

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

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

30 June 2015

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NOOR FINANCIAL INVESTMENT COMPANY K.P.S.C

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Noor Financial Investment Company K.P.S.C, Kuwait ("the Parent Company") and its subsidiaries ("the Group") as at 30 June 2015 and the related interim condensed consolidated statements of profit or loss and comprehensive income for three-month and six-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in note 2.1. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in note 2.1.

Report on Review of Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, no violation of Companies Law No. 25 of 2012, as amended and its Executive Regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the six-month period ended 30 June 2015 that might have had a material effect on the business or financial position of the Group.

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NOOR FINANCIAL INVESTMENT COMPANY K.P.S.C (CONTINUED)

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2015 that might have had a material effect on the business or financial position of the Group.



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Kuwait
11 August 2015

Interim Condensed Consolidated Statement of Profit or Loss – period ended 30 June 2015 (Unaudited)

	Note	Kuwaiti Dinars			
		Three months ended		Six months ended	
		30 June		30 June	
		2015	2014	2015	2014
Income					
Revenue from hotel operation and IT services		3,785,411	3,272,571	8,021,442	6,199,067
Cost of sales and services		(3,348,059)	(2,769,287)	(7,103,390)	(5,184,712)
Gross profit from hotel and IT services		437,352	503,284	918,052	1,014,355
Realised gain on investments at fair value through profit or loss		140,354	400,032	623,370	473,497
Unrealised (loss)/gain on investments at fair value through profit or loss		(56,432)	(1,006,449)	(225,576)	1,215,914
Realised gain on sale of available for sale investments		61,416	19,646	681,157	809,417
Dividend income		1,624,188	1,038,820	2,067,526	1,624,413
Share of results of associates		2,435,355	2,304,710	4,287,393	4,105,753
Rental income		320,005	246,192	566,259	500,441
Realised gain on sale of investment properties		-	-	-	300,000
Management and placement fees		17,078	10,045	24,918	24,658
Interest and other income		158,238	130,643	250,070	304,548
Foreign exchange gain/(loss)		30,939	(62,615)	(557)	(93,414)
		<u>5,168,493</u>	<u>3,584,308</u>	<u>9,192,612</u>	<u>10,279,582</u>
Expenses and other charges					
General, administrative and other expenses		1,488,467	1,257,677	2,769,307	2,754,227
Finance costs		1,135,036	1,078,045	2,227,488	2,163,296
Impairment in value of available for sale investments	7	1,220,251	846,816	2,024,301	914,003
Impairment in value of receivables		6,347	-	6,347	710,607
Impairment in value of investment in associate		-	-	-	111,473
		<u>3,850,101</u>	<u>3,182,538</u>	<u>7,027,443</u>	<u>6,653,606</u>
Profit before KFAS, Zakat and NLST		1,318,392	401,770	2,165,169	3,625,976
Provision for KFAS		(8,880)	(8,692)	(11,133)	(20,487)
Provision for Zakat		(3,953)	(4,349)	(11,402)	(34,263)
Provision for National Labor Support Tax (NLST)		(15,029)	(11,256)	(39,111)	(85,851)
Profit for the period		1,290,530	377,473	2,103,523	3,485,375
Attributable to:					
Owners of the Parent Company		1,031,532	604,155	2,040,544	3,858,026
Non-controlling interests		258,998	(226,682)	62,979	(372,651)
		<u>1,290,530</u>	<u>377,473</u>	<u>2,103,523</u>	<u>3,485,375</u>
Basic and diluted earnings per share (Fils)	3	2.56	1.50	5.07	9.58

The attached notes on pages 9 to 20 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income – period ended 30 June 2015 (Unaudited)

	Kuwaiti Dinars			
	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
Profit for the period	1,290,530	377,473	2,103,523	3,485,375
<i>Other comprehensive income</i>				
<i>Items to be reclassified to interim condensed consolidated profit or loss in subsequent periods:</i>				
Exchange differences arising on translation of foreign operations	371,962	(245,084)	989,655	2,469,729
<i>Available for sale investments:</i>				
- Net changes in fair value arising during the period	(2,479,383)	(2,367,290)	(3,316,716)	(1,057,882)
- Transferred to interim condensed consolidated statement of profit or loss on sale	(61,416)	(19,646)	(681,157)	(809,417)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	1,220,251	846,816	2,024,301	914,003
Share of other comprehensive gain of associates	379,948	80,376	208,750	1,165,070
Total other comprehensive income for the period	(568,638)	(1,704,828)	(775,167)	2,681,503
Total comprehensive income for the period	721,892	(1,327,355)	1,328,356	6,166,878
Total comprehensive income attributable to:				
Owners of the Parent Company	722,052	(1,100,673)	1,924,090	7,092,563
Non-controlling interests	(160)	(226,682)	(595,734)	(925,685)
	721,892	(1,327,355)	1,328,356	6,166,878

The attached notes on pages 9 to 20 form an integral part of this interim condensed consolidated financial information.

