

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

30 September 2012 (Unaudited)

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Report on review of interim condensed consolidated financial information

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Noor Financial Investment Company KSC (Closed) ("the parent company") and its subsidiaries ("the Group") as of 30 September 2012 and the related interim condensed consolidated statements of income and statement of comprehensive income for the three-month and nine-month period then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violation of the Commercial Companies Law of 1960 or of the articles of association of the parent company, as amended, have occurred during the nine-month period ended 30 September 2012 that might have had a material effect on the business or financial position of the Group.



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We further report that, during the course of our review, we have not become aware of any material violations during the nine-month period ended 30 September 2012 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.

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Kuwait
11 November 2012

Interim condensed consolidated statement of income

		Three months ended		Nine months ended	
		30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)
	Note	KD	KD	KD	KD
Income					
Realised (loss)/gain on investments at fair value through profit or loss		(6,092)	(1,270,206)	515,437	(1,073,191)
Unrealised gain/(loss) on investments at fair value through profit or loss		2,121,450	(1,711,613)	966,291	(6,913,980)
Realised (loss)/gain on sale of available for sale investments		(78,691)	233,991	(116,004)	1,316,024
Dividend income		2,442	22,226	2,485,913	2,750,309
Share of results of associates		1,137,161	1,033,146	4,751,339	2,801,502
Management and placement fees		165,721	329,452	1,049,178	3,693,329
Change in fair value of investment properties	9	-	109,500	1,802,589	(304,452)
Realised gain on sale of investment properties		-	47,204	-	47,204
Interest and other income	3	1,008,968	148,618	5,078,910	1,498,929
Foreign exchange gain/(loss)		1,031	176,739	39,881	(5,273)
		4,351,990	(880,943)	16,573,534	3,810,401
Expenses and other charges					
General, administrative and other expenses		1,007,937	847,181	3,570,020	3,259,442
Finance costs		1,609,695	2,027,760	5,088,316	6,141,059
Impairment in value of receivables		-	846,482	-	846,482
Effect of discounting on accounts receivable	7	-	555,748	-	555,748
Impairment in value of available for sale investments	8	-	4,853,147	4,178,128	9,401,539
		2,617,632	9,130,318	12,836,464	20,204,270
Profit/(loss) before KFAS, Zakat and NLST		1,734,358	(10,011,261)	3,737,070	(16,393,869)
KFAS provision		(37,686)	-	(37,686)	-
Zakat provision		(6,535)	-	(24,300)	-
National Labour Support Tax (NLST) provision		(12,818)	-	(57,675)	-
Profit/(loss) for the period		1,677,319	(10,011,261)	3,617,409	(16,393,869)
Attributable to:					
Owners of the parent company		1,733,177	(9,162,071)	3,195,934	(14,061,519)
Non-controlling interests		(55,858)	(849,190)	421,475	(2,332,350)
		1,677,319	(10,011,261)	3,617,409	(16,393,869)
BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE (FILS)	4	5	(25)	9	(38)

The notes set out on pages 9 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)
	KD	KD	KD	KD
Profit/(loss) for the period	1,677,319	(10,011,261)	3,617,409	(16,393,869)
Other comprehensive income:				
Exchange differences arising from translation of foreign operations	58,264	(370,917)	(1,362,669)	(1,152,051)
Available for sale investments:				
-Net changes in fair value arising during the period	1,566,665	(3,261,379)	(5,067,791)	(12,662,147)
-Transferred to consolidated statement of income on sale	(153,514)	-	(116,004)	(283,675)
-Transferred to consolidated statement of income on impairment	-	4,853,147	4,178,128	9,401,539
Share of other comprehensive income of associates	1,284,243	(84,980)	842,266	(449,849)
Total other comprehensive income for the period	2,755,658	1,135,871	(1,526,070)	(5,146,183)
Total comprehensive income for the period	4,432,977	(8,875,390)	2,091,339	(21,540,052)
Total comprehensive income attributable to:				
Owners of the parent company	4,488,828	(8,026,200)	2,417,170	(19,106,780)
Non-controlling interests	(55,851)	(849,190)	(325,831)	(2,433,272)
	4,432,977	(8,875,390)	2,091,339	(21,540,052)

