Interim condensed consolidated financial information and review report

Noor Financial Investment Company – KPSC and Subsidiaries

Kuwait

30 June 2019 (Unaudited)

Contents

Grant Thornton
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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 2019 and the related interim condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statements of 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. 1 of 2016 and its Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the six-month period ended 30 June 2019 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 2019 that might have had a material effect on the business or financial position of the Parent Company.

Anwar Y. Al-Qatami, F.C.C.A.
(Licence No. 50-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
25 July 2019

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 30 June 2019 (Unaudited) KD	Three months ended 30 June 2018 (Unaudited) (Restated) KD	Six months ended 30 June 2019 (Unaudited) KD	Six months ended 30 June 2018 (Unaudited) (Restated) KD
Continuing operations					
Revenue from hotel operations and IT Services		**3,414,814**	2,451,056	**6,683,651**	7,841,501
Realised gain/(loss) on investments at fair value through profit or loss		**246,512**	(995)	**1,705,545**	925,647
Unrealised gain on investments at fair value through profit or loss		**278,794**	14,440	**1,263,808**	423,780
Dividend income		**988,150**	1,282,228	**1,097,432**	1,429,212
Share of results of associates	11	**2,725,275**	1,735,882	**4,909,981**	4,874,915
Rental Income		**153,848**	191,293	**272,136**	368,989
Realized gain/(loss) on disposal/partial disposal of associates	11	**(108,711)**	2,536,337	**1,488,088**	2,536,337
Management and placement fees		**4,814**	3,188	**9,495**	9,929
Total income		**7,703,496**	8,213,429	**17,430,136**	18,410,310
Cost of sales and services from hotel operations and IT services		**(2,739,394)**	(1,829,069)	**(5,346,377)**	(6,496,103)
General, administrative and other expenses		**(1,882,536)**	(932,207)	**(3,260,979)**	(1,922,915)
Operating profit		**3,081,566**	5,452,153	**8,822,780**	9,991,292
Interest and other income	22	**7,180**	70,586	**859,210**	86,314
Foreign exchange (loss) / gain		**(1,120,498)**	40,655	**(1,120,338)**	27,224
Finance costs		**(505,988)**	(1,388,657)	**(1,056,756)**	(2,709,204)
Impairment in value of intangible asset	21	**-**	-	**(945,000)**	-
Impairment in value of accounts receivables		**-**	(37,935)	**-**	(466,504)
Profit for the period from continuing operations		**1,462,260**	4,136,802	**6,559,896**	6,929,122
Discontinued operations					
Profit/(loss) for the period from discontinued operations	5	**-**	28,085	**(1,456,681)**	81,704
Profit before taxes		**1,462,260**	4,164,887	**5,103,215**	7,010,826
Provision for KFAS contribution		**-**	(32,908)	**(20,353)**	(57,845)
Provision for Zakat		**(8,240)**	(15,114)	**(38,214)**	(66,179)
Provision for National Labour Support Tax		**-**	(48,893)	**(20,609)**	(48,893)
Profit for the period		**1,454,020**	4,067,972	**5,024,039**	6,837,909
Attributable to:					
Owners of the Parent Company		**1,292,385**	3,865,288	**4,136,658**	6,637,476
Non-controlling interests		**161,635**	202,684	**887,381**	200,433
		1,454,020	4,067,972	**5,024,039**	6,837,909
Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company (Fils)	6				
- From continuing operations		**3.23**	9.59	**13.98**	16.33
- From discontinued operations		**-**	0.07	**(3.64)**	0.20
		3.23	9.66	**10.34**	16.53

The notes set out on pages 8 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended		Six months ended	
	30 June 2019 (Unaudited) KD	30 June 2018 (Unaudited) KD	**30 June 2019 (Unaudited) KD**	30 June 2018 (Unaudited) KD
Profit for the period	**1,454,020**	4,067,972	**5,024,039**	6,837,909
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods:				
Exchange differences:				
Exchange differences arising from translation of foreign operations	**(5,495,622)**	(2,566,591)	**(5,623,018)**	(5,502,685)
Transferred to interim condensed consolidated statement of profit or loss on partial disposal of associates	**(33,754)**	2,309,615	**1,542,639**	2,309,615
Share of other comprehensive income of associates (net)	**(29,839)**	529,940	**25,331**	(193,584)
	(5,559,215)	272,964	**(4,055,048)**	(3,386,654)
Items not to be reclassified to profit or loss in subsequent periods:				
Net changes in fair value of investments in equity instruments designated at FVOCI	**(423,566)**	(1,667,067)	**627,337**	(4,465,449)
Total other comprehensive loss for the period	**(5,982,781)**	(1,394,103)	**(3,427,711)**	(7,852,103)
Total comprehensive (loss) / income for the period	**(4,528,761)**	2,673,869	**1,596,328**	(1,014,194)
Total comprehensive (loss) / income attributable to:				
Owners of the Parent Company	**(4,776,784)**	2,971,321	**573,040**	(57,467)
Non-controlling interests	**248,023**	(297,452)	**1,023,288**	(956,727)
	(4,528,761)	2,673,869	**1,596,328**	(1,014,194)

