

Interim condensed consolidated financial information and review report

Noor Financial Investment Company – KPSC and Subsidiaries

Kuwait

30 June 2014 (Unaudited)

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Report on review of interim condensed consolidated financial information

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Noor Financial Investment Company KPSC (the "Parent Company") and its subsidiaries (together "the Group") as of 30 June 2014 and the related interim condensed consolidated statements of profit or loss and statement of comprehensive income for the three-month and six-month period 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). 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 Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the six-month period ended 30 June 2014 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No.32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provision of law no 7 of 2010 concerning the Capital Market Authority and its related regulations during the six-months period ended 30 June 2014 that might have had a material effect on the business or financial position of the Group.



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Licence No. 94-A
of Grant Thornton – Al-Qatami, Al-Aiban & Partners



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Kuwait
13 August 2014

Interim condensed consolidated statement of profit or loss

	Note	Three months ended		Six months ended	
		30 June 2014 (Unaudited) KD	30 June 2013 (Unaudited) KD	30 June 2014 (Unaudited) KD	30 June 2013 (Unaudited) KD
Income					
Realised gain on investments at fair value through profit or loss		400,032	481,488	473,497	594,570
Unrealised (loss)/gain on investments at fair value through profit or loss		(1,006,449)	83,252	1,215,914	638,752
Realised gain on sale of available for sale investments		19,646	1,009,273	809,417	1,321,044
Dividend income		1,038,820	3,815,787	1,624,413	3,935,707
Share of results of associates		2,304,710	1,744,901	4,105,753	3,467,798
Realised gain on sale of investment properties	10	-	-	300,000	-
Management and placement fees		10,045	146,581	24,658	235,556
Interest and other income	4	880,119	808,788	1,819,344	1,853,118
Foreign exchange loss		(62,615)	(55,392)	(93,414)	(10,696)
		3,584,308	8,034,678	10,279,582	12,035,849
Expenses and other charges					
General, administrative and other expenses		1,257,677	1,241,454	2,754,227	2,317,903
Finance costs		1,078,045	1,162,431	2,163,296	2,355,683
Impairment in value of available for sale investments	9	846,816	770,420	914,003	950,356
Impairment in value of receivables	8	-	127,008	710,607	127,008
Impairment in value of investment in associate		-	-	111,473	-
		3,182,538	3,301,313	6,653,606	5,750,950
Profit before KFAS, Zakat and NLST		401,770	4,733,365	3,625,976	6,284,899
Provision for Kuwait Foundation for the Advancement of Sciences (KFAS)		(8,692)	(32,213)	(20,487)	(41,523)
Provision for Zakat		(4,349)	(14,924)	(34,263)	(28,929)
Provision for National Labour Support Tax (NLST)		(11,256)	(85,039)	(85,851)	(119,559)
Profit for the period		377,473	4,601,189	3,485,375	6,094,888
Attributable to:					
Owners of the parent company		604,155	4,245,396	3,858,026	5,682,618
Non-controlling interests		(226,682)	355,793	(372,651)	412,270
		377,473	4,601,189	3,485,375	6,094,888
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	5	1.50	10.54	9.58	14.11

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Six months ended	
	30 June 2014 (Unaudited) KD	30 June 2013 (Unaudited) KD	30 June 2014 (Unaudited) KD	30 June 2013 (Unaudited) KD
Profit for the period	377,473	4,601,189	3,485,375	6,094,888
Other comprehensive income:				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences arising from translation of foreign operations	(245,084)	(442,521)	2,469,729	(325,535)
Available for sale investments:				
-Net changes in fair value arising during the period	(2,367,290)	(1,659,625)	(1,057,882)	(1,143,186)
-Transferred to consolidated statement of profit or loss on sale	(19,646)	(1,009,273)	(809,417)	(1,321,044)
-Transferred to consolidated statement of profit or loss on impairment	846,816	770,420	914,003	950,356
Share of other comprehensive income of associates	80,376	(636,950)	1,165,070	(1,081,258)
Total other comprehensive income for the period	(1,704,828)	(2,977,949)	2,681,503	(2,920,667)
Total comprehensive income for the period	(1,327,355)	1,623,240	6,166,878	3,174,221
Total comprehensive income attributable to:				
Owners of the parent company	(1,100,673)	1,267,447	7,092,563	2,568,126
Non-controlling interests	(226,682)	355,793	(925,685)	606,095
	(1,327,355)	1,623,240	6,166,878	3,174,221