The notes set out on pages 9 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Assets				
Cash and bank balances	5	15,072,796	24,604,419	30,965,848
Short-term deposits	5	-	531,652	1,597,119
Murabaha and wakala investments	5	11,278,592	6,881,081	4,022,128
Investments at fair value through profit or loss	6	26,070,367	25,410,548	25,838,139
Accounts receivable and other assets	7	34,418,048	36,066,153	45,102,408
Available for sale investments	8	66,552,375	79,195,140	79,687,590
Investment in associates		45,812,748	45,700,541	47,110,981
Investment properties	9	17,599,701	12,738,998	12,152,643
Equipment		3,010,000	2,971,219	2,169,135
Total assets		219,814,627	234,099,751	248,645,991
Liabilities and equity				
Liabilities				
Due to banks	5	984,213	979,895	5,660,378
Accounts payable and other liabilities		6,416,947	11,984,330	21,107,627
Borrowings from banks and financial institutions	10	149,374,566	159,944,187	158,627,454
Provision for end of service indemnity		323,548	282,551	252,572
Total liabilities		157,099,274	173,190,963	185,648,031
Equity				
Share capital	11	37,560,251	75,000,000	75,000,000
Share premium	11	3,410,573	5,896,598	41,728,788
Treasury shares	11	(3,410,573)	(5,870,926)	(5,870,926)
Gain on sale of treasury shares		-	71,321	71,321
Cumulative changes in fair value		5,296,865	4,712,960	4,630,332
Foreign currency translation reserve		(9,377,212)	(8,014,543)	(7,617,060)
Retained earnings/(accumulated losses)		3,195,934	(37,536,742)	(72,277,059)
Equity attributable to the owners of the parent company		36,675,838	34,258,668	35,665,396
Non-controlling interests		26,039,515	26,650,120	27,332,564
Total equity		62,715,353	60,908,788	62,997,960
Total liabilities and equity		219,814,627	234,099,751	248,645,991

Abdullatif A. Al-Asfour
Chairman & Managing Director

Abdulghani M.S. Behbehani
Vice Chairman

The notes set out on pages 9 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to owners of the parent company						Non-controlling interests		Total
	Share capital	Share premium	Treasury shares	Gain on sale of treasury shares	Cumulative changes in fair value	Foreign currency translation reserve	Retained Earnings/ (Accumulated losses)	Sub-total	
	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance as at 1 January 2012	75,000,000	5,896,598	(5,870,926)	71,321	4,712,960	(8,014,543)	(37,536,742)	34,258,668	60,908,788
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-
Set off of losses (Note 11b)	(37,439,749)	(2,486,025)	2,460,353	(71,321)	-	-	37,536,742	-	(249,556)
Dividend paid to non-controlling interests by subsidiary	-	-	-	-	-	-	-	-	-
Transactions with owners	(37,439,749)	(2,486,025)	2,460,353	(71,321)	-	-	37,536,742	-	(35,218)
Profit for the period	-	-	-	-	-	-	3,195,934	3,195,934	(284,774)
Total other comprehensive income for the period	-	-	-	-	583,905	(1,362,669)	-	(778,764)	421,475
Total comprehensive income for the period	-	-	-	-	583,905	(1,362,669)	3,195,934	2,417,170	3,617,409
Balance as at 30 September 2012	37,560,251	3,410,573	(3,410,573)	-	5,296,865	(9,377,212)	3,195,934	36,675,838	62,715,353

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

	Equity attributable to owners of the parent company						Non-controlling interests		Total
	Share capital KD	Share premium KD	Treasury shares KD	Gain on sale of treasury shares KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub-total KD	
Balance as at 1 January 2011	75,000,000	41,728,788	(5,896,598)	109,397	8,523,542	(6,465,009)	(58,215,540)	54,784,580	103,140,490
Disposal of treasury shares	-	-	42,278	(38,076)	-	-	-	4,202	4,202
Acquisition of treasury shares	-	-	(16,606)	-	-	-	-	(16,606)	(16,606)
Dividend paid to non-controlling interests by subsidiary	-	-	-	-	-	-	-	-	-
Net change in non-controlling interests	-	-	-	-	-	-	-	-	(12,042)
Transactions with owners	-	-	25,672	(38,076)	-	-	-	(18,578,032)	(18,578,032)
Loss for the period	-	-	-	-	-	-	-	(12,404)	(18,602,478)
Total other comprehensive income for the period	-	-	-	-	(3,893,210)	(1,152,051)	(14,061,519)	(2,332,350)	(16,393,869)
Total comprehensive income for the period	-	-	-	-	(3,893,210)	(1,152,051)	(14,061,519)	(5,045,261)	(5,146,183)
Balance as at 30 September 2011	75,000,000	41,728,788	(5,870,926)	71,321	4,630,332	(7,617,060)	(72,277,059)	35,665,396	62,997,960

