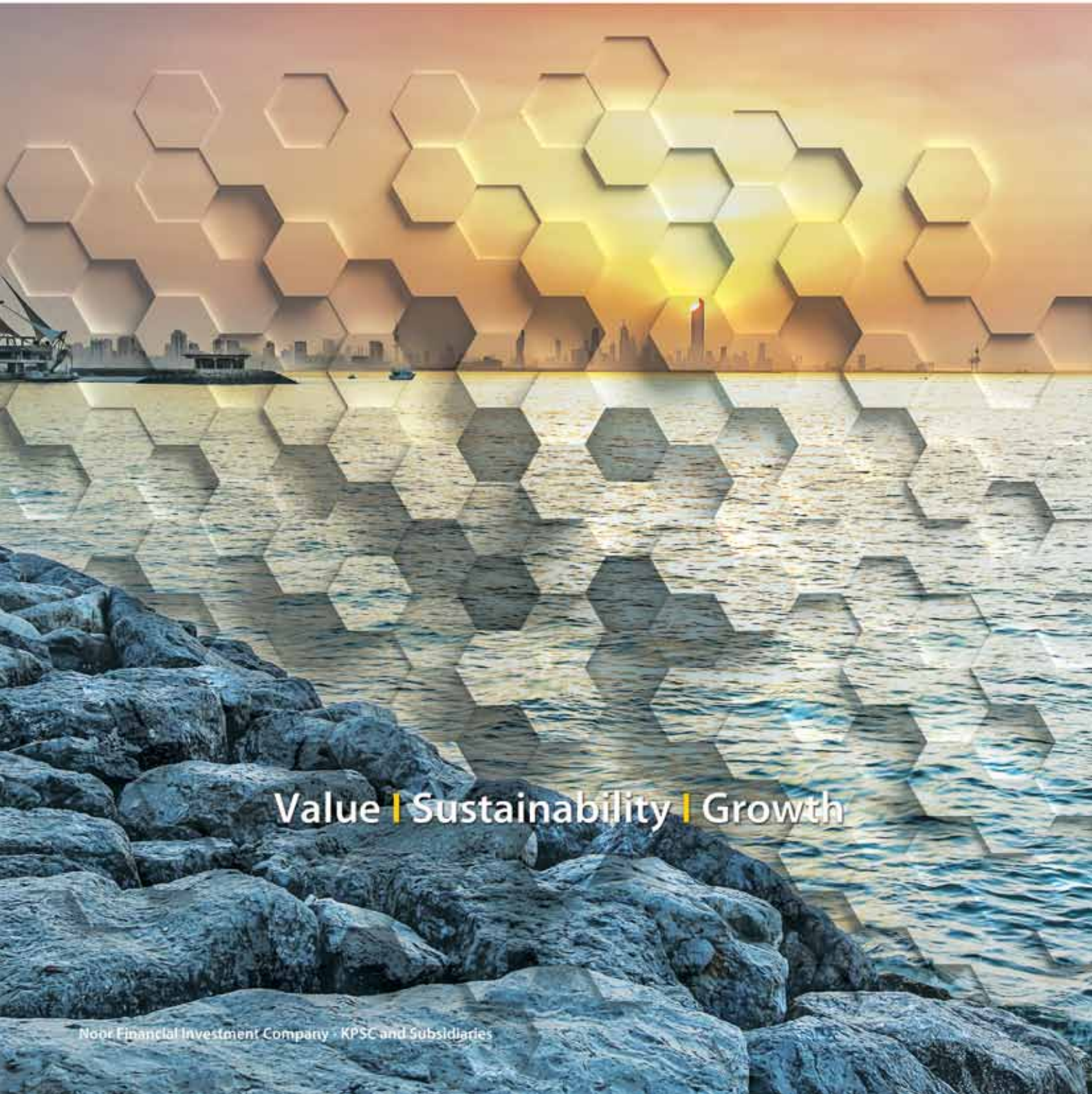




نور للاستثمار
Noor Investment

Annual Report 2015



Value | Sustainability | Growth



Noor Corporate Office

Intersection of Jahra Street & Airport Road
Shuwaikh, Kuwait
P.O. Box 3311 Safat, 13034 Kuwait

Tel: +965 181 80 80

Fax: +965 24929561/2

email: info@noorinvestment.com

www.noorinvestment.com

The background of the entire page is a repeating pattern of light yellow hexagons with thin gold outlines, creating a honeycomb effect.

