash flow from operating activities	6,694,691	518,743
Net cash flow from investing activities	-	(9,305,124)
Net cash flow from financing activities	(6,642,010)	4,854,898
Net cash inflow/(outflow)	52,681	(3,931,483)

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.2 Subsidiaries with material non-controlling interests (continued)

	KIHC KD	NTEL KD
For the year ended 31 December 2012		
Net cash flow from operating activities	118,440	(6,041,814)
Net cash flow from investing activities	(1,333,915)	1,208,455
Net cash flow from financing activities	(900)	-
Net cash out flow	(1,216,375)	(4,833,359)

7.3 Acquisition of subsidiary

During the 3rd quarter of the current year, one of the Group's local subsidiary acquired 89.5% equity stake in Arab Information Management Services (AIMS), a Kuwaiti limited liability company (engaged in opening training institutions, importing and exporting for commission and consultancy of computers and computer equipment) and the acquisition was accounted in accordance with IFRS 3 as follows:

	KD
Total consideration	3,166,000
Value of non-controlling interests	130,625
	3,296,625
Less : Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and Bank balances	398,762
Inventory	365,467
Account receivables and other assets	1,775,548
Property, plant and equipment	133,734
Due to banks	(1,063,884)
Account payable and other liabilities	(29,464)
Provision for end of service indemnity	(273,913)
Total identifiable net assets	1,306,250
Goodwill	1,990,375

The initial accounting for the business combination is provisional due to its complexity, and will be adjusted retrospectively (if required) when the final purchase price allocation is completed during the one year measurement period from the acquisition date.

The results of the newly acquired subsidiary was consolidated to the Group's results effective from 31 July, 2013 and the financial position as at 31 December, 2013 was consolidated with the Group's financial position as of that date. Accordingly, Arab Information Management Services as a subsidiary contributed revenue and profit of KD337,128 and KD48,976 to the net result of the Group respectively.

If the acquisition had taken place on 1 January 2013 the Group revenue would have been higher by KD736,759 and profit for the year would have been higher by KD317,111.

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.3 Acquisition of subsidiary (continued)

For the purpose of cash flow the net cash out flow on acquisition of subsidiary is as follows:

	KD
Total consideration	3,166,000
Less: Consideration due	(85,229)
Less: Adjustment for advance payment made during previous year	(500,000)
Less: Bank balance of subsidiary on acquisition	(398,762)
	2,182,009

8 Interest and other income

	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD
Interest income (from call accounts included under bank balances and short term deposits)	61,221	76,778
Income from murabaha and wakala investments	14,608	67,718
Income from IT services of a subsidiary (net)	992,932	361,275
Net income from hotel operation from foreign subsidiary (net)	180,585	347,598
Effect of un-winding of discount on receivables (note 16)	214,212	1,224,593
Income from financing future trade by customers	355,246	278,335
Income from Islamic debt instruments (held for trading)	112,550	188,295
Reversal of impairment provision on Wakala investments(Note 14)	874,497	-
Reversal of impairment on accounts receivable (note 16)	-	4,634,934
Other income	857,366	798,767
	3,663,217	7,978,293

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

	IT services		Hotel operations	
	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD
Revenue	5,118,091	1,406,666	2,136,494	2,574,210
Less: Operating costs	(4,125,159)	(1,045,391)	(1,955,909)	(2,226,612)
	992,932	361,275	180,585	347,598

9 General, administrative and other expenses

General, administrative and other expenses include the following:

	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD
Staff costs	3,677,061	2,456,422
Depreciation	191,892	205,105

Number of staff employed by the Parent Company as at 31 December 2013 was 31 (2012: 31).

Notes to the consolidated financial statements (continued)

10 Net gain/(loss) on financial assets

10.1) Net gain/ (loss) on financial assets, analysed by category, is as follows:

	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD
Loans and receivables		
- cash and bank balances and short term deposits	61,221	76,778
- murabaha wakala investment	14,608	67,718
- accounts receivables and other assets (income from financing future trade by customers)	355,246	278,335
- Impairment in value of accounts receivable	(127,008)	(1,063,252)
- Reversal of impairment provision on wakala investments	874,497	-
- Effect of discounting of accounts receivable(net)	214,212	1,224,593
- reversal of impairment on accounts receivable	-	4,634,934
Investments at fair value through profit or loss		
- held for trading	3,259,067	2,898,562
- designated as such on initial recognition	181,040	59,118
Available for sale investments		
- recognised directly in consolidated statement of comprehensive income (net)	337,870	3,247,945
- recognised directly in consolidated statement of profit or loss on sale and dividend income	3,581,214	1,952,514
- recycled from equity to consolidated statement of profit or loss		
on impairment	(6,448,846)	(5,126,916)
on sale	3,815,312	642,755
	6,118,433	8,893,084
Distributed as follows:		
Net gain recognised in the consolidated statement of income	5,780,563	5,645,139
Net gain recognised in the consolidated statement of comprehensive income	337,870	3,247,945
	6,118,433	8,893,084

10.2) Unrealised gain on investments at fair value through profit or loss

This represents the difference between closing market value at the end of the year and carrying value at the beginning of the year and/or cost of investments acquired during the year. Local funds are valued on the basis of their net asset values.

11 Finance costs

Finance costs relate to borrowings from banks and financial institutions which are financial liabilities stated at amortised cost.

Notes to the consolidated financial statements (continued)

12 Basic and diluted earnings per share

Earnings per share is calculated by dividing the profit for the year attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD
Profit for the year attributable to the owners of the Parent Company	9,050,160	4,518,082
Weighted average number of shares outstanding during the year	375,602,510	375,602,510
Less: Weighted average number of treasury shares	(9,416,985)	(9,416,985)
	366,185,525	366,185,525
Basic and diluted earnings per share (Fils)	24.71	12.34

13 Cash and cash equivalents

Cash and cash equivalents for the purpose of the consolidated statement of cash flows are made up as follows:

	Effective interest/ profit rate % (per annum)			
	31 Dec. 2013 KD	31 Dec. 2012 KD	31 Dec. 2013 KD	31 Dec. 2012 KD
Cash and bank balances	0.25%-0.50%	0.25%-0.50%	7,996,585	16,381,419
Short term deposits	0.312%-0.875%	0.375%-1.125%	189,481	325,318
			8,186,066	16,706,737
Less: Blocked balances			(366,000)	(5,414,933)
Cash and cash equivalents as per cash flow statement			7,820,066	11,291,804

Cash and bank balances include call accounts which earn interest. The short term deposits mature within one month and are placed with local and foreign banks.

14 Murabaha & wakala investments

	Effective interest/ profit rate % (per annum)			
	31 Dec. 2013 KD	31 Dec. 2012 KD	31 Dec. 2013 KD	31 Dec. 2012 KD
Due from a local Islamic investment company/ due from related parties	-	-	14,324,160	14,968,250
Provision for impairment in value			(14,324,160)	(14,968,250)
			-	-
Placed with local Islamic banks	0.25%-0.625%	0.375%-1.125%	4,500,000	11,293,421
			4,500,000	11,293,421

No profit was recognised on impaired wakala investment during the current year (2012: Nil).