The notes set out on pages 9 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept.2012 (Unaudited) KD	Nine months ended 30 Sept.2011 (Unaudited) KD
OPERATING ACTIVITIES			
Profit/(loss) before KFAS, Zakat and NLST		3,737,070	(16,393,869)
Adjustments:			
Realised loss/(gain) on sale of available for sale investments		116,004	(1,316,024)
Dividend income		(2,485,913)	(2,750,309)
Realised gain on sale of investment properties		-	(47,204)
Change in fair value of investment properties		(1,802,589)	304,452
Share of results of associates		(4,751,339)	(2,801,502)
Interest income and income from murabaha and wakala investments		(117,966)	(180,727)
Net effect of discounting on receivable		(824,812)	(50,862)
Reversal of Impairment provision on accounts receivable		(2,500,000)	-
Depreciation		111,767	192,627
Provision for end of service indemnity		151,028	52,825
Finance costs		5,088,316	6,141,059
Impairment in value of receivables		-	846,482
Impairment in value of available for sale investments		4,178,128	9,401,539
		899,694	(6,601,513)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		(659,819)	13,894,098
Accounts receivable and other assets		2,528,507	(364,601)
Accounts payable and other liabilities		2,072,130	(1,454,353)
Cash (used in)/from operation		4,840,512	5,473,631
KFAS and NLST paid		(7,161)	-
Payment of end of service indemnity		(110,031)	-
Net cash from operating activities		4,723,320	5,473,631
INVESTING ACTIVITIES			
Change in blocked deposits		(5,157,973)	-
Proceeds from sale of available for sale investments		7,342,966	5,590,572
Investments in associates		(125,000)	-
Dividend received from associates		1,776,863	-
Dividend received from other investments		2,485,913	2,743,465
Proceeds from redemption of units of an associate		2,411,276	-
(Increase)/decrease in wakala investments		(4,397,511)	10,741,140
Acquisition of available for sale investments		-	(1,755,440)
Acquisition of investment property		(3,058,114)	(2,676,348)
Net (acquisition)/disposal of equipment		(150,548)	873,267
Interest income & income from murabaha and wakala investments received		117,966	189,308
Net cash from investing activities		1,245,838	15,705,964
FINANCING ACTIVITIES			
Repayments of borrowings (net)		(10,569,621)	(634,787)
Proceeds from disposal of treasury shares		-	4,147
Purchase of treasury shares		-	(16,606)
Redemption of units by non-controlling interest		(249,556)	(387,863)
Payment to subsidiary's shareholder on accounts of capital reduction		(4,841,517)	-
Dividend paid		(77,982)	(103,876)
Finance costs paid		(5,456,048)	(6,316,086)
Net cash used in financing activities		(21,194,724)	(7,455,071)
Net (decrease)/increase in cash and cash equivalents		(15,225,566)	13,724,524
Cash and cash equivalents at beginning of the period		24,041,176	13,168,065
Cash and cash equivalents at end of the period	5	8,815,610	26,892,589

The notes set out on pages 9 to 18 form an integral part of this interim consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Noor Financial Investment Company KSC (Closed) (“the Parent Company”) was incorporated in Kuwait on 1 February 1997 and during May 2006 its shares were listed on the Kuwait Stock Exchange. The Parent Company and its subsidiaries are together referred to as “the Group”. The Parent Company is regulated by the Central Bank of Kuwait and from 13 September 2011, also by the Capital Market Authority (CMA), as an investment company and is a subsidiary of National Industries Group Holding SAK (“the Ultimate Parent Company”).

The principal objectives of the Parent Company are as follows:

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

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

The address of the Parent Company’s registered office is at basement floor, Noor Investment Company Complex, Building 2, Block – 13, Qibla, Kuwait (PO Box 3311, Safat 13034, State of Kuwait).

The Board of Directors of the Parent Company approved this interim condensed consolidated financial information for issue on 11 November 2012.