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Assets				
Cash and bank balances	6	9,765,999	7,996,585	16,515,423
Short-term deposits	6	1,357,214	189,481	1,609,382
Murabaha and wakala investments	6	594,272	4,500,000	1,044,108
Investments at fair value through profit or loss	7	21,209,436	21,545,840	22,148,093
Accounts receivable and other assets	8	19,200,091	28,302,787	22,400,896
Available for sale investments	9	65,336,951	68,619,650	77,818,554
Investment in associates		46,758,665	39,865,645	47,021,046
Investment properties	10	31,372,823	28,604,121	16,774,038
Property, plant and equipment		4,645,261	4,476,204	4,335,345
Goodwill		1,990,375	1,990,375	-
Total assets		202,231,087	206,090,688	209,666,885
Liabilities and equity				
Liabilities				
Accounts payable and other liabilities		6,268,938	6,433,037	5,538,026
Borrowings from banks and financial institutions	11	129,439,750	134,564,750	141,310,500
Provision for end of service indemnity		552,562	516,387	300,662
Total liabilities		136,261,250	141,514,174	147,149,188
Equity				
Share capital	12	41,316,276	37,560,251	37,560,251
Share premium		3,410,573	3,410,573	3,410,573
Treasury shares		(3,410,573)	(3,410,573)	(3,410,573)
Legal reserve		1,413,431	1,413,431	469,420
Voluntary reserve		1,413,431	1,413,431	469,420
Cumulative changes in fair value		7,305,703	6,540,895	6,172,283
Foreign currency translation reserve		(10,748,743)	(13,218,472)	(10,553,307)
Retained earnings		11,359,472	10,741,380	9,261,860
Equity attributable to the owners of the parent company		52,059,570	44,450,916	43,379,927
Non-controlling interests		13,910,267	20,125,598	19,137,770
Total equity		65,969,837	64,576,514	62,517,697
Total liabilities and equity		202,231,087	206,090,688	209,666,885

Abdullatif A. Al-Asfour
Chairman & Managing Director

Abdulghani M.S. Behbehani
Vice Chairman

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

Equity attributable to owners of the Parent Company											
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total KD
Balance as at 1 January 2014	37,560,251	3,410,573	(3,410,573)	1,413,431	1,413,431	6,540,895	(13,218,472)	10,741,380	44,450,916	20,125,598	64,576,514
Issues of bonus shares (Note 12)	3,756,025	-	-	-	-	-	-	(3,756,025)	-	-	-
Increase in non-controlling interest of subsidiary during the period	-	-	-	-	-	-	-	-	-	-	-
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	2,500	2,500
Decrease of non-controlling interest on sale of subsidiary	-	-	-	-	-	-	-	-	-	(126,858)	(126,858)
Redemption of share capital by non-controlling interests of subsidiary (Note 12c)	-	-	-	-	-	-	-	-	-	(8,655)	(8,655)
Acquisition of non-controlling interest (Note 17)	-	-	-	-	-	-	-	-	-	(3,911,655)	(3,911,655)
Transactions with owners	3,756,025	-	-	-	-	-	-	516,091	516,091	(1,244,978)	(728,887)
Profit/(loss) for the period	-	-	-	-	-	-	-	(3,239,934)	516,091	(5,289,646)	(4,773,555)
Total other comprehensive income for the period	-	-	-	-	-	-	-	3,858,026	3,858,026	(372,651)	3,485,375
Total comprehensive income for the period	-	-	-	-	-	764,808	2,469,729	-	3,234,537	(553,034)	2,681,503
Balance as at 30 June 2014	41,316,276	3,410,573	(3,410,573)	1,413,431	1,413,431	7,305,703	2,469,729	3,858,026	7,092,563	(925,685)	6,166,878
								11,359,472	52,059,570	13,910,267	65,969,837