Notes to the consolidated financial statements (continued)

14 Murabaha & wakala investments (continued)

Wakala investments of KD14,324,160 (31 December 2012: KD14,968,250) 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 KD4,784,847 (31 December 2012: KD5,000,000) 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 the 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 KD9,968,250 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 KD9,968,250 including profits thereon. The court has rejected the case during the current year and the Parent company has appealed the court decision.

During the 3rd quarter of the current year the Group received an amount of KD874,497 (including profit of KD230,407) from the above impaired Wakala investment from the local Islamic investment company, and recorded this as an income under "interest and other income" (refer note 8), in the consolidated statement of profit or loss in accordance with Central Bank of Kuwait credit provisioning rules. The amount of Wakala investments has been shown net of principal amount recovered.

15 Investments at fair value through profit or loss

	31 Dec. 2013 KD	31 Dec. 2012 KD
Held for trading:		
Quoted shares	21,269,751	17,887,014
- Local	15,987,385	15,553,278
- Foreign	5,282,366	2,333,736
Quoted Islamic debt instruments- foreign	276,089	2,814,611
Designated on initial recognition:		
Local funds	-	2,723,953
	21,545,840	23,425,578

In 2008 as a result of significant developments in the global financial markets, the Group had reclassified investments with a fair value of KD138,694,153 as at 1 July 2008 from "fair value through profit or loss" category to "available for sale" category. The fair value of the remaining re-classified investments as of 31 December 2013 was KD27,892,258. (2012: KD31,325,863) (note 17.4).

Quoted shares with a fair value of KD11,502,217 (2012: KD12,023,799) are secured against bank loans (refer note 20).

Notes to the Consolidated Financial Statements (continued)

16 Accounts receivable and other assets

	31 Dec. 2013 KD	31 Dec. 2012 KD
Financial assets:		
Accounts receivable	4,304,497	1,310,380
Due from the Ultimate Parent Company (net of discount and provision)	59,032	51,460
Due from other related parties	5,016,167	1,392,809
Due from investment brokerage companies	5,032,812	2,090,528
Due from Kuwait Clearing Company (future trade)	5,544,247	3,228,191
Due on sale of foreign investment properties (net)	3,766,548	8,174,920
Due on sale of local investment properties	-	1,150,000
Advance payments to acquire investments	2,887,127	500,000
Accrued income	1,363,902	1,240,977
Other financial assets	62,288	98,377
	28,036,620	19,237,642
Non-financial assets:		
Other assets	266,167	646,521
	28,302,787	19,884,163

16.1 During the previous year, the Parent Company and the Ultimate Parent Company (along with certain of its subsidiaries) entered into a settlement agreement to partially settle the outstanding balance due to the Parent Company by way of transferring the shares of the unlisted local entity (previously held as security) for a consideration of KD13,800,000 based on an independent valuation. The shares of the unlisted company received by the Parent Company have been classified as available for sale investments in the consolidated statement of financial position as of 31 December 2012 and 31 December 2013(note 17). Consequently the gross balance due as of the date of the settlement agreement which amounted to KD16,040,458 reduced to KD2,240,458 and the related provision against the gross balance which amounted to KD4,323,932 reduced to KD2,188,998 leaving a net due balance of KD51,460. Under the terms of the settlement agreement, the remaining balance of approximately KD2,200,000 is due to be settled, by the Ultimate Parent Company, contingent upon the value of the unlisted shares upon occurrence of liquidity event (i.e sale or public listing) of the shares on or before 31 December 2014 or if no liquidity event occurs by then based on a valuation to be performed of the shares as of 31 December 2014. As the ultimate recoverability of the remaining balance would depend on the value of the shares upon occurrence of liquidity event or the value of the shares at 31 December 2014, whichever is earlier, management will reverse the remaining provision (KD2,188,998) only upon recovery of the remaining receivable balance.

In 2010, an impairment provision of KD4,323,932 was recognised on the balance due from the Ultimate Parent Company and KD8,751,373 on balance due from related party in the consolidated statement of profit or loss based on Central Bank of Kuwait's instructions. During the previous year, consequent to the settlement agreement referred to above the Group recovered KD13,800,000 from the Ultimate Parent Company and consequently partially reversed an amount of KD2,134,934 which was provided against the balance due from the Ultimate Parent Company.

During the previous year, based on another agreement between the parties concerned, the Group also recovered another KD2,500,000 from the other related parties and consequently reversed the provision made against the receivable. The reversals of impairment provisions have been recognised under other income (note 8).

In 2012 the Group unwound the effect of the discount on the due from mutilate parent company amounting to KD942,135 and recognised it under other income.

Notes to the consolidated financial statements (continued)

16 Accounts receivable and other assets (continued)

16.2 Due on sale of foreign investment properties has been discounted based on an effective interest rate of 5.5% to give effect to the deferred payment term. The effect of unwinding of discount for the year ended 31 December 2013 on this receivable amounted to KD214,212(2012: KD282,458), recognised in other income (note 8).

16.3 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, KD6,383,417 (31 December 2012: KD4,099,718) has been settled in cash and buyer agreed to partially settle the balance due by transferring another real estate property situated in Saudi Arabia during the current year which has been valued at KD2,330,571. The balance due on sale of foreign investment property amounting to KD3,766,548 (2012: KD8,174,920)is included in account receivables and other assets.

Further, during the current year 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 situated in Saudi Arabia to the related party for a consideration equivalent to the carrying value of the property. Accordingly the amount due has been classified under "due from other related parties".

Subsequent to reporting date, the Group has further collected an amount of KD1,885,573 from the amount due on sale of foreign investment properties. The Group's is management expects the remaining amount to be collected during the first quarter of 2014.

16.4 During the year, the Group recognised an impairment loss of KD127,008 against certain accrued management fees due from related party (2012: KD1,063,252, against certain accrued management fee and due from related party).

17 Available for sale investments

	31 Dec. 2013 KD	31 Dec. 2012 KD
Quoted shares	**39,580,163**	48,947,092
- Local	**26,884,226**	33,509,383
- Foreign	**12,695,937**	15,437,709
Unquoted shares	**22,380,652**	25,127,946
- Local	**15,150,644**	19,169,060
- Foreign	**7,230,008**	5,958,886
Foreign funds	**6,658,835**	7,762,390
	68,619,650	81,837,428

17.1 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 KD663,875(2012: KD6,031,473) 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.

17.2 Quoted shares with a fair value of KD27,040,946 (2012: KD30,804,358) are secured against bank loans (refer note 20).

Notes to the consolidated financial statements (continued)

17 Available for sale investments (continued)

17.3 During the year, the Group recognised an impairment loss of KD6,109,925(2012: KD4,152,989) 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 KD338,921 (2012: KD973,927) against certain unquoted shares, local and foreign funds based on estimates, made by management as per information available to them and the net asset values reported by the investment managers at the reporting date

17.4 Quoted shares with a carrying value of KD27,892,258 (2012: KD31,325,863) represent investments which were transferred from investments at fair value through profit or loss as of 1 July 2008 (refer note 15).