The notes set out on pages 8 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Assets				
Cash and bank balances	7	**5,613,048**	5,280,522	6,043,348
Short-term deposits	7	**1,109,286**	4,860,325	17,611,264
Murabaha, wakala and sukuk investments		**1,000,000**	1,152,965	1,152,965
Investments at fair value through profit or loss	8	**11,617,430**	11,711,928	13,100,504
Accounts receivable and other assets	9	**12,305,459**	9,913,301	11,085,165
Inventories		**576,940**	509,965	760,977
Investments at fair value through other comprehensive income	10	**16,697,387**	15,880,587	23,993,707
Investment in associates	11	**38,265,114**	44,053,153	52,606,736
Investment properties	12	**14,341,993**	31,738,975	33,277,237
Property and equipment		**2,689,872**	2,814,084	2,958,484
Right to use of assets	3	**1,341,602**	-	-
Goodwill and other Intangible asset	21	**2,305,898**	3,392,778	4,672,761
Total assets		**107,864,029**	131,308,583	167,263,148
Liabilities and equity				
Liabilities				
Due to banks	7	**453,887**	716,862	924,107
Accounts payable and other liabilities		**9,127,547**	10,949,861	6,692,960
Borrowings	13	**36,721,630**	49,109,077	99,468,803
Provision for end of service indemnity		**943,440**	936,744	855,682
Total liabilities		**47,246,504**	61,712,544	107,941,552
Equity				
Share capital	14	**41,316,276**	41,316,276	41,316,276
Share premium		**3,410,573**	3,410,573	3,410,573
Treasury shares	15	**(3,535,116)**	(3,535,116)	(3,535,366)
Legal reserve		**4,634,411**	4,634,411	2,058,597
Voluntary reserve		**4,634,411**	4,634,411	2,058,597
Cumulative changes in fair value		**(4,476,074)**	(4,992,835)	(3,558,483)
Foreign currency translation reserve		**(24,989,554)**	(20,909,175)	(17,066,328)
Retained earnings		**32,553,740**	30,417,331	17,346,625
Equity attributable to the owners of the Parent Company		**53,548,667**	54,975,876	42,030,491
Non-controlling interests		**7,068,858**	14,620,163	17,291,105
Total equity		**60,617,525**	69,596,039	59,321,596
Total liabilities and equity		**107,864,029**	131,308,583	167,263,148

Fahad Sulaiman Al-Khaled
Chairman

Abdulghani M.S. Behbehani
Vice Chairman

The notes set out on pages 8 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to owners of the Parent Company										
	Share capital KD	Share premium KD	Treasury shares KD	Legal 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 equity KD
Balance as at 1 January 2019	41,316,276	3,410,573	(3,535,116)	4,634,411	4,634,411	(4,992,835)	(20,909,175)	30,417,331	54,975,876	14,620,163	69,596,039
Decrease in non-controlling interest due to disposal of subsidiary (note 5)	-	-	-	-	-	-	-	-	-	(8,524,825)	(8,524,825)
Redemption of Share capital by Non controlling interest	-	-	-	-	-	-	-	-	-	(4,132)	(4,132)
Dividend paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	-	(45,636)	(45,636)
Dividend paid during the period (note 23)	-	-	-	-	-	-	-	(2,000,249)	(2,000,249)	-	(2,000,249)
Transactions with owners	-	-	-	-	-	-	-	(2,000,249)	(2,000,249)	(8,574,593)	(10,574,842)
Profit for the period	-	-	-	-	-	-	-	4,136,658	4,136,658	887,381	5,024,039
Total other comprehensive income/(loss) for the period	-	-	-	-	-	516,761	(4,080,379)	-	(3,563,618)	135,907	(3,427,711)
Total comprehensive income/(loss) for the period	-	-	-	-	-	516,761	(4,080,379)	4,136,658	573,040	1,023,288	1,596,328
Balance as at 30 June 2019	41,316,276	3,410,573	(3,535,116)	4,634,411	4,634,411	(4,476,074)	(24,989,554)	32,553,740	53,548,667	7,068,858	60,617,525

The notes set out on pages 8 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to owners of the Parent Company										
	Share capital KD	Share premium KD	Treasury shares KD	Legal 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 equity KD
Balance as at 1 January 2018	41,316,276	3,410,573	(3,410,573)	2,058,597	2,058,597	3,808,238	(13,873,258)	7,067,935	42,436,385	19,985,773	62,422,158
Adjustment arising on adoption of IFRS 9 on 1 January 2018	-	-	-	-	-	(4,545,428)	-	4,104,080	(441,348)	(221,257)	(662,605)
Balance as at 1 January 2018 (restated)	41,316,276	3,410,573	(3,410,573)	2,058,597	2,058,597	(737,190)	(13,873,258)	11,172,015	41,995,037	19,764,516	61,759,553
Redumption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	(5,819)	(5,819)
Increase in non-controlling interests of subsidiary due to capital increase	-	-	-	-	-	-	-	-	-	22,000	22,000
Amount payable to non-controlling interest on capital reduction of a subsidiary	-	-	-	-	-	-	-	-	-	(1,069,497)	(1,069,497)
Other change in non-controlling interest of subsidiaries	-	-	-	-	-			217,714	217,714	(217,714)	-
Dividend paid to non-controlling interest by a subsidiary	-	-	-	-	-	-	-	-	-	(245,654)	(245,654)
Purchase of treasury shares	-	-	(124,793)	-	-	-	-	-	(124,793)	-	(124,793)
Transactions with owners	-	-	(124,793)	-	-	-	-	217,714	92,921	(1,516,684)	(1,423,763)
Profit for the period	-	-	-	-	-	-	-	6,637,476	6,637,476	200,433	6,837,909
Total other comprehensive loss for the period	-	-	-	-	-	(3,501,873)	(3,193,070)	-	(6,694,943)	(1,157,160)	(7,852,103)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(3,501,873)	(3,193,070)	6,637,476	(57,467)	(956,727)	(1,014,194)
Realised loss on equity investments at FVOCI		-	-	-	-	680,580	-	(680,580)	-	-	-
Balance as at 30 June 2018	41,316,276	3,410,573	(3,535,366)	2,058,597	2,058,597	(3,558,483)	(17,066,328)	17,346,625	42,030,491	17,291,105	59,321,596