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

Equity attributable to owners of the Parent Company											
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total KD
Balance as at 1 January 2013	37,560,251	3,410,573	(3,410,573)	469,420	469,420	8,961,240	(10,227,772)	3,579,242	40,811,801	26,403,014	67,214,815
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	-	-
Redemption of share capital by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	(1,229,329)	(1,229,329)
Transactions with owners	-	-	-	-	-	-	-	-	-	(6,642,010)	(6,642,010)
Profit for the period	-	-	-	-	-	-	-	-	-	(7,871,339)	(7,871,339)
Total other comprehensive income for the period	-	-	-	-	-	(2,788,957)	(325,535)	5,682,618	5,682,618	412,270	6,094,888
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(3,114,492)	193,825	(2,920,667)
Balance as at 30 June 2013	37,560,251	3,410,573	(3,410,573)	469,420	469,420	6,172,283	(10,553,307)	9,261,860	43,379,927	19,137,770	62,517,697

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2014 (Unaudited) KD	Six months ended 30 June 2013 (Unaudited) KD
OPERATING ACTIVITIES			
Profit before KFAS, Zakat and NLST		3,625,976	6,284,899
Adjustments:			
Realised gain on sale of available for sale investments		(809,417)	(1,321,044)
Dividend income		(1,624,413)	(3,935,707)
Share of results of associates		(4,105,753)	(3,467,798)
Realised gain on sale of investment properties	10b	(300,000)	-
Interest income and income from murabaha and wakala investments		(73,597)	(67,987)
Net effect of discounting on receivable		-	(142,913)
Depreciation		62,982	237,703
Provision for end of service indemnity		36,575	53,548
Finance costs		2,163,296	2,355,683
Impairment in value of receivables	8b	710,607	127,008
Impairment in value of available for sale investments and investment in associates		1,025,476	950,356
		711,732	1,073,748
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		336,404	1,277,485
Accounts receivable and other assets		7,343,182	(2,566,039)
Accounts payable and other liabilities		(949,696)	40,821
Payment of end of service indemnity		(400)	(52,803)
KFAS, Zakat and NLST paid		(389,609)	(152,264)
Net cash from/(used in) operating activities		7,051,613	(379,052)
INVESTING ACTIVITIES			
Change in blocked deposits		(1,153,580)	5,049,933
Decrease in Murabaha and wakala investments		3,905,728	10,249,314
Purchase of available for sale investments		(52,387)	(134,878)
Proceeds from sale of available for sale investments		2,264,311	3,010,565
Acquisition /improvement of investment properties		(3,487,202)	(28,882)
Proceeds from sale of investment properties		2,100,000	-
Net acquisition of property, plant and equipment		(232,039)	(144,403)
Dividend received from associates		707,704	-
Dividend received from other investments		1,624,413	3,935,707
Interest income & income from murabaha and wakala investments received		73,597	67,987
Net cash from investing activities		5,750,545	22,005,343
FINANCING ACTIVITIES			
Repayments of borrowings (net)		(5,125,000)	(6,146,366)
Redemption of units by non-controlling interest		(126,858)	(1,229,329)
Payment to subsidiaries shareholders on account of capital reduction	12c	(2,874,388)	(5,423,309)
Acquisition of non-controlling interest	17	(728,887)	-
Investment made by non-controlling interest in the capital of a subsidiary		2,500	-
Dividend paid		(2,300)	(6,996)
Finance costs paid		(2,163,658)	(2,352,290)
Net cash used in financing activities		(11,018,591)	(15,158,290)
Net increase in cash and cash equivalents		1,783,567	6,468,001
Cash and cash equivalents at beginning of the period		7,820,066	11,291,804
Cash and cash equivalents at end of the period	6	9,603,633	17,759,805

The notes set out on pages 9 to 24 form an integral part of this interim consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities

Noor Financial Investment Company KPSC (“the Parent Company”) was incorporated in Kuwait on 1 February 1997 and during May 2006 its shares were listed on the Kuwait Stock Exchange. The Parent Company and its subsidiaries are together referred to as “the Group”. The Parent Company is regulated by the Central Bank of Kuwait and also by the Capital Market Authority (CMA), as an investment company and is a subsidiary of National Industries Group Holding 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 13 August 2014.

