

Interim condensed consolidated financial information and review report
**Noor Financial Investment Company – KSC (Closed) and Subsidiaries
Kuwait**

30 September 2013 (Unaudited)

DRAFT

Contents

	Page
Review report	1 and 2
Interim condensed consolidated statement of profit or loss	3
Interim condensed consolidated statement of comprehensive income	4
Interim condensed consolidated statement of financial poistion	5
Interim condensed consolidated statement of changes in equity	6 and 7
Interim condensed consolidated statement of cash flows	8
Notes to the interim condensed consolidated financial information	9 to 25

Report on review of interim condensed consolidated financial information

To the Board of Directors of
Noor Financial Investment Company – KSC (Closed)
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Noor Financial Investment Company KSC (Closed) (“the parent company”) and its subsidiaries (“the Group”) as of 30 September 2013 and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month period then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in note (2).

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violation of the Companies Law No. 25 of 2012 or of the articles and memorandum of association of the parent company, as amended, have occurred during the nine-month period ended 30 September 2013 that might have had a material effect on the business or financial position of the Group.

We further report that, during the course of our review, we have not become aware of any material violations during the nine-month period ended 30 September 2013 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.

Abdullatif M. Al-Aiban (CPA)
Licence No. 94-A
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Talal Y. Al Muzaini
Licence No. 209-A
of Deloitte & Touche, Al-Wazzan & Co

Interim condensed consolidated statement of profit or loss

		Three months ended		Nine months ended	
	Note	30 Sept. 2013 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD	30 Sept. 2013 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD
Income					
Realised gain/(loss) on investments at fair value through profit or loss		281,495	(6,092)	876,065	515,437
Unrealised gain on investments at fair value through profit or loss		1,508,994	2,121,450	2,147,746	966,291
Realised gain/(loss) on sale of available for sale investments		1,814,087	(78,691)	3,135,131	(116,004)
Dividend income		56,852	2,442	3,992,559	2,485,913
Share of results of associates		1,440,710	1,137,161	4,908,508	4,751,339
Profit on disposal of associate	12	105,367	-	105,367	-
Management and placement fees		49,543	165,721	285,099	1,049,178
Change in fair value of investment properties	9	-	-	-	1,802,589
Interest and other income	3	2,258,744	1,008,968	4,690,080	5,078,910
Foreign exchange (loss)/gain		(74,631)	1,031	(85,327)	39,881
		7,441,161	4,351,990	20,055,228	16,573,534
Expenses and other charges					
General, administrative and other expenses		1,414,653	1,007,937	4,310,774	3,570,020
Finance costs		1,155,723	1,609,695	3,511,406	5,088,316
Impairment in value of available for sale investments and other receivable	7 & 8	5,489,909	-	6,567,273	4,178,128
		8,060,285	2,617,632	14,389,453	12,836,464
(Loss)/profit before KFAS, Zakat and NLST		(619,124)	1,734,358	5,665,775	3,737,070
KFAS provision		(6,187)	(37,686)	(47,710)	(37,686)
Zakat provision		(14,017)	(6,535)	(42,946)	(24,300)
National Labour Support Tax (NLST) provision		(36,264)	(12,818)	(155,823)	(57,675)
(Loss)/profit for the period		(675,592)	1,677,319	5,419,296	3,617,409
Attributable to:					
Owners of the parent company		1,430,708	1,733,177	7,113,326	3,195,934
Non-controlling interests		(2,106,300)	(55,858)	(1,694,030)	421,475
		(675,592)	1,677,319	5,419,296	3,617,409
BASIC AND DILUTED EARNINGS PER SHARE (FILS)					
	4	4	5	19	9