17.5 Unquoted shares include shares of an unlisted local entity with a carrying value of KD13,800,000 (2012: KD13,800,000) acquired from the Ultimate Parent company during the previous year(refer note 16).

18 Investment in associates

Details of the Group's individually material associates at the end of the reporting period are as follows:

Associates	Country of Registration & principal place of business	Percentage of ownership		Nature of business
		2013	2012	
Meezan Bank Ltd.	Pakistan	49.11%	49.11%	Islamic Banking
National Tamouh GTC Company – WLL	Kuwait	50.00%	50.00%	Trading & Contracting

* On 16 December 2013, the Parent Company entered into a Sale & Purchase Agreement ("SPA") with a foreign buyer to sell the entire stake (49.10% holding) in Meezan Bank Ltd., for a consideration of approx KD53.5M (equivalent of USD 190M). The SPA stated that the sale will be finalized and the share transfer to the buyer will occur only upon obtaining regulatory and all necessary approvals including those from State Bank of Pakistan which the Parent Company's management expected to occur by 15 April 2014. However subsequent to the reporting date on 12th March 2014, the buyer was declined regulatory approval by State Bank of Pakistan (SBP) which is the primary step in the sale process. Consequently, management of the Parent Company is of the view that the occurrence of the sale is highly unlikely and does not intend to seek for any new buyers in the foreseeable future and thus has retained the classification of the investment as an associate.

	31 Dec. 2013 KD	31 Dec. 2012 KD
Movement during the year is as follows:		
Balance at 1 January	44,894,829	45,700,541
Additions during the year	50,000	125,000
Redemption of units by associate	-	(2,411,276)
Disposal of associate (note 18.2)	(2,869,124)	-
Share of results	6,953,943	4,855,737
Reclassification*	(4,395,660)	-
Share of other comprehensive income of associate	(142,819)	883,019
Dividend received	(1,832,689)	(2,044,963)
Foreign currency translation adjustment	(2,792,835)	(2,213,229)
Balance at the end of the year	**39,865,645**	44,894,829

Notes to the consolidated financial statements (continued)

18 Investment in associates (continued)

*Consequent to the adoption of IFRS 10 – "consolidated financial statements", the Group has reclassified its investment in one of its associates (which was individually not significant to the Group) to a subsidiary and has consolidated it to the Group during current the year as the impact of the consolidation of this new subsidiary to the Group is not material both for the current and previous years.

18.1 All of the above associates are accounted for using the equity method in these consolidated financial statements.

18.2 During the 3rd quarter of the current year, the Group disposed of one of its associates, Noor Kuwait LBO fund (26.47%, which has not been listed above as it was considered individually not material to the Group) with a carrying value of KD2,869,124 for a consideration of KD2,974,491 which resulted in a gain of KD105,367 recognised in the consolidated statement of profit or loss.

18.3 Summarised financial information in respect of Group's Material associates (Meezan Bank Ltd and National Tamouh GTC Company – WLL) are set out below. The summarised financial information below represents the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

18.3.1. Meezan Bank Ltd.

	31 Dec. 2013 KD	31 Dec. 2012 KD
Non-current assets	396,252,668	469,288,572
Current assets	493,495,813	333,192,490
Non-current liabilities	(464,118,262)	(400,872,042)
Current liabilities	(369,151,802)	(349,443,330)
Equity	56,478,417	52,165,690

	31 Dec. 2013 KD	31 Dec. 2012 KD
Revenue	39,786,638	36,484,579
Profit for the year	12,514,772	12,203,981
Other comprehensive income for the year	(130,116)	1,819,922
Total comprehensive income for the year	12,384,657	14,023,903
Dividends received from the associate during the year	1,832,689	2,044,963

Notes to the consolidated financial statements (continued)

18 Investment in associates (continued)

18.3.1. Meezan Bank Ltd. (continued)

A reconciliation of the above summarised financial information to the carrying amount of the investment in Meezan Bank Ltd is set out below:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Net assets of the associate attributable to the shareholders of the associate	56,478,417	52,165,690
Proportion of the Group's ownership interest in the associate	49.11	49.11
Goodwill	8,468,107	9,197,801
Carrying value of the investment	36,204,657	34,816,371

As at 31 December 2013 the fair value of the Group's interest in Meezan Bank Ltd, which is listed on the Karachi Stock Exchange was KD51,835,794 (2012: KD38,635,662), based on the quoted market price available on that exchange, which is a level 1 input in terms of IFRS 13.

18.3.2. National Tamouh GTC Company – WLL

	31 Dec. 2013 KD	31 Dec. 2012 KD
Non-current assets	7,744,420	3,256,250
Current assets	762,102	190,103
Current liabilities	(6,667,250)	(2,819,103)
Equity	1,839,272	627,250
Revenue	1,290,844	404,236
Profit for the year	1,212,022	377,250
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,212,022	377,250

A reconciliation of the above summarised financial information to the carrying amount of the investment in National Tamouh GTC Company – WLL is set out below:

	31 Dec. 2013	31 Dec. 2012
Net assets of the associate attributable to the shareholders of the associate	1,839,272	627,250
Proportion of the Parent Company's ownership interest in the associate	50%	50%
Carrying value of the investment	919,636	313,625

National Tamouh GTC Company – WLL is an unquoted investment.

Notes to the consolidated financial statements (continued)

18 Investment in associates (continued)

18.4 Group's share of associate's contingent liabilities:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Guarantees	7,845,203	6,618,983
Letters of credit	32,816,929	23,557,963
Commitments in respect of forward exchange contracts	85,827,582	101,801,209
Commitment for the acquisition of operating fixed assets	-	72,426
Commitment in respect of financing	64,811,599	55,759,562
Bills for collection	19,443,499	11,672,552
Senior executive bonus incentive scheme	-	171,896
	210,744,812	199,654,591

18.5 Aggregate information of associates that are not individually material to the Group.

	31 Dec. 2013 KD	31 Dec. 2012 KD
The Group's share of profit for the year	158,734	(1,439,360)
The Group's share of total comprehensive income	158,734	(1,439,360)
Aggregate carrying amount of the Group's interest in these associates as of the reporting date	2,741,352	9,764,833

19 Investment properties

The movement in investment properties is as follows:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Fair value as at 1 January	16,745,156	12,738,998
Additions	10,626,868	2,980,083
Disposals	-	(1,140,000)
Changes in fair value	1,232,097	2,166,075
	28,604,121	16,745,156

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

	31 Dec. 2013 KD	31 Dec. 2012 KD
Kuwait	28,203,475	16,430,000
Jordan	400,646	315,156
	28,604,121	16,745,156

Notes to the consolidated financial statements (continued)

19 Investment properties (continued)

19.2 Investments properties amounting to KD9,272,000(2012: KD8,200,000) are secured against bank loans (refer note 20).

19.3 At 31 December 2013, the Group re-valued its properties and recorded a valuation gain of KD1,232,097 (2012: gain of KD2,166,075) in the consolidated statement of profit or loss. (refer note 29.4 for further details relating to fair values).