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

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 2013 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 2013.

Results for the six months period ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014. For further details, refer to the annual consolidated financial statements and its related disclosures for the year ended 31 December 2013.

3 Changes to accounting policies

3.1 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 2013, except for the adoption of new standards and amendments effective as of 1 January 2014.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 32 Financial Instruments: Presentation - Amendments	1 January 2014
IAS 36 Impairment of Assets- Amendments	1 January 2014
Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
IFRIC 21 Levies	1 January 2014

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

3.1.1 IAS 32 Financial Instruments: Presentation - Amendments

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

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

The amendments are required to be applied retrospectively. The adoption of the amendment did not result in any material impact on the Group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Change in accounting policies (continued)

3.1 Adoption of new IASB Standards and amendments during the period (continued)

3.1.2 IAS 36 Impairment of Assets- Amendments

The amendments to IAS 36 reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The adoption of this amendment did not have any significant impact on the financial position or performance of the Group.

3.1.3 Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27

The Amendments define the term ‘investment entity’, provide supporting guidance and require investment entities to measure investments in the form of controlling interests in another entity at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

3.1.4 Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

The Amendment makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. The adoption of this amendment did not have any significant impact on the financial position or performance of the Group.

3.1.5 IFRIC 21 ‘Levies’ (IFRIC 21)

IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government’s legislation. If this activity arises on specific date within an accounting period then the entire obligation is recognised on that date
- the same recognition principles apply in the annual and interim financial statements.

IFRIC 21 has been applied retrospectively in accordance with its transitional provisions but the adoption of this amendment did not have any significant impact on the financial position or performance of the Group.

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

Notes to the interim condensed consolidated financial information (continued)

4 Interest and other income

	Three months ended		Six months ended	
	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)
	KD	KD	KD	KD
Interest income	308	49,766	63,123	58,743
Income from murahaba and wakala investments	5,898	1,336	10,474	9,245
Net income from hotel operations from foreign subsidiary (b)	84,701	64,556	123,569	108,415
Income from financing future trade by customers and Islamic debt instruments	82,108	135,878	168,434	251,370
Effect of unwinding of discount on receivables	-	71,992	-	142,913
Rental income	246,192	305,297	500,441	576,671
Income from IT service of subsidiary(net) (a)	418,583	119,544	890,786	332,151
Gain on sale of subsidiary	-	-	13,158	-
Other income	42,329	60,419	49,359	373,610
	880,119	808,788	1,819,344	1,853,118

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

a) IT and related services

	Three months ended		Six months ended	
	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)
	KD	KD	KD	KD
Revenue	2,708,105	573,539	5,137,457	1,064,421
Less: operating cost	(2,289,522)	(453,995)	(4,246,671)	(732,270)
	418,583	119,544	890,786	332,151

b) Hotel operations

	Three months ended		Six months ended	
	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)
	KD	KD	KD	KD
Revenue	564,466	546,584	1,061,610	1,058,120
Less: operating cost	(479,765)	(482,028)	(938,041)	(949,705)
	84,701	64,556	123,569	108,415

Notes to the interim condensed consolidated financial information (continued)

5 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		Six months ended	
	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	604,155	4,245,396	3,858,026	5,682,618
Weighted average number of shares outstanding during the period	413,162,760	413,162,760	413,162,760	413,162,760
Less: Weighted average number of treasury shares outstanding during the period	(10,358,684)	(10,358,684)	(10,358,684)	(10,358,684)
	402,804,076	402,804,076	402,804,076	402,804,076
Basic and diluted earnings per share (Fills)	1.50	10.54	9.58	14.11

The weighted average number of shares outstanding during the previous periods have been restated to add the bonus shares issued during the period (Note 12).