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2013 (Unaudited)	30 Sept. 2012 (Unaudited)	30 Sept. 2013 (Unaudited)	30 Sept. 2012 (Unaudited)
	KD	KD	KD	KD
(Loss)/profit for the period	(675,592)	1,677,319	5,419,296	3,617,409
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods:				
Exchange differences arising from translation of foreign operations	(2,562,262)	58,264	(2,887,797)	(1,362,669)
Available for sale investments:				
-Net changes in fair value arising during the period	(529,359)	1,566,468	(1,672,545)	(5,067,791)
-Transferred to consolidated statement of income on sale	(1,814,087)	(153,317)	(3,135,131)	(116,004)
-Transferred to consolidated statement of income on impairment	5,489,909	-	6,440,265	4,178,128
Share of other comprehensive income of associates	(54,442)	1,284,243	(1,135,700)	842,266
Total other comprehensive income for the period	529,759	2,755,658	(2,390,908)	(1,526,070)
Total comprehensive income for the period	(145,833)	4,432,977	3,028,388	2,091,339
Total comprehensive income attributable to:				
Owners of the parent company	2,530,075	4,488,828	5,098,201	2,417,170
Non-controlling interests	(2,675,908)	(55,851)	(2,069,813)	(325,831)
	(145,833)	4,432,977	3,028,388	2,091,339

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Assets				
Cash and bank balances	5	20,389,292	16,381,419	15,072,796
Short-term deposits	5	189,082	325,318	-
Murabaha and wakala investments	5	-	11,293,421	11,278,592
Investments at fair value through profit or loss	6	19,530,186	23,425,578	26,070,367
Accounts receivable and other assets	7	22,178,284	19,884,163	34,418,048
Available for sale investments	8	71,114,305	81,837,428	66,552,375
Investment in associates	12	41,279,284	44,894,829	45,812,748
Investment properties	9	16,771,384	16,745,156	17,599,701
Property, plant and equipment		4,597,008	4,428,634	3,010,000
Goodwill	16	1,990,375	-	-
Total assets		198,039,200	219,215,946	219,814,627
Liabilities and equity				
Liabilities				
Due to banks	5	-	-	984,213
Accounts payable and other liabilities		6,130,870	4,244,350	6,416,947
Borrowings from banks and financial institutions	10	128,214,750	147,456,864	149,374,566
Provision for end of service indemnity		575,093	299,917	323,548
Total liabilities		134,920,713	152,001,131	157,099,274
Equity				
Share capital	11	37,560,251	37,560,251	37,560,251
Share premium	11	3,410,573	3,410,573	3,410,573
Treasury shares		(3,410,573)	(3,410,573)	(3,410,573)
Legal reserve		469,420	469,420	-
Voluntary reserve		469,420	469,420	-
Cumulative changes in fair value		9,833,912	8,961,240	5,296,865
Foreign currency translation reserve		(13,115,569)	(10,227,772)	(9,377,212)
Retained earnings		10,692,568	3,579,242	3,195,934
Equity attributable to the owners of the parent company		45,910,002	40,811,801	36,675,838
Non-controlling interests		17,208,485	26,403,014	26,039,515
Total equity		63,118,487	67,214,815	62,715,353
Total liabilities and equity		198,039,200	219,215,946	219,814,627

Abdullatif A. Al-Asfour
Chairman & Managing Director

Abdulghani M.S. Behbehani
Vice Chairman

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to owners of the Parent Company									Non controlling interests KD	Total KD
	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 earnings KD	Sub- 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	-	-	-	-	-	-	-	-	-	(1,229,329)	(1,229,329)
Net increase in non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	746,625	746,625
Redemption of share capital by non-controlling interests of subsidiary (Note 11c)	-	-	-	-	-	-	-	-	-	(6,642,010)	(6,642,010)
Transactions with owners	-	-	-	-	-	-	-	-	-	(7,124,714)	(7,124,714)
Profit/(loss) for the period	-	-	-	-	-	-	-	7,113,326	7,113,326	(1,694,030)	5,419,296
Total other comprehensive income for the period	-	-	-	-	-	872,672	(2,887,797)	-	(2,015,125)	(375,783)	(2,390,908)
Total comprehensive income for the period	-	-	-	-	-	872,672	(2,887,797)	7,113,326	5,098,201	(2,069,813)	3,028,388
Balance as at 30 September 2013	37,560,251	3,410,573	(3,410,573)	469,420	469,420	9,833,912	(13,115,569)	10,692,568	45,910,002	17,208,485	63,118,487