The annual consolidated financial statements for the year ended 31 December 2011 were approved by the shareholders of the Parent Company at the Annual General Meeting (AGM) on 25 June 2012.

2 Basis of preparation and significant of accounting policies

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 consolidated financial statements for the year ended 31 December 2011.

The annual consolidated financial statements for the year ended 31 December 2011 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.

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

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation and significant of accounting policies (continued)

Operating results for the interim period are not indicative of the results that may be expected for the year ending 31 December 2012. For further details, refer to the annual consolidated financial statements and its related disclosures for the year ended 31 December 2011.

The Group's investment in an associate is carried at KD34,103,828 in the interim condensed consolidated statement of financial position as at 30 September 2012, and the Group's share of the associate's net income of KD4,703,803 is included in the interim condensed consolidated statement of income for the nine-month period then ended, based on management accounts pending regulatory approval. The Group management does not expect the reviewed interim financial information of this associate as of 30 September 2012 to be materially different from the management accounts.

Adoption of new and revised International Financial Reporting Standards

New standards, revisions and amendments to IFRS issued by the International Accounting Standards Board for the annual period beginning on 1 January 2012 did not have any material impact on the accounting policies, financial position or performance of the Group.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but not effective.

3 Interest and other income

	Three months ended		Nine months ended	
	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)
	KD	KD	KD	KD
Interest income	5,175	7,535	68,028	44,991
Income from murahaba and wakala investments	16,940	10,003	49,938	32,501
Net income from hotel/ transportation business (refer below)	320,143	(51,786)	375,155	(238,276)
Income from financing future trade by customers	52,215	58,304	218,095	283,237
Rental income	285,530	35,762	623,479	325,796
Reversal of impairment provision on accounts receivables (refer note 7)	-	-	2,500,000	-
Effect of discounting on receivables (refer note 7)	275,314	204,425	824,812	606,610
Other income	53,651	(115,625)	419,403	444,070
	1,008,968	148,618	5,078,910	1,498,929

Details of income/(loss) from hotel/transportation business of a foreign subsidiary are as follows:

	Three months ended		Nine months ended	
	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)
	KD	KD	KD	KD
Revenue	628,389	204,530	2,043,660	542,161
Less: Operating costs	(308,246)	(256,316)	(1,668,505)	(780,437)
	320,143	(51,786)	375,155	(238,276)

Notes to the interim condensed consolidated financial information (continued)

4 Basic & diluted earnings/(loss) per share

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

	Three months ended		Nine months ended	
	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)
Profit/(loss) for the period attributable to the owners of the Parent Company (KD)	1,733,177	(9,162,071)	3,195,934	(14,061,519)
Weighted average number of shares outstanding during the period	375,602,510	375,602,510	375,602,510	375,602,510
Less: Weighted average number of treasury shares outstanding during the period	(9,416,351)	(9,451,211)	(9,416,351)	(9,436,929)
	366,186,159	366,151,299	366,186,159	366,165,581
Basic and diluted earnings/(loss) per share (Fils)	5	(25)	9	(38)

The weighted average number of shares outstanding during the previous period has been restated to effect capital reduction due to set off of losses (note 11 b).

5 Cash and cash equivalents and murabaha and wakala investments

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

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Cash and bank balances	15,072,796	24,604,419	30,965,848
Short-term deposits	-	531,652	1,597,119
Due to banks	(984,213)	(979,895)	(5,660,378)
	14,088,583	24,156,176	26,902,589
Blocked balances	(5,272,973)	(115,000)	(10,000)
Cash and cash equivalent as per cash flow statement	8,815,610	24,041,176	26,892,589

As at 30 September 2012 KD Nil (31 December 2011: KD1,976,247 and 30 September 2011 KD2,001,696) included in cash and bank balances was secured against bank loan.

- b. Murabaha and wakala investments

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Placed with a local Islamic investment company	14,968,250	14,968,250	14,968,250
Less: Provision for impairment in value	(14,968,250)	(14,968,250)	(14,968,250)
	-	-	-
Placed with local Islamic banks	11,278,592	6,881,081	4,022,128
	11,278,592	6,881,081	4,022,128

Notes to the interim condensed consolidated financial information (continued)

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

No profit was recognised on impaired wakala investments during the current period. (31 December 2011: KD Nil and 30 September 2011: Nil).