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

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2015 (Unaudited)

		Kuwaiti Dinars		
		30 June 2015	31 December 2014	30 June 2014
	Note	(Unaudited)	(Audited)	(Unaudited)
ASSETS				
Cash and bank balances	4	5,193,343	8,137,702	9,765,999
Short term deposits	4	6,396,308	1,570,220	1,357,214
Murabaha and wakala investments	4	3,003,875	598,354	594,272
Investments at fair value through profit or loss	5	10,573,106	17,372,642	21,209,436
Accounts receivable and other assets	6	16,060,417	14,604,165	19,200,091
Available for sale investments	7	52,612,904	58,207,419	65,336,951
Investments in associates		54,057,772	50,294,896	46,758,665
Investment properties	8	35,600,130	32,840,512	31,372,823
Property and equipment		6,652,148	6,632,396	4,645,261
Goodwill and Intangible asset	11	10,160,321	10,314,660	1,990,375
Total assets		200,310,324	200,572,966	202,231,087
LIABILITIES AND EQUITY				
Liabilities				
Due to banks	4	920,268	1,508,363	-
Accounts payable and other liabilities		10,608,519	9,932,077	6,268,938
Borrowings from banks and financial institutions	9	118,944,520	124,927,082	129,439,750
Provision for end of service indemnity		633,481	526,243	552,562
Total liabilities		131,106,788	136,893,765	136,261,250
Equity				
Equity attributable to owners of the Parent Company				
Share capital	10	41,316,276	41,316,276	41,316,276
Share premium		3,410,573	3,410,573	3,410,573
Treasury shares		(3,410,573)	(3,410,573)	(3,410,573)
Legal reserve		1,507,907	1,507,907	1,413,431
Voluntary reserve		1,507,907	1,507,907	1,413,431
Cumulative changes in fair value		4,891,825	6,009,404	7,305,703
Foreign currency translation reserve		(8,536,413)	(9,537,538)	(10,748,743)
Retained earnings		5,828,439	4,495,457	11,359,472
Equity attributable to the owners of the Parent Company		46,515,941	45,299,413	52,059,570
Non-controlling interests	10	22,687,595	18,379,788	13,910,267
Total equity		69,203,536	63,679,201	65,969,837
Total liabilities and equity		200,310,324	200,572,966	202,231,087

The attached notes on pages 9 to 20 form an integral part of this interim condensed consolidated financial information.

Fahad Sulaiman Al-Khaled
Chairman

Abdulghani M.S. Behbehani
Vice Chairman

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

Interim Condensed Consolidated Statement of Changes in Equity - period ended 30 June 2015 (Unaudited)

	Kuwaiti Dinars										
	Attributable to the owners of the Parent Company										
	Share capital	Share premium	Treasury shares	Legal reserve	Voluntary reserve	Cumulative changes in fair value	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2015	41,316,276	3,410,573	(3,410,573)	1,507,907	1,507,907	6,009,404	(9,537,538)	4,495,457	45,299,413	18,379,788	63,679,201
Increase in non-controlling interest of a subsidiary (note 10c)	-	-	-	-	-	-	-	(707,562)	(707,562)	5,107,562	4,400,000
Redemption of units by non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	(3,621)	(3,621)
Dividend paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	-	(200,400)	(200,400)
Transactions with owners											
Profit for the period	-	-	-	-	-	-	-	(707,562)	(707,562)	4,903,541	4,195,979
Total other comprehensive income for the period	-	-	-	-	-	-	-	2,040,544	2,040,544	62,979	2,103,523
Total comprehensive income for the period	-	-	-	-	-	(1,117,579)	1,001,125	-	(116,454)	(658,713)	(775,167)
Total comprehensive income for the period	-	-	-	-	-	(1,117,579)	1,001,125	2,040,544	1,924,090	(595,734)	1,328,356
Balance as at 30 June 2015	41,316,276	3,410,573	(3,410,573)	1,507,907	1,507,907	4,891,825	(8,536,413)	5,828,439	46,515,941	22,687,595	69,203,536

The attached notes on pages 9 to 20 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity - period ended 30 June 2015 (Unaudited)