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

	Equity attributable to owners of the parent company								Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Gain on sale of treasury shares KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings/ (accumulated losses) KD	Sub-total KD	KD	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	-	-	-	-	-	-	-	-	(249,556)	(249,556)
Set off of losses (Note 11b)	(37,439,749)	(2,486,025)	2,460,353	(71,321)	-	-	37,536,742	-	-	-
Dividend paid to non-controlling interests by subsidiary	-	-	-	-	-	-	-	-	(35,218)	(35,218)
Transactions with owners	(37,439,749)	(2,486,025)	2,460,353	(71,321)	-	-	37,536,742	-	(284,774)	(284,774)
Profit for the period	-	-	-	-	-	-	3,195,934	3,195,934	421,475	3,617,409
Total other comprehensive income for the period	-	-	-	-	583,905	(1,362,669)	-	(778,764)	(747,306)	(1,526,070)
Total comprehensive income for the period	-	-	-	-	583,905	(1,362,669)	3,195,934	2,417,170	(325,831)	2,091,339
Balance as at 30 September 2012	37,560,251	3,410,573	(3,410,573)	-	5,296,865	(9,377,212)	3,195,934	36,675,838	26,039,515	62,715,353

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept.2013 (Unaudited) KD	Nine months ended 30 Sept.2012 (Unaudited) KD
OPERATING ACTIVITIES			
Profit before KFAS, Zakat and NLST		5,665,775	3,737,070
Adjustments:			
Realised (gain)/loss on sale of available for sale investments		(3,135,131)	116,004
Dividend income		(3,992,559)	(2,485,913)
Change in fair value of investment properties		-	(1,802,589)
Share of results of associates		(4,908,508)	(4,751,339)
Gain on disposal of associate		(105,367)	-
Interest income and income from murabaha and wakala investments		(84,413)	(117,966)
Effect of unwinding of discount on receivables		(142,913)	(824,812)
Reversal of Impairment provision on accounts receivable		-	(2,500,000)
Depreciation		151,873	111,767
Provision for end of service indemnity		75,865	151,028
Finance costs		3,511,406	5,088,316
Impairment in value of receivable		127,008	-
Impairment in value of available for sale investments		6,440,265	4,178,128
		3,603,301	899,694
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		3,895,392	(659,819)
Accounts receivable and other assets		(288,463)	2,528,507
Accounts payable and other liabilities		248,086	2,072,130
Cash from operations		7,458,316	4,840,512
KFAS and NLST paid		(168,703)	(7,161)
Payment of end of service indemnity		(74,438)	(110,031)
Net cash from operating activities		7,215,175	4,723,320
INVESTING ACTIVITIES			
Change in blocked deposits		5,044,933	(5,157,973)
Proceeds from sale of available for sale investments		9,185,454	7,342,966
Investments in associates		(50,000)	(125,000)
Dividend received from associates		1,832,690	1,776,863
Dividend received from other investments		3,992,559	2,485,913
Proceeds from disposal/redemption of units of an associate		2,974,491	2,411,276
Acquisition of Subsidiaries (net)	16	(2,151,238)	-
Decrease/(increase) in wakala investments		11,293,421	(4,397,511)
Acquisition of available for sale investments		(134,878)	-
Acquisition of investment property		(26,228)	(3,058,114)
Net (acquisition)/disposal of equipment		(186,514)	(150,548)
Interest income & income from murabaha and wakala investments received		84,413	117,966
Net cash from investing activities		31,859,103	1,245,838
FINANCING ACTIVITIES			
Repayments of borrowings (net)		(19,242,114)	(10,569,621)
Redemption of units by non-controlling interest		(1,229,329)	(249,556)
Payment to subsidiary's shareholder on accounts of capital reduction		(6,170,108)	(4,841,517)
Dividend paid		(7,300)	(77,982)
Finance costs paid		(3,508,857)	(5,456,048)
Net cash used in financing activities		(30,157,708)	(21,194,724)
Net increase/(decrease) in cash and cash equivalents		8,916,570	(15,225,566)
Cash and cash equivalents at beginning of the period		11,291,804	24,041,176
Cash and cash equivalents at end of the period	5	20,208,374	8,815,610

The notes set out on pages 9 to 25 form an integral part of this interim consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Noor Financial Investment Company KSC (Closed) (“the Parent Company”) was incorporated in Kuwait on 1 February 1997 and during May 2006 its shares were listed on the Kuwait Stock Exchange. The Parent Company and its subsidiaries are together referred to as “the Group”. The Parent Company is regulated by the Central Bank of Kuwait and from 13 September 2011, also by the Capital Market Authority (CMA), as an investment company and is a subsidiary of National Industries Group Holding 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 Parent Company’s registered office is NIG Building, Ground Floor, Shuwaikh, Kuwait (PO Box 3311, Safat 13034, State of Kuwait).