Noor Financial Investment Company - KPSC
and Subsidiaries

Annual Report
2015

Value | Sustainability | Growth



His Highness Sheikh

Sabah Al-Ahmad Al-Jaber Al-Sabah

Amir of the State of Kuwait



His Highness Sheikh

Nawaf Al-Ahmad Al-Jaber Al-Sabah

Crown Prince of the State of Kuwait

CONTENTS

Vision	7
Mission	9
Values	11
Key Figures 2015	12 - 13
Noor's Strength	14 - 15
Subsidiaries and affiliates	16 - 17
Board of Directors	18 - 23
Executive Management	24 - 25
Board of Directors' Report	26
Summary of Financial Statements	27
Vertical Analysis of the Statements of Financial Position and Profit or Loss	28 - 29
Horizontal Analysis of the Statements of Financial Position and Profit or Loss	30 - 31
Consolidated Financial Statements and Independent Auditors' Report	32 - 88



Our History Creates Value



VISION

We aspire to be the leading investment company of choice in the Gulf Cooperation Council (GCC).



Our Potential *Creates Sustainability*



MISSION

We, at Noor, follow the best industry practices in our endeavor to generate superior returns and create value for our shareholders, clients and partners.

We:

- Invest in a vast array of investment classes including equity, fixed income, real estate and private equity
- Provide corporate advisory and asset management services
- Make strategic partnerships locally and internationally with reputable entities
- Invest in human capital and inculcate core values

The background image shows a port facility. On the left, there is a large, multi-story building with a brown facade and several windows with orange-lit grilles. A long wooden pier extends from the building towards the right, with a white railing. In the foreground, there are several black mooring posts with red and green conical tops. A white ship with a blue and white striped canopy is docked at the pier. The sky is overcast. A yellow banner is at the top, and a white geometric pattern is on the left side.

Our Investment *Creates Growth*



VALUES

- Ethics, personal integrity and transparency
- Team work, respect and accountability
- Innovation and knowledge sharing
- Passion for excellence in execution

KEY FIGURES 2015



in KD millions



NOOR'S STRENGTH





Noor Financial Investment Company - KPSC ("Noor") was established in Kuwait in 1996 and its shares were listed on the Kuwait Stock Exchange in May 2006. Noor is engaged in investment activities and financial services primarily in Kuwait, the Middle East, Asia, and other emerging markets. Noor offers a full spectrum of innovative and unrivalled investment and financial services which include both advisory and asset management.

Noor's strength rests on its diversified portfolio of Direct Capital Market Investments, Real Estate and Alternative Investments. Noor manages a proprietary listed equity portfolio comprising of local, GCC and international equities. The Marketable Securities Unit continues to successfully deploy funds in GCC and international equity markets. To achieve consistent income and stable capital gain, Noor's Real Estate Unit has substantially grown over the last few years and is also undertaking development of new projects in Kuwait. Noor owns a commercial complex in addition to several residential buildings across Kuwait. The Company's Alternative Investments Unit continues to pursue strategic investment opportunities that aim to achieve synergies among existing investments as well as to open new opportunities for the Company. Real Estate and Alternative Investments diversify Noor's portfolio to mitigate market volatility.

Noor aims for calculated and smart growth through excellence and high standards of achievements backed by its core values. Supported by a strong talented team of professionals, Noor is well poised for future success and growth.

SUBSIDIARIES AND AFFILIATES



Meezan Bank
The Premier Islamic Bank

Meezan Bank Limited - Pakistan

Noor is the largest shareholder in Meezan Bank Limited, Pakistan which is the first and the largest Islamic bank in Pakistan with more than 550 branches across 143 cities in the country. Besides traditional banking channels, the Bank offers numerous alternate distribution channels including internet and mobile banking. Meezan Bank has assets of more than US\$5 Billion and deposits of more than US\$4.5 Billion.