19.4 During the year one of the subsidiay's entered into a joint agreement with a related party to acquire a land in Kuwait for a total consideration of KD6,091,150 and to partly finance the acquisition from an Islamic Bank. The asset has been treated as a jointly controlled asset and the Group's share of the asset (50%) amounting to KD3,045,575 has been included above under additions to investment properties. The acquisition was partially financed by an Ijara financing arrangement (KD3,000,000)agreed by the joint owner (a related party) with a local Islamic Bank. Accordingly the related finance costs are to be borne by both parties jointly. The Group has accounted for its share of the related liability to the bank amounting to KD1,500,000 under borrowings.

19.5 The remaining additions represents local real estate property acquired, by a subsidiary, for a consideration of KD7,555,900 (2012: KD2,919,375) and improvements on an investment property amounting to KD25,393 (2012: KD60,708).

20 Borrowings from banks and financial institutions

	Effective interest/ cost rate (p.a.%) 2013	2012	Security	31 Dec. 2013 KD	31 Dec. 2012 KD
Short term					
Ijara Financing – Kuwaiti Dinar	4.5	-	Secured	1,500,000	-
Loans payable – Jordanian Dinar	-	8.25	Secured	-	96,364
				1,500,000	96,364
Long term					
Loans payable – Kuwaiti Dinar	3.25	3.25	Secured	88,614,750	103,360,500
Wakala payable – Kuwaiti Dinar	3.25	3.25	Secured	39,600,000	44,000,000
Ijara financing – Kuwaiti Dinar	4.5	-	Secured	4,850,000	-
				133,064,750	147,360,500
				134,564,750	147,456,864

20.1 Long term loans and wakala payable amounting to KD128,214,750 (2012: KD147,360,500) are secured by investments at fair value through profit or loss (refer note 15), available for sale investments (refer note 17) and investment properties (refer note 19).

20.2 During 2011 and 2012, the Group restructured its financing arrangements with local banks and accordingly loans and wakala payable amounting to KD128,214,750(net of repayment of KD30,335,250) were converted into secured long term facilities. As per loan restructuring agreements, these loans are required to be fully secured. As of 31 December 2013, these are partly secured (notes15, 17 and 19).

Notes to the consolidated financial statements (continued)

20 Borrowings from banks and financial institutions (continued)

20.3 The above Ijara financing represents facilities obtained by subsidiaries to finance acquisition of investment properties with the carrying value of KD10,601,475(note 19.4 and 19.5). Ijara financing also includes an amount of KD1,500,000 which represents the Group's share of financing arrangement agreed by a related party (the joint owner) with a local Islamic bank with regard to a jointly owned investment property (refer note 19.4).

20.4 The above loans are due as follows:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Short term Ijara Financing and loans	1,500,000	96,364
Long term loans and Wakala payable		
- Current portion due within one year	30,556,000	19,145,750
- Due after more than one year	97,658,750	128,214,750
Long term ijara financing		
- Current portion due within one year	600,000	-
- Due after more than one year	4,250,000	-
	134,564,750	147,456,864

20.5 The fair value of the short term financing including the current portion of long term borrowings equals their carrying amount, as the impact of discounting is not significant. The fair value of the long term financing amounted to KD 94,993,577(2012:KD 124,142,568) carrying amount KD101,908,750 (2012: 128,214,750). The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4.5% (2012: 4.5 %) and are within level 2 of the fair value hierarchy.

21 Accounts payable and other liabilities

	31 Dec. 2013 KD	31 Dec. 2012 KD
Financial liabilities:		
Accounts payable	1,785,307	976,301
Accrued interest	11,794	9,189
Accrued expenses	1,971,691	1,128,230
Dividend payable	18,679	26,829
Other payables	561,262	285,653
Due to related parties	536,035	320,803
Payable on account of capital reduction in subsidiary (Note 25.3.1)	1,365,725	1,314,801
	6,250,493	4,061,806
Non-financial liabilities:		
Other payables	182,544	182,544
	6,433,037	4,244,350

All above financial liabilities are non-interest bearing. The carrying values of the above liabilities approximate their fair values.

Notes to the consolidated financial statements (continued)

22 Share capital, share premium

22.1. The authorised, issued and paid up share capital of the Parent Company as at 31 December 2013 comprise of 375,602,510 shares of 100 Fils each (31 December 2012: 375,602,510 of 100 Fils each) fully paid up in cash.

22.2. The shareholders of the Parent Company at their Extra Ordinary General Meeting held on 25 June 2012 approved set off of accumulated losses of KD37,536,742 as at 31 December 2011 against the issued and paid up share capital (KD37,439,749), share premium (KD2,486,025), treasury shares (KD2,460,353) and gain on sale of treasury shares reserve (KD71,321). The certificate of registration of the capital reduction was issued by the Ministry of Commerce and Industry on 16 September 2012.

22.3 Share premium is not available for distribution.

23 Treasury shares

The Group holds treasury shares as follows:

	31 Dec. 2013	31 Dec. 2012
Number of shares	9,416,985	9,416,985
Percentage of issued shares	2.507%	2.507%
Market value (KD)	1,073,536	602,646
Cost (KD)	3,410,573	3,410,573

Reserves equivalent to the cost of treasury shares held are not distributable.

24 Legal and voluntary reserves

In accordance with the Companies Law and the Parent Company's articles of association, 10% of the Parent Company's profit before KFAS, Zakat, NLST and directors' remuneration for the year is to be transferred to legal reserve. The Parent Company may resolve to discontinue such annual transfer when the reserve totals 50% of the paid up share capital. No transfer is required in a year in which the Parent Company has incurred a loss or where accumulated losses exist.

Distribution of the legal reserve is limited to the amount required to enable the payment of a dividend up to 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the distribution of a dividend of that amount.

In accordance with the Parent Company's articles of association, a certain percentage of the Parent Company's profit before KFAS, Zakat, NLST and directors' remuneration, is to be transferred to the voluntary reserve at the discretion of the Board of Directors which is to be approved at the general assembly. No transfer is required in a year in which the Parent Company has incurred a loss or where accumulated losses exist. For the year 2013 Board of Directors proposed to transfer 10% of the above mentioned profit to the voluntary reserve and this is subject to approval of General Assembly of shareholders. There are no restrictions on distribution of voluntary reserve.