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

The annual consolidated financial statements for the year ended 31 December 2012 were approved by the shareholders of the Parent Company at the Annual General Meeting (AGM) on 14 May 2013.

2 Basis of preparation and significant accounting policies

Basis of presentation

The interim condensed consolidated financial information of the group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional currency of the parent company.

The annual consolidated financial statements for the year ended 31 December 2012 were prepared in accordance with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirements for a collective provision, which has been replaced by the Central Bank of Kuwait’s requirement for a minimum general provision as described under the accounting policy for impairment of financial assets.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation and significant accounting policies (continued)

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

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2012.

Results for the nine months period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013. For further details, refer to the annual consolidated financial statements and its related disclosures for the year ended 31 December 2012.

Changes to accounting policies

Adoption of new IASB Standards and amendments during the period

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards and amendments effective as of 1 January 2013.

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. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 Disclosure of Interest in Other Entities would result 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:

<i>Standard</i>	<i>Effective for annual periods beginning</i>
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

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation and significant accounting policies (continued)

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 statement of income in a subsequent period, and
- b) That will not be reclassified to consolidated statement of income 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.

IFRS 11 Joint Arrangements and IAS 28 Investment 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. None of these disclosure requirements are applicable for interim condensed consolidated financial information, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation and significant accounting policies (continued)

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A (j), thereby affecting the interim condensed consolidated financial statements for the period. The Group has applied this requirement for the first time and has provided these disclosures in Note 15. The provisions in IAS 34 and transition provisions of IFRS 13 do not require comparative information for periods before initial application of IFRS 13. Consequentially, the Group does not provide the comparative information.

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' (IFRS 7) 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. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on 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:

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.

Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

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.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation and significant accounting policies (continued)

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

Segment information for total assets and liabilities (amendments to IAS 34):

- clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed in interim financial information if, and only if: (i) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; (ii) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment.

The Group provides this disclosure as total segment assets were reported to the chief operating decision maker (CODM). As a result of this amendment, the Group now also includes disclosure of total segment liabilities as these are reported to the CODM. See Note 13.

IASB Standards issued but not yet effective

At the date of authorisation of these 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 adopted early 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 statements.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015
IAS 32 Financial Instruments: Presentation – amendments	1 January 2014

IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making 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.

Management has yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of IFRS 9 have been published and they can comprehensively assess the impact of all changes.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation and changes to accounting policies (continued)

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

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.

3 Interest and other income

	Three months ended		Nine months ended	
	30 Sept. 2013 (Unaudited)	30 Sept. 2012 (Unaudited)	30 Sept. 2013 (Unaudited)	30 Sept. 2012 (Unaudited)
	KD	KD	KD	KD
Interest income	15,792	5,175	74,535	68,028
Income from murahaba and wakala investments	633	16,940	9,878	49,938
Net income from hotel operations from foreign subsidiary (net)	368,222	320,143	1,054,855	375,155
Income from financing future trade by customers and Islamic debt instruments	106,429	52,215	357,799	218,095
Effect of unwinding of discount on receivables (refer note 7)	-	275,314	142,913	824,812
Rental income	282,860	285,530	859,531	623,479
Income from IT service of subsidiary(net)	230,920	(129,658)	563,071	256,082
Reversal of impairment provision on wakala investments (refer note 5b)	874,497	-	874,497	-
Reversal of impairment provision on accounts receivables	-	-	-	2,500,000
Other income	379,391	183,309	753,001	163,321
	2,258,744	1,008,968	4,690,080	5,078,910