The notes set out on pages 8 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2019 (Unaudited) KD	Six months ended 30 June 2018 (Unaudited) KD
OPERATING ACTIVITIES			
Profit before taxes		**5,103,215**	7,010,826
Adjustments:			
Dividend income		**(1,097,432)**	(1,431,396)
Share of results of associates		**(4,909,981)**	(4,890,292)
Interest income and income from murabaha and wakala investments		**(27,140)**	(50,657)
Realised gain on disposal/partial disposal of investments in associates		**(1,488,088)**	(2,536,337)
Depreciation and amoratization		**400,541**	279,512
Net loss/(gain) recognised on sale of a subsidiary		**1,456,681**	(21,709)
Provision for end of service indemnity		**76,054**	95,579
Finance costs		**1,056,756**	2,825,974
Impairment in value of receivable		**-**	466,504
Impairments on value of intangible assets		**945,000**	-
		1,515,606	1,748,004
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		**94,498**	1,177,063
Accounts receivable and other assets		**1,430,842**	(1,733,143)
Accounts payable and other liabilities		**(1,712,369)**	(547,957)
Inventories		**(66,975)**	11,017
Cash from operation		**1,261,602**	654,984
Payment of end of service indemnity		**(25,575)**	(54,505)
KFAS,Zakat and NLST paid		**(92,765)**	(34,956)
Net cash from operating activities		**1,143,262**	565,523
INVESTING ACTIVITIES			
Change in blocked deposits		**-**	213,107
Change in short term deposits maturing after 3 Months		**-**	(600,000)
Proceeds from redemption / sale of FVOCI investments		**72,587**	1,889,113
Purchase of FVOCI investments		**(427,205)**	-
Acquisition and improvement of investment properties		**-**	(3,136,510)
Net cash flows from sale of subsidary		**550,046**	(46,341)
Net acquisition of property, plant and equipment		**(48,168)**	(44,632)
Dividend received from associate		**-**	1,521,545
Dividend received from other investments		**1,097,432**	1,431,396
Proceeds from disposal/partial disposal of investment in associates		**1,048,662**	11,822,894
Interest income & income from murabaha and wakala investments received		**27,140**	50,657
Net cash from investing activities		**2,320,494**	13,101,229
FINANCING ACTIVITIES			
Repayments of borrowings (net)		**(3,667,372)**	(304,568)
Redemption of units by non-controlling interests		**(4,133)**	(5,819)
Payment to subsidiaries shareholders on capital reduction		**(101,354)**	(609,898)
Investment made by non-controlling interest in the capital of a subsidiary		**-**	22,000
Purchase of Treasury shares		**-**	(124,793)
Dividend paid to non-controlling interests by a subsidiary		**(10,542)**	(212,300)
Dividend paid		**(1,767,524)**	-
Finance costs paid		**(1,068,369)**	(2,920,302)
Net cash used in financing activities		**(6,619,294)**	(4,155,680)
Net (decrease)/increase in cash and cash equivalents		**(3,155,538)**	9,511,072
Cash and cash equivalents at beginning of the period		**9,417,995**	12,613,443
Cash and cash equivalents at end of the period	7	**6,262,457**	22,124,515

The notes set out on pages 8 to 26 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 - 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 (Boursa Kuwait). 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 - KPSC ("the Ultimate Parent Company").

The principal objectives of the Parent Company are as follows:

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

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities (continued)

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

The address of the Parent Company's registered office is NIG Building, Ground Floor, Shuwaikh, Kuwait (PO Box 3311, Safat 13034, State of Kuwait).

The Board of Directors of the Parent Company approved this interim condensed consolidated financial information for issue on 25 July 2019

The annual consolidated financial statements for the year ended 31 December 2018 were authorised for issuance by the Board of Directors on 11 March 2019 and approved by the shareholders at the Annual General Meeting held on 8 May 2019.

2 Basis of preparation

This interim condensed consolidated financial information of the Group for the six-month period ended 30 June 2019 has been prepared in accordance with IAS 34, Interim Financial Reporting except as noted below.

The annual consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait ("CBK") in the State of Kuwait. These regulations require expected credit loss ("ECL") to be measured at the higher of the ECL on credit facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instruction; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") (collectively referred to as IFRS, as adopted for use by the State of Kuwait). However, the Group does not have any credit facilities.

The accounting policies used in the preparation of these 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 2018 except for the changes described in note 3.

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.

Operating results for the six-months period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2018.

The subsidiaries are consolidated and share of results of certain associates are recorded based on the management accounts for the period ended 30 June 2019.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2019 which have been adopted by the Group and information on these new standards is presented below:

IFRS 16 Leases

IFRS 16 replaced IAS 17 and three related Interpretations. IFRS 16 introduced new and amended requirements with respect to accounting for leases. As a result, lessee accounting is now significantly different and removes distinction between finance and operating leases. It now requires recognition of a right-of-use asset and lease liability at commencement date for all leases, except for short term leases and low value leases. However, the accounting by lessor has largely remained unchanged. The new accounting policy is described below.

Transition on date of initial application:

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in shareholders' equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

Impact on initial application:

The impact on the Group as a lessee is described below:

The Group presents right-of-use assets separately and lease liabilities in "accounts payable and other liabilities" in the interim condensed consolidated statement of financial position. The carrying value of right-of-use assets and lease liabilities as at 30 June 2019 amounted to KD1,341,602 and KD1,253,276 resepectvely.

Depreciation charge for right-of-use assets and amortised cost on lease liabilities for the current period amounted to KD87,580 and KD56,176 and are included in "general, administrative and other expenses" and "finance costs" respectively in the interim condensed consolidated statement of profit or loss.

There was no impact to the opening shareholders' equity as a result of adoption of IFRS 16.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

IFRS 16 Leases (continued)

Impact on initial application: **(continued)**
There was no impact on adoption of IFRS 16 on the Group as a lessor. The Group continues to classify and accounts for its leases as either finance leases or operating leases. However, the standard has changed and expanded the disclosures required relating management of risks arising from the Group's residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head-lease and sub-lease as two separate contracts.