Notes to the consolidated financial statements (continued)

25 Cumulative changes in fair value, foreign currency translation reserve and Non-controlling interests

25.1 Cumulative changes in fair value

	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD
Balance at 1 January	8,961,240	4,712,960
Other comprehensive income:		
Net changes in fair value of available for sale investments	(2,818,709)	(1,118,900)
Transferred to consolidated statement of profit or loss on disposal of available for sale of investments	(3,217,608)	(642,755)
Transferred to consolidated statement of profit or loss on impairment in value of available for sale investments	3,758,791	5,126,916
Share of fair value adjustment in associates	(142,819)	883,019
Other comprehensive income for the year	(2,420,345)	4,248,280
Balance at 31 December	6,540,895	8,961,240

25.2 Foreign currency translation reserve

	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD
Balance at 1 January	(10,227,772)	(8,014,543)
Other comprehensive income:		
Exchange differences arising from translation of foreign subsidiaries	(197,865)	(27,412)
Exchange difference arising on translation of foreign associates	(2,792,835)	(2,185,817)
Other comprehensive income for the year	(2,990,700)	(2,213,229)
Balance at 31 December	(13,218,472)	(10,227,772)

Notes to the consolidated financial statements (continued)

25 Cumulative changes in fair value, other components of equity and Non-controlling interests (continued)

25.3 Non-controlling interests

	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD
Balance at 1 January	26,403,014	26,650,120
Amounts due to non-controlling interest on capital reduction/redemption of units of subsidiaries	(8,174,237)	(419,541)
Dividend paid by the subsidiary	-	(44,341)
Net increase on acquisition of a subsidiary	130,625	-
Additional investment made in the capital of a subsidiary	616,000	-
Other net changes	361,311	-
Transactions with non-controlling interests	(7,066,301)	(463,882)
(Loss)/profit for the year	(1,826,511)	334,092
Other comprehensive income :		
- Net change in fair value of available for sale investments	523,045	(117,316)
- Transferred to consolidated statement of profit or loss on disposal of available for sale investments	(597,704)	-
-Transferred to consolidated statement of profit or loss on impairment in value of available for sale investments	2,690,055	-
Total other comprehensive income for the year	2,615,396	(117,316)
Total comprehensive income for the year	788,885	216,776
Balance at 31 December	20,125,598	26,403,014

25.3.1 On 9 April 2013, the shareholders of one of the subsidiaries of the Group, (Kuwait India Holding Company - KSCC) decided to decrease its share capital by KD15,300,000 out of which KD6,642,010 pertains to non-controlling interests. After completing its necessary formalities an amount of KD6,329,482 has been paid to non-controlling interest and the balance amount of KD312,528 is shown under accounts payable and other liabilities.

Further an amount of KD1,053,197 (2012: KD1,314,801) is due to non controlling interest on the decrease in the share capital by Noor Telecommunication Company - KSCC during 2012 and it is included under accounts payable and other liabilities.

26 Dividend distribution

Subject to the requisite consent of the relevant authorities and approval from the general assembly, the Parent Company's Board of Directors propose 10% bonus shares on outstanding shares as at 31 December 2013 (2012: Nil) and not to distribute any cash dividend (2012: Nil).

Notes to the consolidated financial statements (continued)

27 Segment analysis

The Group is organised 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 State of 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 years ended 31 December 2013 and 31 December 2012 are as follows:

31 December 2013

	Domestic & GCC KD	International KD	Total KD
Income	**15,652,396**	**8,431,402**	**24,083,798**
Profit for the year	**4,612,480**	**2,611,169**	**7,223,649**
Impairment in the value of investments & receivables	**796,873**	**5,778,981**	**6,575,854**
Effect of un-winding of discount on receivables	**-**	**214,212**	**214,212**
Share of results of associates	**861,367**	**6,092,576**	**6,953,943**
Interest income and income from murabaha and wakala investments	**75,829**	**-**	**75,829**
Finance costs	**4,601,533**	**-**	**4,601,533**
Total assets	**136,442,631**	**69,648,057**	**206,090,688**
Total liabilities	**140,803,168**	**711,006**	**141,514,174**
Net assets	**(4,360,537)**	**68,937,051**	**64,576,514**
31 December 2012			
Income	14,192,898	7,891,602	22,084,500
(Loss) /profit for the year	(1,917,358)	6,769,532	4,852,174
Impairment in the value of investments & receivables	5,216,241	973,927	6,190,168
Effect of un-winding of discount on receivables	942,137	282,456	1,224,593
Share of results of associates	83,809	4,771,928	4,855,737
Interest income and income from murabaha and wakala investments	144,496	-	144,496
Finance costs	6,704,910	7,661	6,712,571
Total assets	144,214,076	75,001,870	219,215,946
Total liabilities	(151,223,844)	(777,287)	(152,001,131)
Net assets	(7,009,768)	74,224,583	67,214,815

Notes to the consolidated financial statements (continued)

28 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.

Significant related party transactions and balances included in the consolidated financial statements are as follows:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Consolidated statement of financial position:		
Due from related parties and Ultimate Parent Company (refer note 16)		
-Due from Ultimate Parent Company	**59,032**	51,460
-Due from associates	**4,834,626**	1,150,000
-Due from other related party	**181,541**	242,809
-Accrued management fees (due from parent company and other related parties)	**669,354**	573,613
Due to related parties	**536,035**	320,803
Transactions with related parties		
Purchase of available sale investments from related party (note 17)	**-**	13,800,000
Sale of real estate to an associate (note 16.3)	**2,330,571**	-
Consolidated statement of profit or loss		
Management and placement fees		
- earned from Ultimate Parent Company	**20,045**	45,621
- earned from other related parties	**155,557**	501,692
Impairment in value of accounts receivable	**127,008**	981,065
Effect of unwinding of discount of receivables (refer note 16)	**-**	942,135
Reversal of Impairment on due from Ultimate Parent Company (refer note 16)	**-**	2,134,934
Reversal of impairment on due from other related parties (refer note 16)	**-**	2,500,000
Compensation of key management personnel of the Group:		
Short term employee benefits	**688,529**	442,574
End of service benefits	**22,036**	24,065
	710,565	466,639

Notes to the consolidated financial statements (continued)

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

29.1 Categories of financial assets and liabilities

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

	31 Dec. 2013 KD	31 Dec. 2012 KD
Loans and receivables(at amortised cost):		
• Cash and bank balances	7,996,585	16,381,419
• Short term deposits	189,481	325,318
• Murabaha and wakala investments	4,500,000	11,293,421
• Accounts receivable and other assets (note 16)	28,036,620	19,237,642
	40,722,686	47,237,800
Investments at fair value through profit or loss: (note 15)		
• - Held for trading	21,545,840	20,701,625
• - Designated on initial recognition	-	2,723,953
	21,545,840	23,425,578
Available for sale investments (note 17)		
• At fair value	67,955,775	75,805,955
• At cost / cost less impairment (refer note17.1)	663,875	6,031,473
	68,619,650	81,837,428
Total financial assets	130,888,176	152,500,806
Financial liabilities (at amortised costs) :		
• Accounts payable and other liabilities (note 21)	6,250,493	4,061,806
• Borrowings from banks and financial institutions (note 20)	134,564,750	147,456,864
	140,815,243	151,518,670

29.2 Fair value measurement

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 though 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 17 to the consolidated financial statements) at fair value and measurement details are disclosed in note 29.3 to the consolidated financial statements. In the opinion of the Group's management, except for certain long term borrowing (refer note 20) 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.

The Group also measures non financial assets such as investment properties at fair value at each annual reporting date (refer 29.4).

Notes to the consolidated financial statements (continued)

29 Summary of financial assets and liabilities by category and fair value measurement (continued)

29.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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 (that is, unobservable inputs).