Kuwaiti Dinars										
	Attributable to the owners of the Parent Company								Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Legal reserve	Voluntary reserve	Cumulative changes in fair value	Foreign currency translation reserve	Retained earnings		
Balance as at 1 January 2014	37,560,251	3,410,573	(3,410,573)	1,413,431	1,413,431	6,540,895	(13,218,472)	10,741,380	44,450,916	64,576,514
Issues of bonus shares	3,756,025	-	-	-	-	-	-	(3,756,025)	-	-
Increase in non-controlling interest of a subsidiary during the period	-	-	-	-	-	-	-	-	2,500	2,500
Redemption of units by non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	(126,858)
Decrease of non-controlling interest on sale of a subsidiary	-	-	-	-	-	-	-	-	-	(8,655)
Redemption of share capital by non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	(3,911,655)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	516,091	516,091	(728,887)
Transactions with owners	3,756,025	-	-	-	-	-	-	(3,239,934)	516,091	(4,773,555)
Profit/(loss) for the period	-	-	-	-	-	-	-	3,858,026	3,858,026	3,485,375
Total other comprehensive income for the period	-	-	-	-	-	764,808	2,469,729	-	3,234,537	2,681,503
Total comprehensive income for the period	-	-	-	-	-	764,808	2,469,729	3,858,026	7,092,563	6,166,878
Balance as at 30 June 2014	41,316,276	3,410,573	(3,410,573)	1,413,431	1,413,431	7,305,703	(10,748,743)	11,359,472	52,059,570	65,969,837

The attached notes on pages 9 to 20 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows - period ended 30 June 2015 (Unaudited)

	Kuwaiti Dinars	
	Six months ended	
	30 June	
	2015	2014
Operating activities		
Profit before KFAS, Zakat and NLST	2,165,169	3,625,976
<i>Adjustments:</i>		
Realized gain on sale of available for sale investments	(681,157)	(809,417)
Dividend income	(2,067,526)	(1,624,413)
Share of results of associates	(4,287,393)	(4,105,753)
Gain on sale of investment properties	-	(300,000)
Interest income and income from wakala and murabaha investments	(17,983)	(73,597)
Depreciation	113,989	62,982
Amortization of intangible assets	154,339	-
Provision for end of service indemnity	183,771	36,575
Finance costs	2,227,488	2,163,296
Impairment in value of available for sale investments, associates and receivables	2,030,648	1,736,083
	(178,655)	711,732
<i>Changes in operating assets and liabilities:</i>		
Investments at fair value through profit or loss	6,799,536	336,404
Accounts receivable and other assets	(1,325,091)	7,343,182
Accounts payable and other liabilities	288,794	(949,696)
<i>Cash from operations</i>	5,584,584	7,441,622
KFAS, Zakat and NLST paid	(2,317)	(389,609)
Payment of end of service indemnity	(76,533)	(400)
Net cash from operating activities	5,505,734	7,051,613
Investing activities		
Change in short term deposits maturing after three months	(684,863)	-
Changes in blocked deposits	1,405,044	(1,153,580)
(Increase)/decrease in murabaha and wakala investments	(2,405,521)	3,905,728
Purchase of available for sale investments	(349,131)	(52,387)
Proceeds from sale of available for sale investments	2,626,928	2,264,311
Acquisition/improvement of investment properties	(2,759,618)	(3,487,202)
Investments in an associate	(50,000)	-
Proceeds from sale of investment properties	-	2,100,000
Net acquisition of property, plant and equipment	(133,741)	(232,039)
Dividend received from associates	1,635,164	707,704
Dividend received from other investments	2,067,526	1,624,413
Interest income & income from murabaha and wakala investments received	17,983	73,597
Net cash from investing activities	1,369,771	5,750,545
Financing activities		
Repayment of bank borrowings (net)	(5,982,562)	(5,125,000)
Redemption of units by non-controlling interests	(3,621)	(126,858)
Payment to subsidiary's shareholders on capital reduction	(114,860)	(2,874,388)
Acquisition of non-controlling interests	-	(728,887)
Dividend paid	-	(2,300)
Dividend paid to non-controlling interests by a subsidiary	(200,400)	-
Investment made by non-controlling interest in the capital of a subsidiary	4,400,000	2,500
Finance costs paid	(1,784,057)	(2,163,658)
Net cash used in financing activities	(3,685,500)	(11,018,591)
<i>Net increase in cash and cash equivalents</i>	3,190,005	1,783,567
Cash and cash equivalents at the beginning of period	6,245,901	7,820,066
Cash and cash equivalents at the end of period (refer note 4)	9,435,906	9,603,633

The attached notes on pages 9 to 20 form an integral part of this interim condensed consolidated financial information.

1. Incorporation and activities

Noor Financial Investment Company K.P.S.C. ("the Parent Company") was incorporated in Kuwait on 1 February 1997 and during May 2006 its shares were listed on the Kuwait Stock Exchange. The Parent Company and its subsidiaries are together referred to as "the Group". The Parent Company is regulated by the Central Bank of Kuwait and also by the Capital Market Authority (CMA), as an investment company and is a subsidiary of National Industries Group Holding K.P.S.C ("the Ultimate Parent Company").