New accounting policy for leases

The Group as a lessee
For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet measured as follows:

Right-of-use asset
The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

IFRS 16 Leases (continued)

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contacts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.

Rental income from operating leases is recognised on a straight-line basis over lease term. Initial direct cost incurred in arranging and negotiating a lease are added to the carrying amount of the lease assets and recognised on a straight-line basis over the lease term.

Amounts due under finance leases are recognised as receivables. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding for the finance lease.

Several other amendments and interpretations apply for the first time in 2019, but do not have a material impact on the interim condensed consolidated financial statements of the Group.

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

4 Judgement and estimates

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 2018 except for the changes arising from applying IFRS 16 as noted in 3 above. These include identification of whether a contract contains a lease, determine reasonable certainty of extension or termination of a lease, classification of leases, determining whether variable payments are in-substance fixed, establishing whether there are multiple leases in a single contract, determination of appropriate discount rate, and assessment of impairment.

Notes to the interim condensed consolidated financial information (continued)

5 Disposal of subsidiary

a) At the beginning of the period, the Group owned 59.1% of equity interest in Noor Al Salhiya Real Estate Co.- KSCC ("NSREC") (subsidiary). During the period, the Parent Company disposed 32.7% of NSREC's equity interest to its related parties which resulted in loss control over "NSREC". As a result of this disposal, the Group has also lost its control over another subsidiary, Noor CM Holding Company KSC ("NCM") where the Group's ownership interest declined from 98% to 49%. Consequent to loss of control over NCM the Group's ownership of NSREC has been further diluted by 9.5%. Accordingly, NSREC and NCM have been reported as discontinued operation for the period ended 30 June 2019 whereas the retained interests of 16.9% in NSREC and 49% in NCM have been considered as investments in associates effective from 1 January 2019.

Financial information relating to the discontinued operation of NSREC and NCM for the period to the date of disposal is set out below;

	Three months ended		Six months ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	**30 June 2019 (Unaudited) KD**	30 June 2018 (Unaudited) KD
Dividend Income	-	2,184	-	2,184
Rental Income	-	170,645	-	323,040
Share of results of associates	-	8,970	-	15,377
Interest and other income		10,331		11,977
	-	192,130	-	352,578
Expenses and other charges				
General, administrative and other expenses	-	(93,656)	-	(174,270)
Finance costs	-	(53,399)	-	(116,770)
Foreign exchange (loss)/gain	-	(16,990)	-	20,166
	-	(164,045)	-	(270,874)
Profit for the period from discontinued operation	-	28,085	-	81,704
Loss from disposal of subsidiary (note 5b)	-	-	**(1,456,681)**	-
Profit /(loss) for the period from discontinued operations	-	28,085	**(1,456,681)**	81,704

b) At the date of disposal, the fair values of the consideration and the carrying amounts of net assets disposed were as follows:

	Six months ended 30 June 2019 (Unaudited) KD
Fair value of the consideration	
- Cash consideration received	**3,000,000**
- Fair value of investment property retained as part of sales consideration *	**2,890,538**
- Fair value of retained interest in NSREC classified as investment in associate	**3,028,912**
- Fair value of retained interest in NCM classified as investment in associate	**853,063**
	9,772,513
Less: Total carrying value of the net assets disposed (note 5c)	**(11,229,194)**
Loss on disposal of subsidiary	**(1,456,681)**

* As part of the above disposal transaction, the Group has agreed with one of the buyers, a related party, to retain one of Group's existing investment property (owned by NSREC and its subsidiaries) with a carrying value of KD2,890,538 against the consideration due (non cash).

Notes to the interim condensed consolidated financial information (continued)

5 Disposal of subsidiary (continued)

c) Net assets of disposed subsdiaries as at the date of disposal were as follows;

	KD
Assets	
Cash and cash equivalents	949,954
Short term deposits	1,500,000
Murabaha, wakal and sukuk invesmtents	152,965
Receivables and other assets	131,897
Due from related parties	4,680,454
Investment properties	20,286,817
Investments at fair value through other comprehensive income	165,156
Investment in associates	2,396,970
Property and equipment	2,070
	30,266,283
Less : Liabilities and non-controlling interests	
Payables and other liabilities	(533,585)
Due to related parties	(1,304,295)
Borrowings	(8,720,075)
Non-controlling interests	(8,479,134)
Total liabilities and non controlling interest	**(19,037,089)**
Net assets as at the date of disposal attributable to the Group	**11,229,194**

6 Basic & diluted earnings / (loss) per share attributable to the owners of the Parent Company

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		Six months ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Profit/(loss) for the period attributable to the owners of the Parent Company (KD)				
- From continuing operations	1,292,385	3,837,203	5,593,339	6,555,772
- From discontinued operations	-	28,085	(1,456,681)	81,704
Total	1,292,385	3,865,288	4,136,658	6,637,476
Weighted average number of shares outstanding during the period (excluding treasury share)	400,049,857	400,209,332	400,049,857	401,457,737
Basic and diluted earnings/(loss) per share (Fils)				
- From continuing operations	3.23	9.59	13.98	16.33
- From discontinued operations	-	0.07	(3.64)	0.20
Total	3.23	9.66	10.34	16.53

Notes to the interim condensed consolidated financial information (continued)

7 Cash and cash equivalents

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

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Cash and bank balances	**5,613,048**	5,280,522	6,043,348
Short term deposits	**1,109,286**	4,860,325	17,611,264
	6,722,334	10,140,847	23,654,612
Less: Due to banks	**(453,887)**	(716,862)	(924,107)
Less: Blocked balances	**(5,990)**	(5,990)	(5,990)
Less: Short term deposits maturing after three months	**-**	-	(600,000)
Cash and cash equivalents as per statement of cash flows	**6,262,457**	9,417,995	22,124,515

Cash and bank balances include call accounts which earn interests.