The level within which the 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 on a recurring basis in the statement of consolidated financial position are grouped into the fair value hierarchy as follows:

31 December 2013	Note	Level 1	Level 2	Level 3	Total
		KD	KD	KD	KD
Financial assets at fair value:					
Investments at fair value through profit or loss					
- Quoted shares	a	21,269,751	-	-	21,269,751
- Quoted debt instruments		276,089	-	-	276,089
Available for sale investments					
- Quoted shares	a	39,580,163	-	-	39,580,163
- Unquoted shares	d	-	-	22,067,200	22,067,200
- Foreign funds	c	-	6,308,412	-	6,308,412
Total assets		61,126,003	6,308,412	22,067,200	89,501,615

31 December 2012	Note	Level 1	Level 2	Level 3	Total
		KD	KD	KD	KD
Financial assets at fair value:					
Investments at fair value through profit or loss					
- Quoted shares	a	17,887,014	-	-	17,887,014
- Quoted debt instruments	a	2,814,611			2,814,611
- Local funds	b	-	2,723,953	-	2,723,953
Available for sale investments					
- Quoted shares	a	48,947,092	-	-	48,947,092
- Unquoted shares	d	-	-	24,314,645	24,314,645
- Foreign funds	c	-	2,544,218	-	2,544,218
Total assets		69,648,717	5,268,171	24,314,645	99,231,533

There have been no significant transfers between level 1 and 2 during the reporting period.

Measurement at fair value

The Group's finance team performs valuations of financial instruments for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Notes to the consolidated financial statements (continued)

29 Summary of financial assets and liabilities by category and fair value measurement (continued)

Measurement at fair value (continued)
The methods and valuation techniques used for the purpose of measuring fair value, which are unchanged compared to the previous reporting period, are as follows:

Financial instruments in level 1

a) Quoted shares and debt instruments (level 1)
All the listed equity securities and debt instruments are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at reporting date.

Financial instruments in level 2 & 3

b) Local funds (level 2)
The underlying investments of these funds mainly comprise of local quoted shares and money market instruments and the fair value of the investment has been determined based on net asset values reported by the fund manager as of the reporting date.

c) Foreign funds (level 2)
The underlying investments of foreign funds primarily comprise of foreign quoted and unquoted securities. Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

d) Unquoted shares (level 3)
The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or other valuation technique which includes some assumptions that are not supportable by observable market prices or rates.

Level 3 Fair value measurements
The Group's financial assets classified in level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2013 KD	31 Dec. 2012 KD
As at 1 January	24,314,645	9,493,598
Additions	-	13,800,000
Changes in fair value during the year recognised in other comprehensive income	1,170,738	1,039,208
Disposal	(3,368,334)	-
Impairment loss recognised in the profit or loss	(49,849)	(18,161)
As at 31 December	22,067,200	24,314,645

Notes to the consolidated financial statements (continued)

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

Level 3 Fair value measurements (continued)

The following table provides information about the sensitivity of the fair values measurement to changes in the most significant unobservable inputs:

Financial asset	Valuation technique	Significant unobservable input	Range (weighted average)	Sensitivity of the fair value measurement to the input
Unquoted Shares	DCF Method	Long term growth rate for cash flows for subsequent years	3.5% - 4%	Higher the growth rate, higher the fair value.
		WACC	10.6% - 15.6%	Higher the WACC, lower the fair value.
		Discount for lack of marketability	15%	Higher the discount rate, lower the value.

The impact on profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account these premiums and discounts when pricing the investments.

In case of AFS assets, the impairment charge in the profit or loss would depend on whether the decline is significant or prolonged. An increase in the fair value would only impact equity (through OCI) and, would not have an effect on profit or loss.

29.4 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2013:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investment properties				
- Buildings in Kuwait	-	-	25,157,900	25,157,900
-Land in Kuwait			3,045,575	3,045,575
-Land in Jordan	-	-	400,646	400,646
	-	-	28,604,121	28,604,121

Notes to the consolidated financial statements (continued)

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

29.4 Fair value measurement of non-financial assets (continued)

The above buildings represent rental properties on freehold land categorized as "Investment Lands" (i.e land which can be used to construct multiple residential unit buildings, apartments, villas, Duplex and Studios), in Kuwait. The freehold land above also represents land categorized as investment lands. The fair value of the investment property has been determined based on valuations obtained from two independent valuers, who are specialised in valuing these types of investment properties. The significant inputs and assumptions are developed in close consultation with management. One of these valuers is a local bank (for local investment properties) who has valued the investment properties using primarily two methods, one of which is the Yield Method and other being a combination of the market comparison approach for the land and cost minus depreciation approach for the buildings. The other valuer who is a local reputable valuer has also valued the investment properties primarily by using a combination of the methods noted above. When the market comparison approach is used adjustments have been incorporated for factors specific to the land in question, including plot size, location and current use. For the valuation purpose, the Company has selected the lower value of the two valuations (2012: lower of two valuations). Further information regarding the level 3 fair value measurements is set out in the table below:

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Building on freehold land – Kuwait (rental properties)	Yield method and Market comparison approach for land & cost less depreciation for buildings	Estimated marker price for land (per sqm)	KD1,074–KD9,472	The higher the price per square meter, the higher the fair value
		Construction cost (per sqm)	KD81-KD244	The higher the construction cost per square meter, the higher the fair value
		Average monthly rent (per sqm)	KD3 – KD35	The higher the rent per square meter, the higher the fair value
		Yield rate	5.9% to 7.2%	The higher the yield rate, the higher the value
		Vacancy rate	10%	The higher the vacancy rate the lower the fair value
Freehold land – Kuwait and Jordarn	Market comparison approach	Estimated market price for land (per sqm)	KD1,254 to KD1,350	The higher the price per square meter, the higher the fair value

Level 3 Fair value measurements

The Group measurement of investment properties classified in level 3 uses valuation techniques inputs that are not based on observable market data. The investment properties within this level can be reconciled from beginning to ending balances as follows;

31 December 2013	Investment properties Total KD
Opening balance	16,745,156
Purchases	10,626,868
Total gains for the year included in profit or loss for assets held at the end of the reporting period:	
-Changes in fair value recognised in profit or loss	1,232,097
Closing balance	28,604,121

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies

The Group's principal financial liabilities comprise of borrowings from banks and financial institution and accounts payable. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as accounts receivable and other assets, cash and bank balances, short term deposits, murabaha & wakala investments and investment securities which arise directly from operations.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Parent Company's Board of Directors sets out policies for managing each of these risks as discussed below.

The Group does not use derivative financial instruments.

The significant financial risks to which the Group is exposed to are described below:

30.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group mainly operates in the Middle East countries and USA and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar, Saudi Riyal and UAE Dirham. The Parent Company's consolidated statement of financial position can be significantly affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Foreign currency risk is managed on the basis of limits determined by the Parent Company's board of directors and a continuous assessment of the Groups' open positions.

The Group's significant net exposure to foreign currency denominated monetary assets less monetary liabilities at the consolidated statement of financial position date, translated into Kuwaiti Dinars at the closing rates are as follows:

	31 Dec. 2013 *Equivalent KD*	31 Dec. 2012 *Equivalent KD*
US Dollar	1,369,197	981,535
Saudi Riyal	3,767,290	8,175,102
UAE Dirham	67,527	74,449

If the Kuwaiti Dinar had strengthened against the foreign currencies by 5%, then this would have the following impact on the results for the year. There is no other direct impact on the Group's equity.