4 Basic & diluted earnings per share

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

	Three months ended		Nine months ended	
	30 Sept. 2013 (Unaudited)	30 Sept. 2012 (Unaudited)	30 Sept. 2013 (Unaudited)	30 Sept. 2012 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	1,430,708	1,733,177	7,113,326	3,195,934
Weighted average number of shares outstanding during the period	375,602,510	375,602,510	375,602,510	375,602,510
Less: Weighted average number of treasury shares outstanding during the period	(9,416,985)	(9,416,985)	(9,416,985)	(9,416,985)
	366,185,525	366,185,525	366,185,525	366,185,525
Basic and diluted earnings per share (Fils)	4	5	19	9

Notes to the interim condensed consolidated financial information (continued)

5 Cash and cash equivalents and murabaha and wakala investments

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

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Cash and bank balances	20,389,292	16,381,419	15,072,796
Short-term deposits	189,082	325,318	-
Due to banks	-	-	(984,213)
	20,578,374	16,706,737	14,088,583
Blocked balances	(370,000)	(5,414,933)	(5,272,973)
Cash and cash equivalent as per cash flow statement	20,208,374	11,291,804	8,815,610

- b. Murabaha and wakala investments

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Placed with a local Islamic investment company	14,247,194	14,968,250	14,968,250
Less: Provision for impairment in value	(14,247,194)	(14,968,250)	(14,968,250)
	-	-	-
Placed with local islamic banks	-	11,293,421	11,278,592
	-	11,293,421	11,278,592

No profit was recognised on impaired wakala investments during the current period. (31 December 2012: KD Nil and 30 September 2012: Nil).

Wakala investments of KD14,247,194 (31 December 2012: KD14,968,250 and 30 September 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 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.

During the period the Group received an amount of KD874,497 (including interest income of KD153,441) from the above impaired Wakala investment from the local Islamic investment company, and recorded this as an income under "interest and other income" (note 3), in the interim condensed consolidated financial information in accordance with Central Bank of Kuwait credit provisioning rules.

Notes to the interim condensed consolidated financial information (continued)

6 Investments at fair value through profit or loss

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Held for trading :			
Quoted shares	18,177,409	17,887,014	20,315,617
Quoted Islamic debt instruments	1,352,777	2,814,611	3,059,402
Designated on initial recognition :			
Local funds	-	2,723,953	2,695,348
	19,530,186	23,425,578	26,070,367

Quoted shares with a fair value of KD10,572,419 (31 December 2012: KD12,023,799 and 30 September 2012: KD14,322,810) are secured against bank loans (refer note 10).

7 Accounts receivable and other assets

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Financial assets:			
Accounts receivable	4,581,772	-	-
Due from Ultimate Parent Company (net)	50,737	51,460	11,412,409
Due from other related parties	4,869,386	1,392,809	1,881,331
Due from future trade clients	5,249,466	3,228,191	3,018,285
Due on sale of foreign investment properties, (net)	4,077,294	8,174,920	8,030,971
Due on sale of local investment properties	-	1,150,000	-
Due from Investment Brokerage Companies	511,884	2,090,528	3,273,806
Accrued income	1,406,549	1,240,977	1,461,690
Advance payments to acquire investments	150,000	500,000	2,362,674
Other financial assets	994,855	1,408,757	738,069
	21,891,942	19,237,642	32,179,235
Non-financial assets			
Other assets	286,342	646,521	2,238,813
	22,178,284	19,884,163	34,418,048

Due on sale of foreign investment properties has been discounted based on an effective interest rate of 5.5% p.a to give effect to the deferred payment terms. The effect of unwinding of discount on this receivable amounting to KD 142,913 for the period ended at 30 September 2013 (31 December 2012: KD282,458 and 30 September 2012: KD211,537) is recognised in “Interest and Other income” (note 3).

During the current period the Group has made a provision of KD127,008 (31 December 2012: Nil and 30 September 2012: Nil) against accrued management fees due from a related party.