Due to banks represent bank overdraft facilities utilised by subsidiary and are secured by short term deposit of KD609,286(31 December 2018: KD610,325 and 30 June 2018: KD975,006).

Cash and cash equivalents include bank balances of KD1,380,889 (31 December 2018: KD1,216,544 and 30 June 2018: KD1,412,524) which are designated for the purpose of payment of dividends for the Parent Company shareholders, payment on account of capital reduction and dividend payments to non-controlling interest of two subsidiaries.

8 Investments at fair value through profit or loss

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Quoted shares - Local	**6,782,914**	6,708,769	7,723,449
Quoted shares - Foreign	**4,221,595**	4,352,089	4,448,674
Unquoted foreign fund and shares	**612,921**	651,070	928,381
	11,617,430	11,711,928	13,100,504

Quoted shares with a fair value of KD4,105,033(31 December 2018: KD3,622,069 and 30 June 2018: KD262,699) are secured against bank borrowings (refer note 13).

Notes to the interim condensed consolidated financial information (continued)

9 Accounts receivable and other assets

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Financial assets:			
Accounts receivable (net of impairment provision)	**2,737,064**	3,659,278	4,459,617
Due from the Ultimate Parent Company	**2,442**	2,271	1,856
Due from other related parties	**162,430**	4,699,646	1,997,705
Dividend receivable from an associate *	**2,067,913**	-	-
Due from investment brokerage companies	**562,941**	197,039	2,838,744
Amount due from partial disposal of an associate *	**5,483,027**	-	-
Accrued income	**549,801**	647,339	797,472
Other financial assets	**270,910**	270,653	309,498
	11,836,528	9,476,226	10,404,892
Non-financial assets			
Other assets	**468,931**	437,075	680,273
	12,305,459	9,913,301	11,085,165

*These amounts were received subsequent to the reporting period.

10 Investments at fair value through other comprehensive income

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Quoted shares	**8,949,782**	6,695,244	7,308,857
- Local	**8,661,707**	6,428,619	6,609,555
- Foreign	**288,075**	266,625	699,302
Unquoted shares	**7,294,100**	7,880,437	15,707,837
- Local	**1,247,902**	1,379,673	7,781,868
- Foreign	**6,046,198**	6,500,764	7,925,969
Foreign funds	**453,505**	1,304,906	977,013
	16,697,387	15,880,587	23,993,707

Quoted shares with a fair value of KD8,542,655 (31 December 2018: KD6,428,619 and 30 June 2018: KD6,492,120) and unquoted shares with a fair value of KD96,124 (31 December 2018: KD167,878 and 30 June 2018: KD6,531,628) are secured against bank borrowings (refer note 13).

Notes to the interim condensed consolidated financial information (continued)

11 Investment in associates

The movement of Investment in associates are as follows:

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Balance at 1 January	**44,053,153**	61,985,767	61,985,767
Adjustments arising from adoption of IFRS 9 on 1 January 2018	**-**	(87,743)	(87,743)
Balance as at 1 January – restated	**44,053,153**	61,898,024	61,898,024
Additions during the period due to de-recognition of subsidiary (note 5)	**3,881,975**	-	-
Addition during the period	**-**	125,000	-
De-recognition due to disposal of subsidiary (11.1)	**(2,396,970)**	-	-
Share of results during the period / year	**4,909,981**	8,905,432	4,874,915
Share of other comprehensive income/(loss) of associates	**25,331**	(371,179)	(559,880)
Disposal/partial disposal of associates (11.2)	**(4,186,549)**	(12,040,886)	(6,944,520)
Dividend from associate	**(2,368,607)**	(2,912,718)	(1,521,545)
Foreign currency translation adjustment	**(5,653,200)**	(11,505,834)	(5,155,635)
Other adjustment	**-**	(44,686)	15,377
	38,265,114	44,053,153	52,606,736

11.1 During the period, as a result of disposing the subsidiary, NSREC (note 5a), the Group has also de-recognised its associates owned by the disposed subsidiary, National Tamouh GTC Company WLL (48%), Ikarus Real Estate Company LLC (50%), Sidra Middle East Company WLL (25%), Durra National Combined Real Estate Company WLL (50%) and Durra United Central Market Company WLL (33%) with a total carrying value of KD2,396,970 as of the disposal date.

11.2 During the period, the Group has partially disposed of (2.93% out of its holding of 38.18% as 31 December 2018) its foreign associate, Meezan Bank Limited for a total consideration of KD6,374,344 resulting in a net gain of KD1,596,799. As of 30 June 2019, the above proceeds are receveiable in Pakistan Rupees and included under receveiables (refer note 9). The remaining stake in this associate (35.25%) continues to be accounted for as an associate. Further during the period the Group disposed its entire stake in the associate Bayt Al Raya Real Estate Development Company (50%) with a carrying value of KD1,157,373 for a total consideration of KD1,048,662 resulting in a net loss of KD108,711.

12 Investment properties

The movement of investment properties is as follows:

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Fair value as at beginning of the period/year	**31,738,975**	30,054,977	30,054,977
Developments and construction costs	**-**	4,062,645	3,236,629
De-recognition due to disposal of subsidiary* (note 5)	**(17,396,279)**	-	-
Disposals	**-**	(1,656,675)	-
Changes in fair value	**-**	(681,781)	-
Foreign currency translation	**(703)**	(40,191)	(14,369)
	14,341,993	31,738,975	33,277,237

Notes to the interim condensed consolidated financial information (continued)

12 Investment properties (continued)

Investment properties comprise land, buildings and property under developments in the following countries:

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Kuwait	**10,104,000**	27,332,000	29,358,324
Outside Kuwait	**4,237,993**	4,406,975	3,918,913
	14,341,993	31,738,975	33,277,237

* This represents net of investment properties retained in the Group as part of the disposal consideration, which amounted to KD 2,890,538.