Wakala investments of KD14,968,250 (31 December 2011: KD14,968,250 and 30 September 2011: KD14,968,250) placed with a local Islamic investment company matured in the last quarter of 2008. The investee company defaulted on settlement of these balances on the maturity date. Of the above KD5,000,000 relates to the subsidiary acquired in 2010. Full provision has been made for these receivables in accordance with the Central Bank of Kuwait credit provisioning rules.

During the previous years, the Group violated Articles 148 and 151 of the Commercial Companies Law of 1960 when it assumed the financial and legal obligations on these wakala investments of KD9,968,250 that the Group had placed with the above investment company in a fiduciary capacity under a wakala agreement with certain related parties, despite having no such obligation under the wakala agreement. The Group has initiated legal proceedings against the parties to recover KD9,968,250 including profits thereon.

6 Investments at fair value through profit or loss

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Held for trading :			
Quoted shares	23,375,019	22,764,647	23,158,570
Designated on initial recognition :			
Local funds	2,695,348	2,645,901	2,679,569
	26,070,367	25,410,548	25,838,139

Quoted shares with a fair value of KD14,322,810 (31 December 2011: KD14,174,177 and 30 September 2011: KD13,598,529) are secured against bank loans (refer note 10).

Notes to the interim condensed consolidated financial information (continued)

7 Accounts receivable and other assets

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Financial assets:			
Due from Ultimate Parent Company (net)	11,412,409	10,793,086	10,541,107
Due from other related parties	1,881,331	944,441	460,698
Due from Kuwait Clearing Company (future trade)	3,018,285	4,556,014	3,662,900
Due from Investment Brokerage Companies	3,273,806	7,436,017	9,432,930
Due on sale of available for sale investment	-	-	2,883,011
Due on sale of investment properties, (net)	8,030,971	7,819,434	11,848,907
Accrued income	1,461,690	1,030,461	1,826,272
Advance payments to acquire investments	2,362,674	1,582,784	3,081,788
Other financial assets	738,069	504,511	679,793
	32,179,235	34,666,748	44,417,406
Non-financial assets			
Other assets	2,238,813	1,399,405	685,002
	34,418,048	36,066,153	45,102,408

Due from the Ultimate Parent Company is shown net of discount of KD328,860 (31 December 2011: KD942,135 and 30 September 2011: KD1,146,561). The effect of unwinding of this discount for the period ended 30 September 2012 amounting to KD613,275 (31 December 2011: KD811,036 and 30 September 2011: KD 606,610) is recognised in other income (note: 3).

Due on sale of investment properties has been discounted based on an effective interest rate of 5.5% p.a to give effect to the deferred payment terms. A charge of KD Nil (31 December 2011: KD555,748 and 30 September 2011: KD555,748) has been recognised in the interim condensed consolidated statement of income. The effect of unwinding of discount on this receivable amounting to KD211,537 for the period ended at 30 September 2012 (31 December 2011: KD70,245 and 30 September 2011: Nil) is recognised in "Other income" (note 3).

Due from the Ultimate Parent Company represents management fee and other receivables of KD14,725,915 and KD1,339,286 (31 December 2011: KD1,330,054 and KD14,726,098 and 30 September 2011: KD14,726,785 and KD1,284,813) respectively, paid by the Parent Company for the purpose of acquiring certain investments on behalf of the Parent Company. As this transaction could not be concluded, the Ultimate Parent Company has agreed to repay KD17,250,000 over twenty six months and has provided collateral in the form of shares of an unlisted local entity.

In 2010, an impairment provision of KD4,323,932 was recognised on the balance due from the Ultimate Parent Company and KD8,751,373 on balance due from other related parties in the consolidated statement of income based on Central Bank of Kuwait's instructions. In 2011, the Group recognised an impairment loss of KD846,482 against the due from the Ultimate Parent Company relating to accrued management fees. During the current period, based on the agreement between the parties concerned, the Group recovered KD2,500,000 from the other related parties and consequently reversed the provision made against the receivable (note 3).

Notes to the interim condensed consolidated financial information (continued)

8 Available for sale investments

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Quoted shares	49,971,563	61,005,303	61,332,336
Unquoted shares	10,187,809	10,325,059	11,475,421
Funds:			
Foreign	6,393,003	7,864,778	6,879,833
	66,552,375	79,195,140	79,687,590

- 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 KD3,931,844 (31 December 2011: KD3,894,712 and 30 September 2011: KD2,405,766) 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 KD11,638,115 (31 December 2011: KD12,292,702 and 30 September 2011: KD12,863,670) are secured against a bank loan (refer note 10).
- c During the period, the Group recognised an impairment loss of KD4,178,128 (31 December 2011: KD5,166,883 and 30 September 2011: KD9,401,539) for certain available for sale investments, as the fair value of these shares at reporting date declined significantly below their cost.