The earning per share reported during the previous period for the three months and six months ended 30 June 2013 were 12 Fills and 16 Fills respectively.

6 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 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Cash and bank balances	9,765,999	7,996,585	16,515,423
Short-term deposits	1,357,214	189,481	1,609,382
	11,123,213	8,186,066	18,124,805
Blocked balances	(1,519,580)	(366,000)	(365,000)
Cash and cash equivalent as per cash flow statement	9,603,633	7,820,066	17,759,805

- b. Murabaha and wakala investments

	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Placed with a local Islamic investment company	14,324,160	14,324,160	14,968,250
Less: Provision for impairment in value	(14,324,160)	(14,324,160)	(14,968,250)
	-	-	-
Placed with local islamic banks	594,272	4,500,000	1,044,108
	594,272	4,500,000	1,044,108

Notes to the interim condensed consolidated financial information (continued)

6 Cash and cash equivalents and murabaha and wakala investments (continued)

b. Murabaha and wakala investments (continued)

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

Wakala investments of KD14,324,160 (31 December 2013: KD14,324,160 and 30 June 2013: KD14,968,250) placed with a local Islamic investment company matured in 2008. The investee company defaulted on settlement of these balances on the maturity date. Of the above KD4,784,847 (31 December 2013: KD4,784,847 and 30 June 2013: 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 court of appeal has ordered the related parties to pay KD8,285,000 with 7% of profit thereon to the Parent Company. However, the related parties submitted appeals to the court against the order. The legal proceeding relating to KD1,683,250 are still in process.

7 Investments at fair value through profit or loss

	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Held for trading :			
Quoted shares	21,209,436	21,269,751	17,319,368
Quoted Islamic debt instruments	-	276,089	1,960,928
Designated on initial recognition :			
Local funds	-	-	2,867,797
	21,209,436	21,545,840	22,148,093

Quoted shares with a fair value of KD9,736,372 (31 December 2013: KD11,502,217 and 30 June 2013: KD11,356,161) are secured against bank loans (refer note 11)

Notes to the interim condensed consolidated financial information (continued)

8 Accounts receivable and other assets

	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Financial assets:			
Due from Ultimate Parent Company (net)	56,250	59,032	58,265
Due from other related parties	2,172,757	5,016,167	3,731,699
Account receivable	5,058,084	4,304,497	1,501,353
Due from future trade clients	5,854,423	5,544,247	5,443,428
Due on sale of foreign investment properties, (net)	1,880,975	3,766,548	4,077,294
Due on sale of local investment properties	-	-	1,150,000
Due from Investment Brokerage Companies	992,290	5,032,812	3,199,318
Accrued income	774,189	1,363,902	1,372,189
Advance payments to acquire investments	1,858,100	2,887,127	500,000
Other financial assets	415,546	62,288	869,882
	19,062,614	28,036,620	21,903,428
Non-financial assets			
Other assets	137,477	266,167	497,468
	19,200,091	28,302,787	22,400,896

- 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 Nil for the period ended 30 June 2014 (31 December 2013: KD214,212 and 30 June 2013: KD142,913) is recognised in "Other income" (note 4).
- During the current period the Group has made a provision of KD710,607 (31 December 2013: KD127,008 and 30 June 2013: KD127,008) against accrued management fees receivable and other receivable.
- The consideration due on sale of the Group's investment property in the Kingdom of Saudi Arabia (KSA) amounting to KD 12,404,655 was due in instalments. Out of the consideration due, KD8,269,790 (31 December 2013: KD 6,383,417 and 30 June 2013: KD5,942,985) was settled in cash and the buyer partially settled the balance due by transferring another real estate property situated in KSA which has been valued at KD2,330,571.

During 2013 the Group entered into an agreement with the above buyer and a related party (an associate to the Group) whereby it sold its right to receive the real estate property in KSA to the related party for a consideration equivalent to the carrying value of the property. Accordingly the amount has been reclassified from "due on sale of foreign investment property" to "due from other related party" in 2013.