Investments properties amounting to KD8,500,000(31 December 2018: KD8,500,000 and 30 June 2018: KD8,859,000) and KD1,604,000(31 December 2018: KD17,277,000 and 30 June 2018: KD17,262,649) are secured against bank loans, Ijara and Murabaha Financing facilities respectively (refer note 13).

13 Borrowings from banks and financial institutions

		Security	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Short term					
Ijara financing - Kuwaiti Dinar	Note 13.1	Secured	-	1,045,000	1,100,000
Murabaha and Tawaruq payables	Note 13.1	Secured	**321,755**	329,127	612,476
			321,755	1,374,127	1,712,476
Long term					
Loans payable – Kuwaiti Dinar	Note 13.2	Secured	**22,569,375**	23,129,375	62,318,625
Loan from Ultimate Parent Company	Note 13.3	Secured	**13,000,000**	16,000,000	-
Wakala payable – Kuwaiti Dinar		Secured	-	-	27,500,000
Ijara financing - Kuwaiti Dinar	Note 13.4	Secured	**830,500**	8,605,575	7,937,702
			36,399,875	47,734,950	97,756,327
Total			**36,721,630**	49,109,077	99,468,803

13.1 Short term Ijara financing, Murabha and Tawaraq payable carry effective profit rate of 6.0% p.a. (31 December 2018: 5.25% - 6.0% p.a and 30 June 2018: 4.75% p.a).

13.2 During the period, the Parent Company has prepaid an amount of KD 430,000 to the lenders. These loans are fully secured by investments at fair value through profit or loss (note 8), investments at fair value through other comprehensive income (note 10) and investment properties (note 12) and against shares of two unlisted subsidiaries of the Parent Company. Long term loan payable carry effective interest rate of 4.83% p.a.(31 December 2018: 4.8% and 30 June 2018: 4.75% to 6.0% p.a).

13.3 During the period, the Parent company has prepaid KD 3,000,000 against this loan. Additionaly, another amount of KD 2,000,000 has been prepaid subsequent to the reporting date. The remaing loan from the Ultimate Parent Company is repayable in two instalments, KD 3,000,000 due in December 2019 and KD 8,000,0000 due in December 2020. This loan is secured against shares of an unlisted associate of the Parent Company. Loans from Ultimate Parent Company carry effective interest rate of 5.0% p.a (31 December 2018: 5.0% and 30 June 2018: Nil).

Notes to the interim condensed consolidated financial information (continued)

13 Borrowings from banks and financial institutions (continued)

13.4 Ijara and Murabaha financing contracts and loan amounting to KD830,500(31 December 2018: KD9,650,575 and 30 June 2018: KD8,893,366) are secured by investments properties (Note 12). Long term Ijara financing and Wakala payable carry effective profit rate of 6.0% p.a. (31 December 2018: 4.5% and 30 June 2018: 5.0% to 7.0% p.a.)

13.5 The above loans are due as follows:

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Short term Ijara Financing	-	1,045,000	1,100,000
Short term Tawaruq Payable	321,755	329,127	612,476
Long term loans and Wakala payable			
- Current portion due within one year	5,130,000	8,560,000	89,818,625
- Due after more than one year	30,439,375	30,569,375	-
Long term ijara and murabaha financing			
- Current portion due within one year	100,000	925,000	704,000
- Due after more than one year	730,500	7,680,575	7,233,702
	36,721,630	49,109,077	99,468,803

14 Share capital

Share capital

The authorised, issued and paid up share capital of the Parent Company comprise of 413,162,761 shares of 100 Fils each (31 December 2018: 413,162,761 and 30 June 2018: 413,162,761 of 100 Fils each), fully paid in cash.

15 Treasury shares

The Group holds treasury shares as follows:

	30 June 2019 (Unaudited)	31 Dec. 2018 (Audited)	30 June 2018 (Unaudited)
Number of shares	13,112,904	13,112,904	13,112,904
Percentage of issued shares	3.17%	3.17%	3.17%
Market value (KD)	1,101,484	1,008,382	713,342
Cost (KD)	3,535,116	3,535,116	3,535,366

Reserves equivalent to the cost of treasury shares held are not distributable. The treasury shares are not held as collateral against any financial liability.

16 Segment analysis

The Group activities are concentrated in four main segments: Investments, Real Estate, IT services and Hotel operations. These segments are regularly reviewed by the Chief Operating Decision Maker (CODM) for resource allocation and performance assessment. In addition, the segments results, assets and liabilities are reported based on the geographical location in which the Group operates in. 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.

Notes to the interim condensed consolidated financial information (continued)

16 Segment analysis (continued)

Segmental information for the period/year ended 30 June 2019, 31 December 2018 and 30 June 2018 are as follows:

	Investments		Real Estate		IT services		Hotel operations		Total	
	30 June 2019 KD	30 June 2018 KD	30 June 2019 KD	30 June 2018 KD	30 June 2019 KD	30 June 2018 KD	30 June 2019 KD	30 June 2018 KD	30 June 2019 KD	30 June 2018 KD (Restated)
Revenue from hotel operations and IT services	-	-	-	-	5,509,068	6,602,361	1,174,583	1,239,140	6,683,651	7,841,501
Investments related income (realised, unrealised and dividend income)	4,066,785	2,778,639	-	-	-	-		-	4,066,785	2,778,639
Rental income	-	-	272,136	368,989	-	-		-	272,136	368,989
Management and placement fee	9,495	9,929	-	-	-	-		-	9,495	9,929
Realised gain on disposal/partial disposal of associates	1,488,088	2,536,337	-	-	-	-		-	1,488,088	2,536,337
Share of results of associates	4,898,309	4,874,303	11,672	612	-	-		-	4,909,981	4,874,915
Segment income	10,462,677	10,199,208	283,808	369,601	5,509,068	6,602,361	1,174,583	1,239,140	17,430,136	18,410,310
Cost of sales and services	-	-	-	-	(4,849,686)	(5,992,423)	(496,691)	(503,680)	(5,346,377)	(6,496,103)
General and administrative expenses	(2,042,172)	(757,257)	(4,838)	(9,718)	(645,773)	(565,753)	(568,196)	(590,187)	(3,260,979)	(1,922,915)
Operating profit	8,420,505	9,441,951	278,970	359,883	13,609	44,185	109,696	145,273	8,822,780	9,991,292
Interest income, other income and foreign exchange gain	(1,093,142)	113,538	-	-	832,014	-	-	-	(261,128)	113,538
Impairments	-	(126,857)	-	(213,463)	(945,000)	(126,184)	-	-	(945,000)	(466,504)
Finance cost	(914,852)	(2,615,390)	-	-	(47,605)	(93,814)	(94,299)	-	(1,056,756)	(2,709,204)
Segment profit/(loss) from continuing operations	6,412,511	6,813,242	278,970	146,420	(146,982)	(175,813)	15,397	145,273	6,559,896	6,929,122
Segment (loss)/profit from discontinued operations	-	-	(1,456,681)	81,704	-	-	-	-	(1,456,681)	81,704

	30 June 2019 (Unaudited)			31 December 2018 (Audited)			30 June 2018 (Unaudited)		
	Assets KD	Liabilities KD	Net assets KD	Assets KD	Liabilities KD	Net assets KD	Assets KD	Liabilities KD	Net assets KD
Investment	76,380,570	(40,411,698)	35,968,872	73,537,620	(42,175,182)	31,362,438	109,065,306	(91,178,736)	17,886,570
Real Estate	18,029,128	(843,058)	17,186,070	43,012,804	(11,504,703)	31,508,101	40,613,935	(9,083,487)	31,530,448
IT services	8,890,555	(3,827,152)	5,063,403	11,146,382	(7,225,599)	3,920,783	13,661,683	(6,905,012)	6,756,671
Hotel operation	4,563,776	(2,164,596)	2,399,180	3,611,777	(807,060)	2,804,717	3,922,224	(774,317)	3,147,907
Total	107,864,029	(47,246,504)	60,617,525	131,308,583	(61,712,544)	69,596,039	167,263,148	(107,941,552)	59,321,596

Notes to the interim condensed consolidated financial information (continued)

17 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. Key management personnel include board of directors, chief executive officers (CEO) and principal officers of the Parent Company and its subsidiaries. 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 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Interim condensed consolidated statement of financial position			
Due from related parties and the Ultimate Parent Company			
- Due from Ultimate Parent Company (note 9)	**2,442**	2,271	1,856
- Due from associates (note 9)	**151,485**	4,368,957	1,804,825
- Due from other related parties (note 9)	**10,945**	330,689	192,880
- Dividend receivable from an associate	**2,067,913**	-	-
- Accrued income and management fees	**460,940**	461,566	460,221
Due to other related parties			
- Due to Ultimate Parent Company	**1,781**	13,151	
- Other related parties	**552,000**	1,362,040	105,556
- Associates	**-**	491,355	-
Loan payable to Ultimate Parent Company (note 13)	**13,000,000**	16,000,000	-
Transactions with related parties			
Sale of Investment properties to related parties	**-**	1,656,675	-
Sale of investments at FVOCI	**-**	6,363,600	-
Development and construction costs	**-**	3,253,378	2,203,506
Retained investment property of the disposed subsidiary as part of the disposal consideration	**2,890,538**	-	-
Sale of shares of subsidiary to related parties	**5,890,538**	-	-
Investments in related parties			
- Investments at fair value through profit or loss	**15,934**	206,919	85,063
- Investments at FVOCI	**8,702,341**	6,540,905	6,724,966

Notes to the interim condensed consolidated financial information (continued)

17 Related party transactions (continued)

	Three months ended		Six months ended	
	30 June 2019 (Unaudited) KD	30 June 2018 (Unaudited) KD	30 June 2019 (Unaudited) KD	30 June 2018 (Unaudited) KD
Interim condensed consolidated statement of profit or loss				
Management and placement fees				
- earned from Ultimate Parent Company	**269**	200	**502**	380
- earned from other related parties	**686**	575	**1,289**	1,118
Finance cost - Ultimate Parent company	**162,877**	-	**360,137**	-
Impairment in value of accounts receivable and other assets	**-**	-	**-**	35,970
Real estate perating cost	**-**	7,520	**-**	18,399
Loss on disposal of subsidiary (note 5)	**-**	-	**(1,456,681)**	-
Compensation of key management personnel of the Group				
Short term employee benefits	**37,963**	97,674	**100,310**	195,631
End of service benefits	**1,980**	3,062	**3,937**	10,019
	39,943	100,736	**104,247**	205,650

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

18.1 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 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
At amortised cost			
• Cash and bank balances	**5,613,048**	5,280,522	6,043,348
• Short term deposits	**1,109,286**	4,860,325	17,611,264
• Murabaha and sukuk investments	**1,000,000**	1,152,965	1,152,965
• Accounts receivable and other assets (note 9)	**11,836,528**	9,476,226	10,404,892
	19,558,862	20,770,038	35,212,469
Investments at fair value through profit or loss: (note 8)	**11,617,430**	11,711,928	13,100,504
Investments at fair value through other comprehensive income (note 10)	**16,697,387**	15,880,587	23,993,707
Total financial assets	**47,873,679**	48,362,553	72,306,680
Financial liabilities (at amortised costs) :			
• Due to banks	**453,887**	716,862	924,107
• Accounts payable and other liabilities	**9,127,547**	10,949,861	6,692,960
• Borrowings from banks and financial institutions (note 13)	**36,721,630**	49,109,077	99,468,803
	46,303,064	60,775,800	107,085,870

Notes to the interim condensed consolidated financial information (continued)

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

18.1 Categories of financial assets and liabilities (continued)

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures financial instruments such as investments at fair value though profit or loss and investment at fair value through other comprehensive income at fair value and measurement details are disclosed in note 18.2 to the interim condensed consolidated financial statements. In the opinion of the Group's management, except for certain long term borrowing the carrying amounts of all other financial assets and liabilities which are carried at amortised costs are considered a reasonable approximation of their fair values.