9 Investment properties

The movement of investment properties is as follows:

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Fair value as at 1 January	12,738,998	23,838,977	23,838,977
Addition during the period/year	3,058,114	2,837,884	2,676,348
Disposals during the period/year	-	(14,105,434)	(14,058,230)
Change in fair value	1,802,589	167,571	(304,452)
	17,599,701	12,738,998	12,152,643

Investment properties comprise land and building in the following countries:

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Kuwait	17,202,891	12,400,000	11,817,140
Jordan	396,810	338,998	335,503
	17,599,701	12,738,998	12,152,643

The consideration due on sale of the Group's investment property in Saudi Arabia amounting to KD12,404,655 is due in installments. In October 2011, the Group received KD4,099,718 and balance installments are due in November 2012 and November 2013. The remaining balance due on sale of investment property is included in account receivables and other assets (Note 7).

Notes to the interim condensed consolidated financial information (continued)

10 Borrowings from banks and financial institutions

	Effective interest/ profit rate p.a %	Security	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Short term loans from local banks and financial institutions					
Loan payable – Kuwaiti Dinar	5.00	Unsecured	33,574,000	36,574,000	45,574,000
Loan payable – Kuwaiti Dinar	5.00	Secured	2,790,000	3,540,000	3,540,000
Wakala payables – Kuwaiti Dinar	5.00	Unsecured	-	44,000,000	44,000,000
Loans payable – JOD	9.00	Secured	165,066	2,335,187	3,018,454
			36,529,066	86,449,187	96,132,454
Long term loan from local bank					
Loan payable – Kuwaiti Dinar	3.75	Secured	112,845,500	73,495,000	62,495,000
Total			149,374,566	159,944,187	158,627,454

The above loans are due as follows:

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Short term loan due within one year	36,529,066	86,449,187	96,132,454
Current portion of long term-loan due within one year	15,694,250	7,349,500	6,249,500
Due after more than one year	97,151,250	66,145,500	56,245,500
	149,374,566	159,944,187	158,627,454

- Short term loans amounting to KD2,790,000 (31 December 2011: KD3,540,000 and 30 September 2011: KD3,540,000.) are secured by investments at fair value through profit or loss (refer note 6) and available for sale investments (note 8).
- Short term loans amounting to KD Nil (31 December 2011: KD2,335,187 and 30 September 2011: KD3,018,454) was secured by cash and bank balances. (note 5)
- During 2011 and the current period, the Group restructured its financing arrangements with some local banks and accordingly loans amounting to KD112,845,500 (net of repayment of KD7,349,500) were converted into secured long term facilities. As per loan restructuring agreements, these loans are required to be 100% secured. As of 30 September 2012, these are partly secured (notes 6 and 8) and the process of identification and securitization of the required balance investment portfolios is currently underway.

11 Share capital, share premium and non controlling interest

- The authorised issued and paid up share capital of the Parent Company comprise of 375,602,510 shares of 100 Fils each (31 December 2011 and 30 September 2011: 750,000,000 of 100 Fils each).

Notes to the interim condensed consolidated financial information (continued)

11 Share capital, share premium and non controlling interest (continued)

- b. The shareholders of the Parent Company at their Extra Ordinary General Meeting held on 25 June 2012 approved set off of accumulated losses of KD 37,536,742 as at 31 December 2011 against the issued and paid up share capital (KD37,439,749), share premium (KD2,486,025), treasury shares (KD2,460,353) and gain on sale of treasury shares reserve (KD71,321). All regulatory formalities in this regard were completed during this quarter.
- c. On 29 September 2011, the shareholders of one of the subsidiaries of the Group, (Noor Telecommunication Company KSCC) decided to decrease its share capital and hence an amount of KD18,190,173 due to its non-controlling interests was transferred from non-controlling interests to "accounts payable and other liabilities", net of cash distribution of KD15,450,070 (31 December 2011: KD10,615,080 and 30 September 2011: KD Nil.).