The principal objectives of the Parent Company are as follows:

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

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

The address of the Parent Company's registered office is NIG Building, Ground Floor, Shuwaikh, Kuwait (PO Box 3311, Safat13034, State of Kuwait).

The Parent Company's Board of Directors approved and authorised this interim condensed consolidated financial information for issue on 11 August 2015.

Notes to the Interim Condensed Consolidated Financial Information - 30 June 2015 (Unaudited)

The Parent Company's consolidated financial statements for the year ended 31 December 2014 were approved by the shareholders at the Annual General Meeting (AGM) held on 27 May 2015.

2. Basis of presentation and significant accounting policies

2.1 Basis of presentation

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting. The accounting policies used in preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual audited consolidated financial statements for the year ended 31 December 2014 except for the adoption of the new and amended International Financial Reporting Standards (IFRS) that have become effective from 1 January 2015 and those which are applicable to the Group.

As disclosed in note 9 (a), the management of the Parent Company is actively engaged with all its lenders to restructure its loans and is confident that based on the constructive discussions held to date they will be able to achieve an acceptable debt rescheduling within a short period of time.

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

The annual consolidated financial statements for the year ended 31 December 2014 were prepared in accordance with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (CBK). These regulations require adoption of all IFRS except for the IAS 39 requirements for a collective provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision as described under the accounting policy for impairment of financial assets.

This interim condensed consolidated financial information does not contain all the information and disclosures required for complete financial statements prepared in accordance with IFRS. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

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

The subsidiaries are consolidated and share of results of associates are recorded based on the management accounts for the period ended 30 June 2015.

2.2 Significant accounting policies

Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2015 did not have any material impact on the accounting policies, financial position or performance of the Group.

Notes to the Interim Condensed Consolidated Financial Information - 30 June 2015 (Unaudited)

3. Basic and diluted earnings per share

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

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2015	2014	2015	2014
Profit for the period attributable to the owners of Parent Company(KD)	1,031,532	604,155	2,040,544	3,858,026
Weighted average number of shares outstanding during the period	413,162,761	413,162,761	413,162,761	413,162,761
Less: Weighted average number of treasury shares outstanding during the period	(10,359,065)	(10,359,065)	(10,359,065)	(10,359,065)
	402,803,696	402,803,696	402,803,696	402,803,696
Basic and diluted earnings per share (Fils)	2.56	1.50	5.07	9.58

4. Cash and cash equivalents, murabaha and wakala investments

a) Cash and cash equivalents

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Cash and bank balances	5,193,343	8,137,702	9,765,999
Short term deposits	6,396,308	1,570,220	1,357,214
	11,589,651	9,707,922	11,123,213
Less: Blocked balances	(324,497)	(1,729,541)	(1,519,580)
Less: Due to banks	(920,268)	(1,508,363)	-
Less: Short term deposits maturing after 3 months	(908,980)	(224,117)	-
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	9,435,906	6,245,901	9,603,633

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

Due to banks represent bank overdraft facilities utilised by subsidiary and are secured by short term deposit of KD 970,545 (31 December 2014: KD 970,545 and 30 June 2014: KD Nil).

Cash and cash equivalents includes bank balances of KD 1,120,455 (31 December 2014: KD1,121,132 and 30 June 2014: KD 2,403,669) which are designated for the purpose of payment on account of capital reduction of two subsidiaries.

b) Murabaha and Wakala investments

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Placed with a local Islamic bank	3,003,875	598,354	594,272
Placed with a local Islamic investment company	14,324,160	14,324,160	14,324,160
Less : Impairment in value	(14,324,160)	(14,324,160)	(14,324,160)
	-	-	-
	3,003,875	598,354	594,272

Notes to the Interim Condensed Consolidated Financial Information - 30 June 2015 (Unaudited)

No profit was recognised on impaired wakala investments during the current period (31 December 2014 and 30 June 2014: Nil).

Wakala investments of KD 14,324,160 (31 December 2014: KD 14,324,160 and 30 June 2014: KD 14,324,160) placed with a local Islamic investment company matured in the last quarter of 2008. The investee company defaulted on settlement of these balances on the maturity date. However revised maturity dates were stipulated by the court. The investee company again defaulted the payment of 2nd and 3rd installment due in June 2014 and 2015 respectively. 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 assumed the financial and legal obligations on wakala investments of KD 9,968,250 (in violation of the Commercial Companies Law of 1960) that the Group had placed with the above investment company in a fiduciary capacity under a wakala agreement with certain related parties, despite having no such obligation under the wakala agreement. The Group initiated legal proceedings against the related parties to recover the amount including profits thereon. During the year 2014, the court of appeal ordered the related parties to pay KD 8,285,000 with 7% of profit thereon to the Group which has been overturned by the Court of Cassation in favor of the related party during the current period. The legal proceedings relating to the remaining amount of KD 1,683,250 is still in process.