Subsequent to the reporting date the Group has further collected an amount of KD735,350 from the amount due on sale of foreign investment properties. The Group's management expects to collect the remaining balance due in 2014.

9 Available for sale investments

	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Quoted shares	35,734,556	39,580,163	44,581,629
Unquoted shares	22,325,115	22,380,652	25,742,860
Foreign Funds	7,277,280	6,658,835	7,494,065
	65,336,951	68,619,650	77,818,554

Notes to the interim condensed consolidated financial information (continued)

9 Available for sale investments (continued)

- 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 KD596,315 (31 December 2013: KD663,875 and 30 June 2013: KD5,656,567) 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 KD22,639,306 (31 December 2013: KD27,040,946 and 30 June 2013: KD26,763,622) are secured against a bank loan (refer note 11).
- c During the period, the Group recognised an impairment loss of KD 846,816(31 December 2013: KD6,109,925 and 30 June 2013: KD620,016) 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 KD67,187 (31 December 2013 : KD338,921 and 30 June 2013: KD330,340) against certain unquoted shares and foreign funds based on estimates made by the management as per information available to them at the reporting date.

10 Investment properties

The movement of investment properties is as follows:

	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Fair value as at beginning of the period/year	28,604,121	16,745,156	16,745,156
Addition during the period/year	4,568,702	10,626,868	28,882
Disposals during the period/year	(1,800,000)	-	-
Change in fair value	-	1,232,097	-
	31,372,823	28,604,121	16,774,038

Investment properties comprise land and buildings in the following countries:

	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Kuwait	30,973,265	28,203,475	16,453,900
Jordan	399,558	400,646	320,138
	31,372,823	28,604,121	16,774,038

- a) Investment properties amounting to KD9,272,000 (31 December 2013: KD9,272,000 and 30 June 2013: KD8,200,000) are secured against bank loans (refer note 11), and investment properties with a carrying value of KD13,889,766(31 December 2013: KD10,609,441 and 30 June 2013: KD Nil) are secured against Ijara financing contracts.
- b) During the period, the Group disposed two of its investment properties carried at KD1,800,000 realising a gain of KD300,000.

Notes to the interim condensed consolidated financial information (continued)

10 Investment properties (continued)

- c) During the 1st quarter a subsidiary entered into a joint agreement with a related party to acquire a plot of land in Kuwait for a total consideration of KD6,532,650 and to partly finance the acquisition from an Islamic Bank. The asset has been treated as a jointly controlled asset and the Group's share of the asset (50%) amounting to KD3,266,325 has been included above under additions to investment properties. The acquisition was partially financed by an Ijara financing arrangement (KD1,625,000) agreed by the joint owner (a related party) with a local Islamic Bank. Accordingly the related finance costs are to be borne by both parties jointly. The Group has accounted for its share of the related liability to the bank amounting to KD1,625,000 under borrowings.

11 Borrowings from banks and financial institutions

	Effective interest/ profit rate p.a %	Security	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Short term					
Ijara financing	4.5	Secured	3,125,000	1,500,000	-
			3,125,000	1,500,000	-
Long term					
Loans payable – Kuwaiti Dinar	3.25	Secured	88,614,750	88,614,750	101,710,500
Wakala payable – Kuwaiti Dinar	3.25	Secured	33,000,000	39,600,000	39,600,000
Ijara financing	4.5	Secured	4,700,000	4,850,000	-
			126,314,750	133,064,750	141,310,500
Total			129,439,750	134,564,750	141,310,500

The above loans are due as follows:

	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Short term ijara financing due within one year	3,125,000	1,500,000	-
Long term loans, Wakala payable and Ijara financing :			
-Current portion due within one year	35,556,000	31,156,000	22,445,750
-Due after more than one year	90,758,750	101,908,750	118,864,750
	129,439,750	134,564,750	141,310,500

- a. Short term Ijara financing contracts amounting to KD3,125,000(31 December 2013: KD1,500,000 and 30 June 2013: KD Nil) are secured by investments properties Note 10).
- b. Long term loans, wakala and Ijara financing amounting to KD126,314,750(31 December 2013: KD133,064,750 and 30 June 2013: KD141,310,500) are secured by investment at fair value through profit or loss (note 7), available for sale investments (note 9) and investment properties (note 10).