12 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 September 2012 and 30 September 2011 are as follows:

	Domestic & GCC KD	International KD	Total KD
Three months ended 30 September 2012 (unaudited)			
Income	1,392,138	2,959,852	4,351,990
(Loss)/Income for the period	(1,023,413)	2,700,732	1,677,319
Share of results of associates	(144,712)	1,281,873	1,137,161
Three months ended 30 September 2011 (unaudited)			
Income	(1,921,940)	1,040,997	(880,943)
(Loss)/profit for the period	(10,737,594)	726,333	(10,011,261)
Share of results of associates	(393,648)	1,426,794	1,033,146
Impairment in value of available for sale investment	3,446,525	1,406,622	4,853,147

Notes to the interim condensed consolidated financial information (continued)

12 Segment analysis (continued)

	Domestic & GCC KD	International KD	Total KD
Nine months ended 30 September 2012 (unaudited)			
Income	9,319,690	7,253,844	16,573,534
(Loss)/Income for the period	(2,165,378)	5,782,787	3,617,409
Share of results of associates	47,536	4,703,803	4,751,339
Impairment in value of available for sale investment	3,347,037	831,091	4,178,128
Total assets	159,253,471	60,561,156	219,814,627
Total liabilities	(156,257,351)	(841,923)	(157,099,274)
Net assets	2,996,120	59,719,233	62,715,353
Nine months ended 30 September 2011 (unaudited)			
Income	377,977	3,432,424	3,810,401
Loss for the period	(15,083,434)	(1,310,435)	(16,393,869)
Share of results of associates	(1,074,878)	3,876,380	2,801,502
Impairment in value of available for sale investments	4,388,605	5,012,934	9,401,539
Total assets	184,049,714	64,596,277	248,645,991
Total liabilities	(182,626,483)	(3,021,548)	(185,648,031)
Net assets	1,423,231	61,574,729	62,997,960

13 Related party transactions

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

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

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Interim condensed consolidated statement of financial position			
Due from Ultimate Parent Company and other related parties included in accounts receivables and other assets (refer note 7)	14,087,116	12,980,703	13,113,075
Due to other related parties included in accounts payable and other liabilities	128,306	2,504,821	5,000

Notes to the interim condensed consolidated financial information (continued)

13 Related party transactions (continued)

	Three months ended		Nine months ended	
	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)
	KD	KD	KD	KD
Interim condensed consolidated statement of income				
Management and placement fees				
- earned from ultimate parent company	10,258	14,064	34,358	230,662
- earned from other related parties	34,249	160,606	215,427	367,024
Effect of unwinding of discount on accounts receivable	204,425	204,425	613,275	606,610
Reversal of Impairment	-	-	2,500,000	-
Impairment in value of receivable	-	846,482	-	846,482
Compensation of key management personnel of the group				
Short term employee benefits	78,600	46,300	172,800	104,146
End of service benefits	6,048	6,048	18,016	11,852
	84,648	52,348	190,816	115,998

14 Capital commitments

At the statement of financial position date, the Group had capital commitments of KD5,210,666 (31 December 2011: KD5,171,726 and 30 September 2011: KD6,771,093).

On 1 December 2011, the Parent Company's Jordanian subsidiary, Noor Jordanian Kuwaiti Financial Investment Company Limited ("the Seller") disposed of its entire equity interest in one of its Jordanian subsidiary (Noor Jordan Kuwait Transport Company JSCC) to nine individual buyers ("the Buyers"). Subsequent to the transfer of shares and control to the Buyers, they have defaulted on fulfilling the terms and conditions of the sale agreement and also filed legal cases against the Seller. The Seller also filed legal cases against the Buyers. The Parent Company has also provided a corporate guarantee to this disposed subsidiary for a loan obtained by them of JD 718,000 (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.

15 Fiduciary assets

The Group manages mutual funds and portfolios on behalf of its ultimate parent company, other related parties and outsiders, and maintains securities in fiduciary accounts which are not reflected in the Group's consolidated statements of financial position. Assets under management at 30 September 2012 amounted to KD103,059,896 (31 December 2011: KD131,174,862 and 30 September 2011: KD134,172,492) of which assets managed on behalf of its ultimate parent company and other related parties amounted to KD82,675,410 (31 December 2011: KD97,869,780 and 30 September 2011: KD99,972,852).

16 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.