	Profit for the year	
	31 Dec. 2013	31 Dec. 2012
US Dollar	(68,460)	(49,077)
Saudi Riyal	(188,365)	(408,755)
UAE Dirham	(3,376)	(3,722)
	(260,201)	(461,554)

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (Continued)

30.1 Market risk (Continued)

a) Foreign currency risk (Continued)

If the Kuwaiti Dinar had weakened against the foreign currencies assuming the above sensitivity (5%), then there would be an equal and opposite impact on the results for the year, and the balances shown above would be positive.

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to the foreign currency risk.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to due to banks and borrowings which are at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate short term deposits and borrowings.

Positions are monitored regularly to ensure positions are maintained within established limits.

The Group's interest rate risk sensitivity position, based on the contractual re-pricing or maturity dates of assets and liabilities, whichever dates are earlier, is as follows:

At 31 December 2013	Up to 1 month KD	1-3 months KD	3-12 months KD	Over 12 months KD	Non-interest bearing items KD	Total KD
ASSETS						
Cash and bank balances	-	-	-	-	7,996,585	7,996,585
Short term deposits	189,481	-	-	-	-	189,481
Murabaha and wakala investments	-	-	-	-	4,500,000	4,500,000
Investments at fair value through profit or loss	-	-	-	276,089	21,269,751	21,545,840
Accounts receivable and other assets	-	-	-	-	28,302,787	28,302,787
Available for sale investments	-	-	-	-	68,619,650	68,619,650
Investment in associates	-	-	-	-	39,865,645	39,865,645
Investment properties	-	-	-	-	28,604,121	28,604,121
Equipment	-	-	-	-	4,476,204	4,476,204
Goodwill	-	-	-	-	1,990,375	1,990,375
	189,481	-	-	276,089	205,625,118	206,090,688
LIABILITIES						
Borrowings from banks and financial institutions		6,750,000	25,906,000	101,908,750	-	134,564,750
Accounts payable and other liabilities	-	-	-	-	6,433,037	6,433,037
Provision for end of service indemnity	-	-	-	-	516,387	516,387
	-	6,750,000	25,906,000	101,908,750	6,949,424	141,514,174
Total interest rate sensitivity Gap	189,481	(6,750,000)	(25,906,000)	(101,632,661)	198,675,694	64,576,514
Cumulative interest rate sensitivity gap	189,481	(6,560,519)	(32,466,519)	(134,099,180)	-	-

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.1 Market risk (continued)

b) Interest rate risk (continued)

At 31 December 2012	Up to 1 month KD	1-3 months KD	3-12 months KD	Over12 months KD	Non-interest bearing items KD	Total KD
ASSETS						
Cash and bank balances	104,042	-	-	-	16,277,377	16,381,419
Short term deposits	325,318	-	-	-	-	325,318
Murabaha and wakala investments	-	-	-	-	11,293,421	11,293,421
Investments at fair value through profit or loss	-	-	-	2,814,611	20,610,967	23,425,578
Accounts receivable and other assets	-	-	-	-	19,884,163	19,884,163
Available for sale investments	-	-	-	-	81,837,428	81,837,428
Investment in associates	-	-	-	-	44,894,829	44,894,829
Investment properties	-	-	-	-	16,745,156	16,745,156
Equipment	-	-	-	-	4,428,634	4,428,634
	429,360	-	-	2,814,611	215,971,975	219,215,946
LIABILITIES						
Borrowings from banks and financial institutions	-	96,364	19,145,750	128,214,750	-	147,456,864
Accounts payable and other liabilities	-	-	-	-	4,244,350	4,244,350
Provision for end of service indemnity	-	-	-	-	299,917	299,917
	-	96,364	19,145,750	128,214,750	4,544,267	152,001,131
Total interest rate sensitivity Gap	429,360	(96,364)	(19,145,750)	(125,400,139)	211,427,708	67,214,815
Cumulative interest rate sensitivity gap	429,360	332,996	(18,812,754)	(144,212,893)	-	-

The Group does not have any off balance sheet financial instrument which are used to manage the interest rate risk. The following table illustrates the sensitivity of the interest bearing financial instruments on the profit/loss for the year to a reasonable possible change in interest rates with effect from the beginning of the year. Based on observation of current market conditions it has been assumed that a reasonable possible change in the interest rates would be +25 and -25 basis points for KIBOR interest rates for the current year (2012: Interest rate +25 and -25 for basis point for KIBOR). The calculation is based on the Group's financial instruments held at the consolidated statement of financial position date. All other variables are held constant. There is no other direct impact on Group's equity.

	Increase in interest rates		Decrease in interest rates	
	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD	**Year ended 31 Dec. 2013 KD**	Year ended 31 Dec. 2012 KD
Profit for the year	**(335,248)**	(360,532)	**335,248**	360,532

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.1 Market risk (continued)

c) Price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity price risk with respect to its listed equity investments which are primarily located in Kuwait, Jordan, and USA. Equity investments are classified either as investments carried at fair value through profit or loss (including trading securities) or available for sale securities.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The price risk sensitivity is determined at the rate of 10% on the exposure to equity price risks at the reporting date. If equity prices had been higher by 10%, the effect on the profit for the year and equity for the year ended 31 December would have been as follows, with all other variables held constant:

A positive number below indicates an increase in profit or equity and a decrease in loss or equity, where the equity prices increase by the above mentioned percentages.

	Profit for the year		Equity	
	2013 KD	2012 KD	2013 KD	2012 KD
Investments at fair value through profit or loss	2,154,584	2,070,162	-	-
Available for sale investments				
- Impaired investments (refer *)	1,108,052	2,434,384	-	-
- Un-impaired investments	-	-	2,849,965	2,460,325
	3,262,636	4,504,546	2,849,965	2,460,325

* Had equity prices been higher by 10%, the impairment which was recognised in the consolidated statement of profit or loss would be reduced and consequently the profit for the years 2013 and 2012 would be higher.

For a 10% decrease in the equity prices there would be an equal and opposite impact on the profit for the year and equity and the amounts shown would be negative.

30.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities.

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarized below:

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.2 Credit risk (continued)

	31 Dec. 2013	31 Dec. 2012
Cash and bank balances	7,996,585	16,381,419
Short term deposits	189,481	325,318
Murabaha and wakala investments	4,500,000	11,293,421
Accounts receivable and other assets (refer note 16)	28,036,620	19,237,642
Investments at fair value through profit or loss (refer note 15)	276,089	5,538,564
Available for sale investments (refer note 17)	6,658,835	7,762,390
	47,657,610	60,538,754

Except for the wakala investment referred to in note 14, accounts receivable and other assets referred to in note 16, and available for sale investments referred to in note 17, none of the above financial assets are past due or impaired. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty.(2012: other than the due on sale of foreign investment properties). The credit risk for cash and bank balance and short term deposits is considered negligible, since the counterparties are reputable financial institutions with high credit quality. Information on other significant concentrations of credit risk is set out in note 30.3 .