5. Investments at fair value through profit or loss

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
<i>Held for trading:</i>			
Quoted shares - Local	6,069,303	12,548,333	15,564,207
- Foreign	4,503,803	4,824,309	5,645,229
	<u>10,573,106</u>	<u>17,372,642</u>	<u>21,209,436</u>

Quoted shares with a fair value of KD 1,446,131 (31 December 2014: KD 7,546,813 and 30 June 2014: KD 9,736,372) are secured against bank loans (note 9).

6. Accounts receivable and other assets

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
<i>Financial assets</i>			
Accounts receivable	3,543,749	3,111,645	5,058,084
Due from Ultimate Parent Company (net of discount and provision)	56,147	55,837	56,250
Due from other related parties	1,209,485	80,484	2,172,757
Due from future trade clients	4,857,540	5,250,261	5,854,423
Due on sale of investment properties (net)	986,387	937,715	1,880,975
Due from investment brokerage companies	1,967,990	2,124,189	992,290
Accrued income	1,686,069	1,333,508	774,189
Advance payments to acquire investments	-	-	1,858,100
Other financial assets	962,634	1,107,273	415,546
	<u>15,270,001</u>	<u>14,000,912</u>	<u>19,062,614</u>
<i>Non-financial assets</i>			
Other assets	790,416	603,253	137,477
	<u>16,060,417</u>	<u>14,604,165</u>	<u>19,200,091</u>

Notes to the Interim Condensed Consolidated Financial Information - 30 June 2015 (Unaudited)

The consideration due on sale of Group's investment property in the Kingdom of Saudi Arabia amounting to KD 12,404,655 (sold during 2011) was due in instalments. Out of the consideration due, as of 30 June 2015 an amount of KD 986,387 is outstanding and the Group's management expects that it will be settled during 2015.

7. Available for sale investments

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Quoted shares	20,141,990	23,952,288	26,922,317
Unquoted shares	24,235,108	26,226,401	31,137,354
Funds (foreign)	8,235,806	8,028,730	7,277,280
	<u>52,612,904</u>	<u>58,207,419</u>	<u>65,336,951</u>

- Available for sale investments include a number of investments in unquoted shares and foreign funds where their fair values cannot be reliably determined and as a result investments with a carrying value of KD 1,643,215 (31 December 2014: KD 1,808,118 and 30 June 2014: KD 596,315) are carried at cost. The Group's management is not aware of any circumstance that would indicate impairment/further impairment in value of these investments.
- Quoted shares with a fair value of KD 14,894,252 (31 December 2014: KD 18,175,068 and 30 June 2014: KD 22,639,306) and unquoted shares with a fair value of KD 8,300,000 (31 December 2014: KD 8,300,000 and 30 June 2014: KD 13,800,000) are secured against bank loans (refer note 9).
- During the period, the Group recognized an impairment loss of KD 1,649,616 (31 December 2014: KD 75,839 and 30 June 2014: Nil) for certain quoted available for sale investments as the market value of these shares at the reporting date declined significantly below their costs. Further the Group also recognized an impairment loss of KD 374,685 (31 December 2014: KD 8,595,672 and 30 June 2014: KD 914,003) against certain unquoted shares and foreign funds based on estimates made by the management as per information available to them at the reporting date.

8. Investment properties

The movement in investment properties is as follows:

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Fair value as at 1 January	32,840,512	28,604,121	28,604,121
Additions during the period/year	2,759,618	4,931,859	4,568,702
Disposals during the period/year	-	(1,800,000)	(1,800,000)
Change in fair value	-	1,104,532	-
	<u>35,600,130</u>	<u>32,840,512</u>	<u>31,372,823</u>

Notes to the Interim Condensed Consolidated Financial Information - 30 June 2015 (Unaudited)

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

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Kuwait	35,171,979	32,425,450	30,973,265
Jordan	428,151	415,062	399,558
	<u>35,600,130</u>	<u>32,840,512</u>	<u>31,372,823</u>

Investment properties amounting to KD 9,432,000 (31 December 2014: KD 9,432,000 and 30 June 2014: KD 9,272,000) and KD 11,681,723 (31 December 2014: KD 9,350,000 and 30 June 2014: KD 13,889,766) are secured against bank loans and Ijara financing facilities respectively.

The above investment properties include jointly controlled investment properties with a carrying value of KD 7,185,484 (31 December 2014: KD 7,013,450 and 30 June 2014: KD 3,266,325) which are partly financed from Ijara financing arrangement arranged by joint owner (related party).