Notes to the interim condensed consolidated financial information (continued)

11 Borrowings from banks and financial institutions (continued)

- c. During 2011 and 2012, the Group restructured its financing arrangements with local banks and accordingly loans amounting to KD121,614,750 (net of repayment of KD36,935,250) were converted into secured long term facilities. As per loan restructuring agreements, these loans are required to be fully secured. As of 30 June 2014, these are partly secured (notes 7,9 and 10).

12 Share capital, share premium and non controlling interest

- a. The authorised, issued and paid up share capital of the Parent Company comprise of 413,162,761 shares of 100 Fils each (31 December 2013 and 30 June 2013: 375,602,510 of 100 Fils each), fully paid in cash.
- b. At the Annual General Meeting held on 15 May 2014, the shareholders approved 10% bonus shares on outstanding shares as at the date of the AGM, which represented 37,560,251 shares of 100 Fils each amounting to KD3,756,025.
- c. On 5 March 2014, the shareholders of one of the subsidiaries of the Group, (Kuwait India Holding Company - KSCC) decided to further decrease its share capital by KD9,000,000 out of which KD3,911,655 pertains to non-controlling interests. After completing its necessary formalities an amount of KD 2,742,249 has been paid to non-controlling interests and the balance amount is shown under accounts payable and other liabilities.

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

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 June 2014 and 30 June 2013 are as follows:

	Domestic & GCC KD	International KD	Total KD
Three months ended 30 June 2014 (unaudited)			
Income	694,059	2,890,249	3,584,308
(Loss)/Profit for the period	(1,671,590)	2,049,063	377,473
Share of results of associates	200,793	2,103,917	2,304,710
Impairment in value of available for sale investments	-	846,816	846,816

Notes to the interim condensed consolidated financial information (continued)

13 Segment analysis (continued)

	Domestic & GCC KD	International KD	Total KD
Three months ended 30 June 2013 (unaudited)			
Income	4,860,796	3,173,882	8,034,678
Profit for the period	1,757,195	2,843,994	4,601,189
Share of results of associates	(130,475)	1,875,376	1,744,901
Impairment in value of available for sale investments	616,937	280,491	897,428
Six months ended 30 June 2014 (unaudited)			
Income	5,204,723	5,074,859	10,279,582
(Loss)/profit for the period	(275,326)	3,760,701	3,485,375
Share of results of associates	178,842	3,926,911	4,105,753
Impairment in value of available for sale investments, other receivable and associates	421,926	1,314,157	1,736,083
Total assets	132,130,912	70,100,175	202,231,087
Total liabilities	(135,316,212)	(945,038)	(136,261,250)
Net assets	(3,185,300)	69,155,137	65,969,837
Six months ended 30 June 2013 (unaudited)			
Income	7,108,607	4,927,242	12,035,849
Profit for the period	1,521,998	4,572,890	6,094,888
Share of results of associates	(42,254)	3,510,052	3,467,798
Impairment in value of available for sale investments	796,873	280,491	1,077,364
Total assets	145,006,853	64,660,032	209,666,885
Total liabilities	(146,252,432)	(896,756)	(147,149,188)
Net assets	(1,245,579)	63,763,276	62,517,697

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.

Notes to the interim condensed consolidated financial information (continued)

14 Related party transactions (continued)

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

	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Interim condensed consolidated statement of financial position			
Due from related parties and the Ultimate Parent Company			
- Due from Ultimate Parent Company (note 8) (net)	56,250	59,032	58,265
- Due from an associate	22,363	4,834,626	3,556,457
- Due from other related parties	2,150,394	181,541	175,242
- Accrued management fees	631,974	669,354	672,987
Due to related parties	193,099	536,035	20,000
Sale of assets to an associate (Note 9)	-	2,330,571	2,330,571
Purchase of investment property	1,281,500	-	-
Interim condensed consolidated statement of profit or loss			
Management and placement fees			
- earned from ultimate parent company	199	379	18,876
- earned from other related parties	457	8,884	123,564
Impairment in value of other receivables		-	127,008
Compensation of key management personnel of the Group			
Short term employee benefits	72,405	277,099	149,400
End of service benefits	5,073	12,150	11,153
	77,478	289,249	160,553