30.3 Concentration of assets

The distribution of financial assets and financial liabilities by geographic region is as follows:

	Kuwait KD	Middle East KD	Asia & Africa KD	Europe & USA KD	Total KD
At 31 December 2013					
Cash and bank balances	6,589,323	1,398,952	8,310	-	7,996,585
Short term deposits	189,481	-	-	-	189,481
Murabaha and wakala investments	4,500,000	-	-	-	4,500,000
Investments at fair value through profit or loss	15,987,385	3,160,418	1,902,642	495,395	21,545,840
Accounts receivable and other assets (note 16)	18,769,523	3,938,059	257,304	5,071,734	28,036,620
Available for sale investments	42,034,870	14,670,920	4,676,725	7,237,135	68,619,650
	88,070,582	23,168,349	6,844,981	12,804,264	130,888,176
Accounts payable and other liabilities	5,623,028	-	627,465	-	6,250,493
Borrowings from banks and financial institutions	134,564,750	-	-	-	134,564,750
	140,187,778	-	627,465	-	140,815,243

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.3 Concentration of assets (continued)

	Kuwait KD	Middle East KD	Asia & Africa KD	Europe & USA KD	Total KD
At 31 December 2012					
Cash and bank balances	15,375,051	956,530	18,514	31,324	16,381,419
Short term deposits	325,318	-	-	-	325,318
Murabaha and wakala investments	11,293,421	-	-	-	11,293,421
Investments at fair value through profit or loss	18,277,230	2,089,845	1,820,552	1,237,951	23,425,578
Accounts receivable and other assets (note 16)	8,144,431	10,137,356	287,797	668,058	19,237,642
Available for sale investments	48,122,684	17,494,574	5,447,455	10,772,715	81,837,428
	101,538,135	30,678,305	7,574,318	12,710,048	152,500,806
Accounts payable and other liabilities	3,401,953	-	659,853	-	4,061,806
Borrowings from banks and financial institutions	147,360,500	96,364	-	-	147,456,864
	150,762,453	96,364	659,853	-	151,518,670

30.4 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The table below summarises the maturity profile of the Group's assets and liabilities. Except for investments carried at fair value through profit or loss and available for sale investments, the maturities of assets and liabilities have been determined on the basis of the remaining period from the reporting date to the contractual maturity date.

The maturity profile for investments carried at fair value through profit or loss, available for sale investments and investment and properties is determined based on management's estimate of liquidation of those investments.

Maturity profile of assets and liabilities are as follows:

At 31 December 2013	1 year KD	Over 1 year KD	Total KD
ASSETS			
Cash and bank balances	7,996,585	-	7,996,585
Short term deposits	189,481	-	189,481
Murabaha and wakala investments	4,500,000	-	4,500,000
Investment at fair value through profit or loss	21,545,840	-	21,545,840
Accounts receivable and other assets	28,302,787	-	28,302,787
Available for sale investments	-	68,619,650	68,619,650
Investment in associates	-	39,865,645	39,865,645
Investment properties	-	28,604,121	28,604,121
Equipment	-	4,476,204	4,476,204
Goodwill	-	1,990,375	1,990,375
	62,534,693	143,555,995	206,090,688

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.4 Liquidity risk (continued)

At 31 December 2013	1 year KD	Over 1 year KD	Total KD
LIABILITIES			
Accounts payable and other liabilities	6,433,037	-	6,433,037
Borrowings from banks and financial institutions	32,656,000	101,908,750	134,564,750
Provision for end of service indemnity	-	516,387	516,387
	39,089,037	102,425,137	141,514,174

At 31 December 2012	1 year KD	Over 1 year KD	Total KD
ASSETS			
Cash and bank balances	16,381,419	-	16,381,419
Short term deposits	325,318	-	325,318
Murabaha and wakala investments	11,293,421	-	11,293,421
Investment at fair value through profit or loss	23,425,578	-	23,425,578
Accounts receivable and other assets	19,884,163	-	19,884,163
Available for sale investments	-	81,837,428	81,837,428
Investment in associates	-	44,894,829	44,894,829
Investment properties	-	16,745,156	16,745,156
Equipment	-	4,428,634	4,428,634
	71,309,899	147,906,047	219,215,946
LIABILITIES			
Accounts payable and other liabilities	4,244,350	-	4,244,350
Borrowings from banks and financial institutions	19,242,114	128,214,750	147,456,864
Provision for end of service indemnity	-	299,917	299,917
	23,486,464	128,514,667	152,001,131

The contractual maturity of financial liabilities based on undiscounted cash flows is as follows:

31 December 2013	Up to 1 month KD	1-3 months KD	3-12 months KD	1-5 years KD	Total KD
Financial liabilities					
Accounts payable and other liabilities	-	-	6,250,493	-	6,250,493
Borrowings from banks and financial institutions	-	6,652,890	26,582,179	114,029,979	147,265,048
	-	6,652,890	32,832,672	114,029,979	153,515,541

31 December 2012	Up to 1 month KD	1-3 months KD	3-12 months KD	1-5 years KD	Total KD
Financial liabilities					
Accounts payable and other liabilities	-	-	4,061,806	-	4,061,806
Borrowings from banks and financial institutions	469,333	5,293,247	18,653,011	142,894,613	167,310,204
	469,333	5,293,247	22,714,817	142,894,613	171,372,010

Notes to the consolidated financial statements (continued)

31 Capital risk management

The Group's capital risk management objectives are to ensure that the Group maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, buy back shares, issue new shares or sell assets to reduce debt. See note 22.

The Parent Company is required to maintain a minimum share capital of KD 15 million as it is registered as an investment company regulated by the Central Bank of Kuwait.

The capital structure of the Group consists of the following:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Borrowings from banks and financial institutions (refer note 20)	134,564,750	147,456,864
Less: Cash and cash equivalents (refer note 13)	(7,820,066)	(11,291,804)
Net debt	126,744,684	136,165,060
Total equity	64,576,514	67,214,815

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total equity as follows:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Net debt	126,744,684	136,165,060
Total equity	64,576,514	67,214,815
Net debt to total equity ratio	196%	203%

32 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 consolidated statement of financial position. Assets under management at 31 December 2013 amounted to KD50,292,139(2012: KD106,540,305) of which assets managed on behalf of its Ultimate Parent Company and other related parties amounted to KD47,721,999 (2012: KD83,096,778).

33 Contingent liabilities and Capital commitments

Guarantees and capital commitments

At the reporting date the Group had commitments of KD3,281,626 towards purchase of investments (2012: KD3,593,456) and guarantees amounting to KD7,301,153 (2012: KD7,466,712).

Notes to the consolidated financial statements (continued)

33 Contingent liabilities and Capital commitments (continued)

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 also provided a corporate guarantee to this disposed subsidiary for a loan obtained by them of JD718,000 (KD280,000) from a local Jordanian bank at the time of the sale transaction. The Parent Company was informed that this loan is not being serviced by the Buyer and is of the opinion that it would not incur any loss on account of this.

34 Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation in the current year. Such reclassification does not affect previously reported net assets, net equity, net results for the year or net increase in cash and cash equivalents.