Notes to the interim condensed consolidated financial information (continued)

8 Available for sale investments

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Quoted shares	41,380,615	48,947,092	49,971,563
Unquoted shares	22,355,193	25,127,946	10,187,809
Foreign Funds	7,378,497	7,762,390	6,393,003
	71,114,305	81,837,428	66,552,375

- a Available for sale investments include investments in unquoted local shares, and foreign funds where their fair values cannot be reliably determined and as a result investments with a carrying value of KD5,716,485 (31 December 2012: KD5,464,437 and 30 September 2012: KD3,931,844) are carried at cost or cost less impairment. The group's management is not aware of any circumstance that would indicate impairment/further impairment in value of these investments.
- b Quoted shares with a fair value of KD30,990,357 (31 December 2012: KD30,804,358 and 30 September 2012: KD11,638,115) are secured against bank loans (refer note 10).
- c During the period, the Group recognised an impairment loss of KD6,109,925 (31 December 2012: KD4,152,989 and 30 September 2012: KD3,484,493) for certain local and foreign quoted shares, as the market value of these shares at reporting date declined significantly below their cost. Further the Group also recognised an impairment loss of KD330,340 (31 December: KD973,927 and 30 September 2012: KD693,635) against certain unquoted shares and foreign funds based on estimates made by the management as per information available to them at the reporting date.

9 Investment properties

The movement of investment properties is as follows:

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Fair value as at 1 January	16,745,156	12,738,998	12,738,998
Addition during the period/year	26,228	2,980,083	3,058,114
Disposals during the period/year	-	(1,140,000)	-
Change in fair value*	-	2,166,075	1,802,589
	16,771,384	16,745,156	17,599,701

Investment properties comprise land and buildings in the following countries:

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Kuwait	16,453,900	16,430,000	17,202,891
Jordan	317,484	315,156	396,810
	16,771,384	16,745,156	17,599,701

*During the period, the Group decided to evaluate its investment properties by independent valuers annually instead of evaluating them semi-annually as done previously.

Notes to the interim condensed consolidated financial information (continued)

9 Investment properties (continued)

Investment properties amounting to KD8,200,000 (31 December 2012: KD8,200,000 and 30 September 2012: KD Nil) are secured against bank loans (refer note 10).

The consideration due on sale of the Group's investment property in the Kingdom of Saudi Arabia amounting to KD12,404,655 is due in installments. Out of the consideration due, KD5,901,425 (31 December 2012: KD4,099,718 and 30 September 2012: KD4,099,718) was settled in cash and buyer agreed to partially settle the balance due by transferring another real estate property situated in Saudi Arabia which has been valued at KD2,330,571.

During the current period 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 has been reclassified from "due on sale of foreign investment property" to "due from other related party". The remaining balance due on sale of foreign investment property is included in account receivables and other assets (Note 7) and is due to be settled in November 2013.

10 Borrowings from banks and financial institutions

	Effective interest/ profit rate p.a %	Security	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Short term loans from local banks and financial institutions					
Loan payable . Kuwaiti Dinar	-	Unsecured	-	-	33,574,000
Loan payable . Kuwaiti Dinar	-	Secured	-	-	2,790,000
Loans payable . JOD	-	Secured	-	96,364	165,066
			-	96,364	36,529,066
Long term loan from local bank					
Loans payable . Kuwaiti Dinar	3.25	Secured	88,614,750	103,360,500	68,845,500
Wakala payable . Kuwaiti Dinar	3.25	Secured	39,600,000	44,000,000	44,000,000
			128,214,750	147,360,500	112,845,500
Total			128,214,750	147,456,864	149,374,566

The above loans are due as follows:

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Short term loan due within one year	-	96,364	36,529,066
Current portion of long term-loan due within one year	30,556,000	19,175,500	15,694,250
Due after more than one year	97,658,750	128,185,000	97,151,250
	128,214,750	147,456,864	149,374,566

Notes to the interim condensed consolidated financial information (continued)

10 Borrowings from banks and financial institutions (continued)

- a. Short term loans amounting to KD Nil (31 December 2012: KD Nil and 30 September 2012: KD2,790,000) are secured by investments at fair value through profit or loss (refer note 6) and available for sale investments (note 8).
- b. Long term loans amounting to KD128,214,750 (31 December 2012: KD147,360,500 and 30 September 2012: KD112,845,590) are secured by investment at fair value through profit or loss (note 6), available for sale investments (note 8) and investment properties (note 9).
- c. During 2011 and 2012, the Group restructured its financing arrangements with local banks and accordingly loans 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 30 September 2013, these are partly secured (notes 6,8 and 9) and the process of identification and securitization of the required balance investment portfolios is currently underway.