9. Borrowings from banks and financial institutions

	Effective interest/ cost rate per annum %	Security	Kuwaiti Dinars		
			30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Short term					
Ijara Financing - KD	4.5	Secured	5,405,000	4,205,000	3,125,000
Murabaha and Tawaraq payable - KD	4.5	Secured	906,907	-	-
Long term					
Loans payable - KD	3.5	Secured	73,845,500	81,657,500	88,614,750
Wakala payable – KD	3.5	Secured	33,000,000	33,000,000	33,000,000
Ijara financing – KD	4.5 - 5	Secured	5,787,113	6,064,582	4,700,000
			118,944,520	124,927,082	129,439,750

The above loans are due as follows:

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Short term Ijara financing due within one year	5,405,000	4,205,000	3,125,000
Short term Murabaha and Tawaraq payable	906,907	-	-
<i>Long term loans</i>			
Due within one year	11,526,875	15,024,375	35,556,000
Due after one year	95,318,625	99,633,125	90,758,750
<i>Long term ijara financing</i>			
- Current portion due within one year	866,220	870,886	-
- Due after one year	4,920,893	5,193,696	-
	<u>118,944,520</u>	<u>124,927,082</u>	<u>129,439,750</u>

Notes to the Interim Condensed Consolidated Financial Information - 30 June 2015 (Unaudited)

- a. During 2011 and 2012, the Parent Company restructured its financing arrangements with some local banks and accordingly loans amounting to KD 106,845,500 (net of repayment of KD 51,704,500) were converted into secured long term facilities. As per loan restructuring agreements, these loans are required to be 100% secured. As of 30 June 2015, these are partly secured (notes 5, 7 and 8) and the process of identification and securitization of the required balance is in process.

The Parent Company is currently in the process of rescheduling the original repayment plan of its loans amounting to KD 106,845,500 including an amount of KD 29,490,500 which was due within one year and KD 77,355,000 due after one year. Loan instalments totalling to KD 29,373,750 (including an amount of KD 9,187,000 which has been paid during December 2014 and during 2015) from three lending bankers fell due and all three lenders have agreed to rollover the balance and continue discussions with the Parent Company to reschedule the dues. The Parent Company had submitted a debt reschedulement plan to all its lenders and had also requested from all of the lenders to extend the standstill agreements from 30 June 2015 to 31 August 2015 as the restructuring is still in process and to continue negotiations to reach an acceptable debt rescheduling solution. During the period ended 30 June 2015, the Parent Company has received approval from all of its lenders to the requested standstill till 31 August 2015. As per the standstill approval letters, the Parent Company should pay 50% of the third instalment within four months from the original due date and remaining 50% (KD 19,338,750) to be added to the outstanding loan for final restructuring.

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

- b. Ijara financing contracts amounting to KD 11,192,113 (31 December 2014: KD 10,269,582 and 30 June 2014: KD 3,125,000) are secured by investments properties (note 8b) and property and equipment KD 2,222,000 (31 Dec 2014: KD 2,200,000 and 30 June 2014: KD Nil) .
- c. Long term loans and wakala financing amounting to KD 106,845,500 (31 December 2014: KD 114,675,500 and 30 June 2014: KD 126,314,750) are secured by investment at fair value through profit or loss (note 5), available for sale investments (note 7) investment properties (note 8) and against shares of two unlisted subsidiaries of the Parent Company.

10. Share capital and non-controlling interests

- a. The authorized, issued and paid up share capital of the Parent Company comprise of 413,162,761 shares of 100 Fils each (31 December 2014 and 30 June 2014: 413,162,761 of 100 Fils each) fully paid in cash.
- b. At the AGM held on 15 May 2014, the shareholders approved 10% bonus shares on outstanding shares as at the date of the AGM, which is 37,560,251 shares of 100 Fils each amounting to KD 3,756,025.
- c. During the period one of the subsidiaries of the Group (Noor Al-Salhiya Real Estate Company KSCC) increased its share capital from KD 11,000,000 to KD 15,000,000 (40,000,000 shares with a par value of 100 Fils and premium of 10 Fils per each share). The Parent Company did not subscribe for this increase and consequently the Parent Company's shareholding in this subsidiary diluted from 100% to 73.32%. The proportionate carrying value of net assets on the date of dilution amounting to KD 5,107,562 relating to non-controlling interests has been transferred to non-controlling interest in the interim condensed consolidated statement of changes in equity. Consequently the difference between cash proceeds received and non-controlling interests share of net assets on the date of dilution amounting to KD 707,562 has been recognized as a dilution loss in the interim condensed consolidated statement of changes in equity.
- d. On 5 March 2014, the shareholders of one of the subsidiaries of the Group, (Kuwait Indian Holding Company KSCH) decided to further decrease its share capital by KD 9,000,000 out of which KD 3,911,655 pertains to non-controlling interests. After completing its necessary formalities an amount of KD 4,012,167 including payment for prior capital reduction (31 December 2014: KD 3,932,248 and 30 June 2014: KD 2,742,249) has been paid to non-controlling interests and the balance amount is shown under accounts payable and other liabilities.