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

15.1 Categories of financial assets and liabilities

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

	30 June 2014 (Unaudited) KD	30 June 2013 (Unaudited) KD
Loans and receivables:		
Cash and bank balances	9,765,999	16,515,423
Short term deposits	1,357,214	1,609,382
Murabaha and wakala investments	594,272	1,044,108
Accounts receivable and other assets (note 8)	19,062,614	21,903,428
Investments at fair value through profit or loss: (note 7)		
- Trading securities	21,209,436	19,280,296
- Investments designated as carried at fair value through profit or loss	-	2,867,797
Available for sale investments (note 9)	65,336,951	77,818,554
	117,326,486	141,038,988

Notes to the interim condensed consolidated financial information (continued)

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

15.1 Categories of financial assets and liabilities (continued)

	30 June 2014 (Unaudited) KD	30 June 2013 (Unaudited) KD
Financial liabilities:		
Accounts payable and other liabilities	6,268,938	5,538,026
Borrowings from banks and financial institutions (note 11)	129,439,750	141,310,500
Provision for end of service indemnity	552,562	300,662
	136,261,250	147,149,188

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. The Group measures financial instruments such as investments at fair value through profit or loss and available for sale investments (excluding certain available for sale investments which are carried at cost/cost less impairment for reasons specified in Note 9) at fair value. In the opinion of the Group's management, except and certain long term borrowing (Note 11) the carrying amounts of financial assets and liabilities which are carried at amortised cost are approximate to 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 interim consolidated statement of financial position in accordance with the fair value hierarchy.

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

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

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

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

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

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 June 2014	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value:					
Investments at fair value through profit or loss					
- Quoted shares and debt instruments	a	21,209,436	-	-	21,209,436
Available for sale investments					
- Quoted shares	a	35,734,556	-	-	35,734,556
- Unquoted shares	d	-	-	22,078,852	22,078,852
- Foreign funds	c	-	6,927,228	-	6,927,228
Total assets		56,943,992	6,927,228	22,078,852	85,950,072

31 December 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	a	21,269,751	-	-	21,269,751
- Quoted debt instruments		276,089	-	-	276,089
Available for sale investments					
- Quoted shares	a	39,580,163	-	-	39,580,163
- Unquoted shares	d	-	-	22,067,200	22,067,200
- Foreign funds	c	-	6,308,412	-	6,308,412
Total assets		61,126,003	6,308,412	22,067,200	89,501,615

30 June 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	19,280,296	-	-	19,280,296
- Local funds	b	-	2,867,797	-	2,867,797
Available for sale investments					
- Quoted shares	a	44,581,629	-	-	44,581,629
- Unquoted shares	d	-	-	25,496,595	25,496,595
- Foreign funds	c	-	2,083,763	-	2,083,763
Total assets		63,861,925	4,951,560	25,496,595	94,310,080

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

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

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)

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) Local funds

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

c) Foreign funds

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

d) Unquoted shares

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.

16 Capital commitments

At the reporting date, the Group had capital commitments of KD3,147,545 (31 December 2013: KD3,281,626 and 30 June 2013: KD3,459,566).

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 six 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.

17 Acquisition of non controlling interests

During the current quarter the Group acquired the entire shareholding held by non-controlling interests (34.44%) with respect of National Drilling and Petroleum Services KSCC for a consideration of KD 728,887 resulting in a gain of KD516,091 which has been recognized in equity.

Notes to the interim condensed consolidated financial information (continued)

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 June 2014 amounted to KD50,211,900 (31 December 2013: KD50,292,139 and 30 June 2013: KD69,625,450) of which assets managed on behalf of its ultimate parent company and other related parties amounted to KD47,700,425 (31 December 2013: KD47,721,999 and 30 June 2013: KD66,809,105).

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.