11 Share capital, share premium and non controlling interest

- a. The authorised, issued and paid up share capital of the Parent Company comprise of 375,602,510 shares of 100 Fils each (31 December 2012 and 30 September 2012: 375,602,510 of 100 Fils each), fully paid in cash.
- b. 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 capital reduction was issued by the Ministry of Commerce & Industry on 16 September 2012.
- c. 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. Accordingly it is expected to pay an amount of KD6,642,010 to its non-controlling interest. After completing its necessary formalities an amount of KD6,170,108 has been paid to non-controlling interest and the balance amount is shown under accounts payable and other liabilities.

12 Investment in associates

During the period the Group disposed one of its associates, Noor Kuwait LBO fund (26.47%) with a carrying value of KD2,819,123 for a consideration of KD2,974,491 which resulted in a gain of KD105,367. The gain has been recognised in the interim condensed consolidated financial information.

13 Segment analysis

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

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

Notes to the interim condensed consolidated financial information (continued)

13 Segment analysis (continued)

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 period ended 30 September 2013 and 30 September 2012 are as follows:

	Domestic & GCC KD	International KD	Total KD
Three months ended 30 September 2013 (unaudited)			
Income	5,497,741	1,943,420	7,441,161
Profit for the period	3,121,992	(3,797,584)	(675,592)
Share of results of associates	232,504	1,208,206	1,440,710
Impairment in value of available for sale investments	-	5,489,909	5,489,909
Three months ended 30 September 2012 (unaudited)			
Income	1,392,138	2,959,852	4,351,990
(Loss)/profit for the period	(1,023,413)	2,700,732	1,677,319
Share of results of associates	(144,712)	1,281,873	1,137,161
Nine months ended 30 September 2013 (unaudited)			
Income	12,606,348	7,448,880	20,055,228
Profit for the period	4,643,989	775,307	5,419,296
Share of results of associates	190,250	4,718,258	4,908,508
Impairment in value of available for sale investments and other receivable	796,873	5,770,400	6,567,273
Total assets	136,010,663	62,028,537	198,039,200
Total liabilities	134,067,274	853,439	134,920,713
Net assets	1,943,609	61,175,098	63,118,487
Nine months ended 30 September 2012 (unaudited)			
Income	9,319,690	7,253,844	16,573,534
(Loss)/profit for the period	(2,165,378)	5,782,787	3,617,409
Share of results of associates	47,536	4,703,803	4,751,339
Impairment in value of available for sale investments	3,347,037	831,091	4,178,128
Total assets	159,253,471	60,561,156	219,814,627
Total liabilities	(156,257,351)	(841,923)	(157,099,274)
Net assets	2,996,120	59,719,233	62,715,353

Notes to the interim condensed consolidated financial information (continued)

14 Related party transactions

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

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

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD	
Interim condensed consolidated statement of financial position				
Due from related parties and the Ultimate Parent Company				
- Due from Ultimate Parent Company (note 7) (net)	50,737	51,460	14,087,114	
- Due from an associate	4,686,754	1,150,000	350,000	
- Due from other related parties	182,633	242,809	1,531,331	
- Accrued management fees	658,449	573,613	793,376	
Due to related parties	357,925	320,803	128,603	
Purchase of available for sale investment from related party	-	13,800,000	-	
Sale of assets to an associate (Note 9)	2,330,571	-	-	
	Three months ended	Nine months ended		
	30 Sept. 2013 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD	30 Sept. 2013 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD
Interim condensed consolidated statement of income				
Management and placement fees				
- earned from ultimate parent company	995	10,258	19,871	34,358
- earned from other related parties	18,815	34,249	-	215,427
Effect of unwinding of discount on accounts receivable	-	204,425	-	613,275
Impairment in value of other receivables	-	-	127,008	-
Reversal of Impairment	-	-	-	2,500,000
Compensation of key management personnel of the group				
Short term employee benefits	325,547	78,600	474,947	172,800
End of service benefits	4,707	6,048	15,860	18,016
	330,254	84,648	490,807	190,816

Notes to the interim condensed consolidated financial information (continued)

15 Summary of financial assets and liabilities by category

15.1 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:

	30 Sept. 2013 (Unaudited) KD
Loans and receivables:	
Cash and bank balances	20,389,292
Short term deposits	189,082
Accounts receivable and other assets (note 7)	21,891,942
Investments at fair value through profit or loss: (note 6)	
-Trading securities	19,530,186
Available for sale investments (note 8)	71,114,305
	133,114,807
Financial liabilities:	
Accounts payable and other liabilities	6,130,870
Borrowings from banks and financial institutions (note 10)	128,214,750
Provision for end of service indemnity	575,093
	134,920,713

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. In the opinion of the Group's management, except for certain available for sale investments which are carried at cost for reasons specified in Note 8 to the interim condensed consolidated financial information the carrying amounts of financial assets and liabilities as at 30 September 2013 approximate their fair values.

15.2 Fair value hierarchy for financial instruments measured at fair value

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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

Notes to the interim condensed consolidated financial information (continued)

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

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

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

30 September 2013	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value:					
Investments at fair value through profit or loss					
- Quoted shares and debt instruments	a	19,530,186	-	-	19,530,186
Available for sale investments					
- Quoted shares	a	41,380,615	-	-	41,380,615
- Unquoted shares	c	-		22,108,928	22,108,928
- Foreign funds	b	-	1,908,277		1,908,277
Total assets		60,910,801	1,908,277	22,108,928	84,928,006

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

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

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are as follows;

a) Quoted shares and debt instruments

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.

b) Foreign funds

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.

c) Unquoted shares

The interim condensed consolidated financial information includes 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.

Notes to the interim condensed consolidated financial information (continued)

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

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

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:

	30 Sept. 2013 (Unaudited) KD
As at 1 January	24,881,681
Disposal	(3,364,334)
Changes in fair value during the period recognised in other comprehensive income	641,430
Impairment loss recognised in profit or loss	(49,849)
As at 30 September	22,108,928

Changing inputs to the Level 3 valuations or reasonably possible alternative assumptions would not change significantly, amounts recognised in the consolidated statement of income, total assets, total liabilities or total equity.

16 Business combinations

During the current quarter, the Group 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 equipments) and the acquisition was accounted in accordance with IFRS 3 as follows:

	30 Sept. 2013 (Unaudited) 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)
Employees' end of service benefits	(273,913)
Total identifiable net assets	1,306,250
Goodwill	1,990,375

** As per the sale agreement, out of the total consideration an amount of KD616,000 has been withheld by the Group as this represents the sellers contribution towards the capital increase of an intermediate subsidiary of the Group.

Notes to the interim condensed consolidated financial information (continued)

16 Business combinations (continued)

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 financial position of the newly acquired subsidiary as at Sep 30, 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 KD180,814 and KD62,840 to the net result of the Group respectively.

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

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	(616,000)
Less: bank balance of subsidiary on acquisition	(398,762)
	2,151,238

17 Capital commitments

At the reporting date, the Group had capital commitments of KD1,657,429 (31 December 2012: KD3,593,456 and 30 September 2012: KD5,210,666).

On 1 December 2011, the Parent Company's Jordanian subsidiary, Noor Jordanian Kuwaiti Financial Investment Company Limited ("the Seller") disposed of its entire equity interest in one of its Jordanian subsidiary (Noor Jordan Kuwait Transport Company JSCC) to nine individual buyers ("the Buyers"). Subsequent to the transfer of shares and control to the Buyers, they have defaulted on fulfilling the terms and conditions of the sale agreement and also filed legal cases against the Seller. The Seller also filed legal cases against the Buyers. The Parent Company has also provided a corporate guarantee to this disposed subsidiary for a loan obtained by them of JD718,000 (KD 280,000) from a local Jordanian bank at the time of the sale transaction. Subsequently the lending bank has filed legal cases against the disposed subsidiary, the Buyers and the Parent Company. The Parent Company's management based on a legal opinion believes that it would not incur any loss on account of this.

18 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 statements of financial position. Assets under management at 30 September 2013 amounted to KD50,773,970 (31 December 2012: KD106,540,305 and 30 September 2012: KD103,059,896) of which assets managed on behalf of its ultimate parent company and other related parties amounted to KD47,222,779 (31 December 2012: KD83,096,778 and 30 September 2012: KD82,675,410).

19 Comparative information

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