Notes to the Interim Condensed Consolidated Financial Information - 30 June 2015 (Unaudited)

- e. Furthermore, an amount of KD 908,440 (31 Dec 2014: KD 943,381 and 30 June 2014: KD 982,109) is due to non-controlling interests for decrease in share capital of another subsidiary (Noor Telecommunication Company KSCC) during 2012 and is included under accounts payable and other liabilities.

11. Goodwill and intangible asset

This includes an intangible asset in the form of an indefeasible right of use (IRU) to a telecommunication asset carried at KD 8,131,043 (31 December 2014: KD 8,285,382; 30 June 2014: KD Nil) arising from a subsidiary. The subsidiary is currently renegotiating the financial and other terms of its use and, accordingly, its' carrying value and that of the related liability of KD 3,600,000 (31 December 2014: KD 3,504,000; 30 June 2014: KD Nil) are subject to any change that may arise when it is finalized.

12. Segment analysis

The Group activities are concentrated in three main segments: investments, real estate and hotel & IT services. These segments are regularly reviewed by the Chief Operating Decision Maker (CODM) for resource allocation and performance assessment. Segment results include revenue and expense directly attributable to each reporting segment as the Group does not have any inter segment charges. Segment assets comprise those operating assets that are directly attributable to the segment.

Segmental information for the periods ended 30 June 2015 and 30 June 2014 are as follows:

Notes to the Interim Condensed Consolidated Financial Information - 30 June 2015 (Unaudited)

	Investments		Real Estate		Hotel and IT services		Total	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	KD	KD	KD	KD	KD	KD	KD	KD
Sales	-	-	-	-	8,021,442	6,199,067	8,021,442	6,199,067
Investments related income (realised, unrealised and dividend income)	3,146,477	4,123,241	-	-	-	-	3,146,477	4,123,241
Rental income	-	-	566,259	500,441	-	-	566,259	500,441
Interest and other income	250,070	304,548	-	-	-	-	250,070	304,548
Realised gain on sale of investment properties	-	-	-	300,000	-	-	-	300,000
Share of results of associates	4,187,311	3,926,911	100,082	178,842	-	-	4,287,393	4,105,753
Others	24,361	(68,756)	-	-	-	-	24,361	(68,756)
Segment revenue	7,608,219	8,285,944	666,341	979,283	8,021,442	6,199,067	16,296,002	15,464,294
Cost of sales and services	-	-	-	-	(7,103,390)	(5,184,712)	(7,103,390)	(5,184,712)
Net revenue as per interim condensed consolidated statement of profit or loss	7,608,219	8,285,944	666,341	979,283	918,052	1,014,355	9,192,612	10,279,582
Less								
General and administrative expenses	1,067,294	1,137,223	188,486	175,296	1,513,527	1,441,708	2,769,307	2,754,227
Impairments	2,030,648	1,736,083	-	-	-	-	2,030,648	1,736,083
Finance costs	2,117,821	2,108,988	109,667	54,308	-	-	2,227,488	2,163,296
Segment profit/(loss) before Zakat, KFAS, NILST	2,392,456	3,303,650	368,188	749,679	(595,475)	(427,353)	2,165,169	3,625,976
	Investments		Real Estate		Hotel and IT services		Total	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	KD	KD	KD	KD	KD	KD	KD	KD
Assets	130,071,655	135,236,915	147,324,169	40,774,118	40,097,779	24,914,272	24,561,933	14,809,139
Liabilities	(108,818,822)	(116,339,924)	(124,362,796)	(8,862,106)	(3,297,742)	(10,960,858)	(11,691,735)	(8,600,712)
Net Assets	21,252,833	18,896,991	22,961,373	31,912,012	36,800,037	13,953,414	12,870,198	6,208,427

Notes to the Interim Condensed Consolidated Financial Information - 30 June 2015 (Unaudited)

13. Related party transactions

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

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

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Interim condensed consolidated statement of financial position			
Due from Ultimate Parent Company and other related parties			
- Due from Ultimate Parent Company (note 6) (net)	56,147	55,837	56,250
- Due from an associate	169,635	34,281	22,363
- Due from other related parties	1,039,850	46,203	2,150,394
- Accrued management fees	677,921	782,251	631,974
Due to other related parties included in accounts payable and other liabilities	32,000	84,813	193,099
Purchase of investment property	-	1,280,500	1,281,500