18.2 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 condensed 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.

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 2019	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value:				
Investments at fair value through profit or loss				
- Quoted shares	11,004,509	-	-	11,004,509
- Foreign fund	-	612,921	-	612,921
Financial assets at fair value through other comprehensive income				
-Quoted shares	8,949,782	-	-	8,949,782
-Unquoted shares	-	5,315,503	1,978,597	7,294,100
-Foreign funds	-	453,505	-	453,505
Total assets	19,954,291	6,381,929	1,978,597	28,314,817

Notes to the interim condensed consolidated financial information (continued)

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

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

31 December 2018	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value:				
Investments at fair value through profit or loss				
-Quoted shares	11,060,858	-	-	11,060,858
-Unquoted shares	-	651,070	-	651,070
Investments at fair value through other comprehensive income				
-Quoted shares	6,695,244	-	-	6,695,244
-Unquoted shares	-	5,775,244	2,105,193	7,880,437
-Foreign funds	-	1,304,906	-	1,304,906
Total assets	17,756,102	7,731,220	2,105,193	27,592,515

30 June 2018	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value:				
Investments at fair value through profit or loss				
-Quoted shares	12,172,123	-	-	12,172,123
- Foreign fund	-	928,381	-	928,381
Financial assets at fair value through other comprehensive income				
-Quoted shares	7,308,857	-	-	7,308,857
-Unquoted shares	-	7,033,373	8,674,464	15,707,837
-Foreign funds	-	977,013	-	977,013
Total assets	19,480,980	8,938,767	8,674,464	37,094,211

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

Level 3 Fair value measurements

The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market date. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Balance at the beginning of the period/year	**2,105,193**	16,021,302	16,021,302
Change in fair value	**(126,596)**	(890,439)	(729,768)
Addition	-	-	45,000
Transfer to level 1 and 2	-	(7,854,493)	(7,854,493)
Disposed during the period/year	-	(6,363,600)	-
Transferred from investment carried at cost	-	1,192,423	1,192,423
Balance at the end of the period/year	**1,978,597**	2,105,193	8,674,464

Notes to the interim condensed consolidated financial information (continued)

19 Contingencies and Capital commitments

Contingencies
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 filed a case against the seller claiming misrepresentation in valuing the subsidiary assets at JD4,500,000 (KD1,924,083). The subsidiary's management and legal advisor believe that the favorable decision of the court is probable; hence, no provision for any effects that may result has been made in the interim condensed consolidated financial information.

Guarantees and capital commitments
At the reporting date, the Group had capital commitments of KD1,134,194 (31 December 2018: KD4,155,306 and 30 June 2018: KD3,424,965) towards purchase of investments and development of investment properties and guarantees amounting to KD2,741,194 (31 December 2018: KD2,741,194 and 30 June 2018: KD2,986,682).

20 Fiduciary assets

The Group manages mutual funds and portfolios on behalf of its Ultimate Parent Company, other related parties and outsiders, and maintains securities in fiduciary accounts which are not reflected in the Group's interim condensed consolidated statements of financial position. Assets under management at 30 June 2019 amounted to KD26,400,686 (31 December 2018: KD25,687,276 and 30 June 2018: KD25,467,083) of which assets managed on behalf of its Ultimate Parent Company and other related parties amounted to KD19,665,841 (31 December 2018: KD19,583,218 and 30 June 2018: KD19,633,797).

21 Impairment in value of intangible assets

During the period, management has performed an impairment assessment of the intangible assets (IRU) consequent to certain latest information received by management indicating impairment of the IRU and this has resulted in an impairment of KD945,000 being recognized in the interim condensed consolidated statement of profit or loss, based on the revised recoverable value of the intangible assets calculated using the value in use approach.

22 Interest and other income

Other income for the period, includes a reversal of interest cost of KD813,089 which was accrued during the year ended 31 December 2018 based on a court decision received against one of the subsidiaries. This amount has been reversed based on the out of court settlement agreement entered between the management of the subsidiary and the counter party to settle the dues without any payment for the above mentioned interest accrued. Accordingly, the subsidiary has settled an amount of KD2,300,000 during the current period which was already included under accounts payables and other liabilities as at 31 December 2018.

23 Distributions and directors' remuneration

At the General Assembly of the Parent Company's Shareholders' held on 8 May 2019, the shareholders approved to distribute a cash dividend to shareholders equivalent to 5 fils per share amounting to KD 2,000,249 for the year ended 31 December 2018 (2017: Nil) and an amount of KD126,000 as directors' remuneration for year ended 31 December 2018.

24 Comparative information

The comparative consolidated statement of profit or loss has been re-presented as if an operation discontinued during the current period has been discontinued from the start of the comparative period (refer note 5).

Notes to the interim condensed consolidated financial information (continued)

25 Wakala Investments

Wakala investments of KD14,324,160 placed by the Group in previous years 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. Full provision was made for receivable in accordance with the Central Bank of Kuwait provision rules. The Group initiated various legal cases against the investee company, which have been decided in favor of the Group. During the period, the Parent Company has signed settlement agreement with Investee Company and as per this agreement 50% shares of a local unlisted company (acquired company) have been transferred to Parent Company .

The acquired company along with other entities are pursuing legal action in order to execute their joint rights as per previous court verdict. The management of the Parent Company is of the opinion that the financial impact of this transaction will be adjusted upon completion of the relevant legal proceedings.