	Kuwaiti Dinars			
	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2015	2014	2015	2014
Interim condensed consolidated statement of profit or loss				
<i>Management and placement fees</i>				
- earned from Ultimate Parent Company	156	199	310	379
- earned from other related parties	338	457	839	8,884
<i>Key management compensation</i>				
- short term employee benefits	31,388	72,405	75,085	277,099
- end of service benefits	1,232	5,073	2,425	12,150
	<u>32,620</u>	<u>77,478</u>	<u>77,510</u>	<u>289,249</u>

14. Financial instruments

14.1 Categories of financial assets and liabilities

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

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Loans and receivables:			
Cash and bank balances (note 4)	5,193,343	8,137,702	9,765,999
Short term deposits (note 4)	6,396,308	1,570,220	1,357,214
Murabaha and wakala investment (note 4)	3,003,875	598,354	594,272
Accounts receivable and other assets (note 6)	15,270,001	14,000,912	19,062,614
Investments at fair value through profit or loss (note 5)	10,573,106	17,372,642	21,209,436
Available for sale investments (note 7)	52,612,904	58,207,419	65,336,951
	<u>93,049,537</u>	<u>99,887,249</u>	<u>117,326,486</u>

Notes to the Interim Condensed Consolidated Financial Information - 30 June 2015 (Unaudited)

Financial liabilities:

Due to banks	920,268	1,508,363	-
Accounts payable and other liabilities	10,608,519	9,932,077	6,268,938
Borrowings from banks and financial institutions (note 9)	118,944,520	124,927,082	129,439,750
	<u>130,473,307</u>	<u>136,367,522</u>	<u>135,708,688</u>

14.2 Fair value hierarchy for financial instruments measured at fair value

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures financial instruments such as investments at fair value through profit or loss and available for sale investments (excluding certain available for sale investments which are carried at cost/cost less impairment for reasons specified in note 7) at fair value. In the opinion of the Group's management, except for certain long term borrowing (note 9) 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.

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

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

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

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

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

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

30 June 2015

	Kuwaiti Dinars			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value:				
Investments at fair value through profit or loss				
- Quoted shares	10,573,106	-	-	10,573,106
Available for sale investments				
- Quoted shares	20,141,990	-	-	20,141,990
- Unquoted shares	-	13,441,665	10,793,443	24,235,108
- Foreign funds	-	6,592,591	-	6,592,591
Total assets	<u>30,715,096</u>	<u>20,034,256</u>	<u>10,793,443</u>	<u>61,542,795</u>

31 December 2014

	Kuwaiti Dinars			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value:				
Investments at fair value through profit or loss				
- Quoted shares	17,372,642	-	-	17,372,642
Available for sale investments				
- Quoted shares	23,952,288	-	-	23,952,288
- Unquoted shares	-	15,131,582	10,848,554	25,980,136
- Foreign funds	-	6,466,877	-	6,466,877
Total assets	<u>41,324,930</u>	<u>21,598,459</u>	<u>10,848,554</u>	<u>73,771,943</u>

Notes to the Interim Condensed Consolidated Financial Information - 30 June 2015 (Unaudited)

30 June 2014

	Kuwaiti Dinars			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Investments at fair value through profit or loss				
- Quoted shares	21,209,436	-	-	21,209,436
Available for sale investments				
- Quoted shares	26,922,317	-	-	26,922,317
- Unquoted shares	-	8,812,239	22,078,852	30,891,091
- Foreign funds	-	6,927,228	-	6,927,228
Total assets	48,131,753	15,739,467	22,078,852	85,950,072

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

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

15. Contingent liabilities and capital commitments

At the reporting date, the Group had capital commitments of KD 1,839,936 (31 December 2014: KD 1, 945,441 and 30 June 2014: KD 3,147,545) and guarantees amounting to KD 7,264,430 (31 December 2014: KD 7,311,950 and 30 June 2014: KD 7,039,089).

16. Fiduciary assets

The Group manages mutual funds and portfolios on behalf of its Ultimate Parent Company, other related parties and outsiders, and maintains securities in fiduciary accounts which are not reflected in the Group's interim condensed consolidated statement of financial position. Assets under management at 30 June 2015 amounted to KD 55,923,807 (31 December 2014: KD 53,931,582 and 30 June 2014: KD 50,211,900) of which assets managed on behalf of Ultimate Parent Company and other related parties amounted to KD 53,412,920 (31 December 2014: KD 52,110,885 and 30 June 2014: KD 47,700,425).

17. Directors' remuneration

The shareholders of the Parent Company at the Annual General Meeting approved the directors' proposal to distribute a total amount of KD 24,000 as remuneration to the Board of Directors for the year ended 31 December 2014, which is in excess of the amount stipulated in the Companies Law. Consequently, this has been recorded as expense during the current period.

18. Comparative information

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