Hotels Global Group Company - Jordan (HGG)

GCC hospitality sector has been very promising due to its substantial growth in the recent years. Through its subsidiary, Hotels Global Group Company in Jordan, Noor holds the concession rights of Amman International Airport Hotel which is a 4-star hotel with 300 rooms and multiple Food and Beverage outlets as well as other facilities. Hotels Global Group Company is also operating a transit hotel within the new Queen Alia Internal Airport terminal in addition to management of third party hospitality businesses.



Noor Al-Salhiya Real Estate Company KSCC - Kuwait

Noor Al-Salhiya Real Estate Company KSCC is the Real Estate arm of Noor. It owns and manages numerous residential and commercial properties both in Kuwait and GCC region. It is also undertaking development of new complexes in Kuwait. In addition, the company provides management services for residential and commercial buildings.



نور للإتصالات
NOORTEL

Noor Telecommunication Company KSCC - Kuwait (Noortel)

Noor Telecommunication Company KSCC (Noortel) is a Shariah compliant, Kuwait-based closed shareholding company that was incorporated in 2007. Noortel carries out its business activities through a specialized group of its subsidiaries and affiliates in Information, Communication and Technology related sectors. Noortel's IT operations now include Arab Information Management Services (AIMS), IT Partners Holding Company and National Information Technology Company.



**Meezan Bank Limited
Pakistan**

**Hotels Global Group Company
Jordan**



**Noor Al-Salhiya Real Estate
Company KSCC - Kuwait**



**Noor Telecommunication Company
KSCC - Kuwait**



BOARD OF DIRECTORS



Dr. Fahad Sulaiman Al-Khaled
Chairman



Abdulghani M. S. Behbehani
Vice Chairman



Riyadh S. A. A. Edrees
Board Member



Faisal A. Al-Nassar
Board Member



Bader H. A. Al-Rabiah
Board Member



Dr. Fahad Sulaiman Al-Khaled

Chairman

Academic Qualifications:

- Bachelor of Electrical & Electronic Engineering, University of Newcastle Upon Tyne, UK.
- Doctorate of Electrical & Electronic Engineering, University of Newcastle Upon Tyne, UK.

Current & Previous Positions:

- Chairman, Noor Financial Investment Company, Kuwait
- Board Member, Privatization Holding Co., Kuwait
- Managing Partner, Ersaal Cable & Wireless, Kuwait
- Board Member, Ikarus Petroleum Industries Co., Kuwait
- Board Member, Eastern United Petroleum Services Co., Kuwait
- Chairman, Global Projects Holding Co., Kuwait
- Deputy Chairman, Tawasul Services Co., Kuwait
- Managing Partner, Dizlee Communications & Consultancy Co., Kuwait
- Deputy General Manager, Arab Telecom Co., Kuwait
- Managing Partner, Mada Value Added Services Co., Kuwait
- Managing Partner, Senyar Capital Economic Consultancy Co., Kuwait
- Managing Partner, Askamo Economic Consultancy Co., Kuwait



Abdulghani M.S. Behbehani

Vice Chairman

Academic Qualification:

- B.Sc. in Mechanical Engineering, Kuwait University

Current & Previous Positions:

- Vice Chairman, Noor Financial Investment Company, Kuwait
- Board Member, Noor Telecommunication Company, Kuwait
- Board Member, Al-Ahli Bank of Kuwait
- Chairman, Hotels Global Group, Jordan
- Board Member, Alfain Printing, Publication & Distribution Co., Kuwait
- Chairman, Noor Jordan Kuwait Financial Investment Co., Jordan
- Director, M.S. & R.Y. Behbehani Company, Kuwait
- Senior Engineer Equipment Support, Kuwait National Petroleum Company, Kuwait



Riyadh S. A. A. Edrees

Board Member

Academic Qualifications:

- B.Sc. in Chemical Engineering, University of Newcastle Upon Tyne, UK
- M.Sc. in Chemical Engineering, Kuwait University

Current & Previous Positions:

- Board Member, Noor Financial Investment Company, Kuwait
- Deputy CEO, Investments and Mega Projects, National Industries Group Holding, Kuwait
- Chairman, Privatization Holding Co., Kuwait
- Chairman, Meezan Bank Limited, Pakistan
- Board Member, Saudi International Petrochemical Co. (SIPCHEM), Saudi Arabia
- Vice Chairman, Airport International Group, Jordan
- Board Member, Ikarus Petroleum Industries Company, Kuwait
- Vice Chairman, Noor Telecommunication Company, Kuwait
- Chairman, Middle East Complex for Eng. Electronics and Heavy Industries Co., Jordan
- Advisory Board Member, Markaz Energy Fund, Kuwait
- Board Member, Investment Committee of Bouniya Fund, Kuwait Investment Co., Bahrain
- Advisory Board Member, Cleantech I & II- Zouk Venture Limited, U.K.
- Vice Chairman, Gas & Oil Fields Services Company, Kuwait
- Board member, The Karachi Electric Supply Corporation Ltd., Pakistan
- Board member, United Gas Transmission Company Limited Co. (UGTC), UAE
- Director, Saja Gas Private Limited Co. (SajGas), UAE
- Vice Chairman, Eastern United Petroleum Services, Kuwait
- Board Member, Kuwait Ceramic Company, Kuwait
- Advisory Board Member, zSOL, U.K.



Faisal A. Al-Nassar

Board Member

Academic Qualification:

- Bachelor in Accounting, Kuwait University

Current & Previous Positions:

- Board Member, Noor Financial Investment Company, Kuwait
- Board Member, Hotels Global Group, Jordan
- Deputy CEO, Finance and Admin., National Industries Group Holding, Kuwait
- Chairman and CEO, Al-Durra National Real Estate Company, Kuwait
- Board Member, Meezan Bank Limited, Pakistan
- Chairman, Noor Al-Salhiya Real Estate Co., Kuwait
- Chairman, Noor Telecommunication Company, Kuwait
- Vice Chairman, Abu Dhabi Marina Real Estate Investment Company, UAE
- Chairman, Shorfat al Safwa Company, Saudi Arabia
- Chairman, Durrat Alshameya Company, Saudi Arabia
- Board Member, Arabian Group for Investment, Real Estate & Agriculture Development, Egypt
- Vice Chairman, Salbookh Trading Company, Kuwait
- Executive Committee Member, ARADI Abu Dhabi Investment



Bader H. A. Al-Rabiah

Board Member

Academic Qualification:

- Bachelor in Accounting, Kuwait University

Current & Previous Positions:

- Board Member, Noor Financial Investment Company, Kuwait
- Vice Chairman and CEO, Noor Al-Salhiya Real Estate Company, Kuwait
- Board Member, Meezan Bank Limited, Pakistan
- Chairman, Palms Agro Production Company, Kuwait
- Chairman and Board Member of the Audit and Risk Committee, Osoul Investment Company, Kuwait
- Vice Chairman, Al-Durra National Real Estate Company, Kuwait
- Board Member, Hotels Global Group, Jordan
- Chairman and Board Member & Member of the Audit Committee of Arabian Group for Investment, Real Estate & Agricultural Development, Egypt
- General Manager, Sidra Middle East for Electrical, Mechanical & Building Contracting Company, Kuwait
- General Manager, Ikarus for Real Estate Company, UAE
- General Manager, Noor Al-Salhiya Real Estate Company, Saudi Arabia
- Board Member, Khatif Holding Company, Kuwait
- Member of the Kuwaiti Association of Accountants

EXECUTIVE MANAGEMENT



Gururaj Rao

Chief Executive Officer

Qualifications:

- Bachelor in Science, University of Madras, India
- Chartered Accountant, The Institute of Chartered Accountants of India
- Certified Management Accountant, The Institute of Cost and Management Accountants, UK
- Chartered Financial Analyst, The Institute of Chartered Financial Analysts, USA

Current Positions:

- Chief Executive Officer, Noor Financial Investment Company, Kuwait
- Board Member, Hotels Global Group, Jordan
- Vice Chairman, Noor Jordan Kuwait Financial Investment Company, Jordan
- Member, Investment Committee, India Infrastructure Development Fund, India

Previous Positions:

- EVP and Chief Investment Officer, Noor Financial Investment Company, Kuwait
- Financial Advisor, Kuwait Investment Authority, Kuwait
- Assistant Vice President, Gulf Investment Corporation, Kuwait
- Assistant Manager - Internal Audit, Kuwait International Investment Company, Kuwait



Nauman S. Sehgal

EVP and Chief Operating Officer

Qualifications:

- Bachelor of Arts, University of Peshawar, Pakistan
- Certified Public Accountant from Oregon, USA

Current Positions:

- EVP and Chief Operating Officer, Noor Financial Investment Company, Kuwait
- Advisory Council Member, Service Hero, Kuwait

Previous Positions:

- Deputy Chief Executive Officer, Burhan Holding Company KSCC, Kuwait
- Senior Executive Vice President, Nafais Holding Company KSCP, Kuwait
- Chief Operating Officer and Chief Financial Officer, Mowasat Holding Company KSCC, Kuwait
- Hospital Director, New Mowasat Hospital, Kuwait
- Chief Executive Officer, Marks & Spencer Franchise, Austria and Croatia
- Chief Financial Officer, Al Wazzan Group KSCC, Kuwait
- Vice President Finance and Operations, First Al Wazzan Group WLL, Kuwait

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

I would like to extend my greetings to you on behalf of my colleagues, members of the Board of Directors of Noor Financial Investment Company, for your presence at the Annual General Meeting. I am pleased to present to you the Board of Directors' Report and the Audited Financial Statements of the Company for the year ended December 31, 2015 and we seek help and guidance from the Almighty Allah.

Noor's Operations

The year 2015 witnessed events that resulted in difficult challenges for the global economies, of which the continuous decline in oil prices has been the prominent challenge, which led to negative consequences on the international and regional capital markets. Kuwait Stock Exchange price index declined by 14% after a similar decline during 2014. Despite these challenges, Noor continued to make progress on several fronts in order to contain its impact on the performance of the company, through the focus of the Board of Directors and the management team in taking necessary initiatives to preserve its assets and optimize shareholder value.

Early in the year, the Board of Directors took the decision to substantially reduce Noor's exposure to regional listed equities which was successfully implemented by exiting listed equities of around KD 14 million with realised gain of KD 1.7 million during the year.

To achieve stable and constant returns, Noor continued to grow its real estate portfolio by adding KD 5.95 million to its investment properties in 2015 leading to 21.4% allocation to investment properties compared to 7.6% three years back. Additionally, our real estate subsidiary, Noor Al-Salhiya Real Estate Company continued its outstanding performance and reported growth in its net profit by 31.8% in comparison to previous year through managed properties operation, divestments and appreciation in assets value. It also achieved a return on equity of 10.96% for the year.

Alternative investments were able to achieve successful partial exit from private equity investment in China, and generated KD 1.5 million of fee income in addition to the realised gain on investment.

Noor has also taken significant steps towards the improvement of its operating companies. Noor's subsidiary – Hotels Global Group Jordan – has successfully operationalized an additional facility of Transit Hotel within the new Queen Alia International Airport Terminal in Jordan since February 2015, which has started to generate positive operating cash flows. Noor has also restructured its businesses in IT services to bring synergies between its operating units and convert them into agile and lean setup for growth and profitability.

With respect to one of our major investments – Meezan Bank Limited, Pakistan – Noor's Board Member, Mr. Riyadh S. Edrees was elected as the Chairman of

the Board of Directors of Meezan Bank towards the end of 2015. Noor shall continue to support the Meezan Bank management and setting the strategic goals for next five years. Meezan Bank has added more than 120 branches during the year to reach a network of over 550 branches and workforce of more than 8,500. It is now the 7th largest bank and the largest Islamic bank in Pakistan having assets of more than US\$5 billion. After obtaining the valuable branchless banking license, it has launched the first Islamic branchless banking operation spread across a network of over 120,000 agents. Meezan Bank continues its phenomenal growth rate to fulfill its mission of being premier Islamic bank, offering a one-stop shop for innovative value-added products and services. The bank has consistently been generating over 20% return on equity for the last five years.

On a stand alone basis, Noor has been progressing firmly in settling its debt, and has reduced its total debt to KD 96.7 million by 31st March 2016, which is expected to be settled over the next five years. During the year 2015, Noor has paid KD 13.6 million, and also KD 4.3 million during Q1 of 2016 to its lenders. Since 2012, Noor has settled KD 58 million towards its debt.

Noor's Financial Performance

Noor achieved a net profit attributable to owner of the Parent Company of KD 1,333,267 (EPS of 3.31 Fils) for the financial year ended December 31, 2015 compared to a net profit of KD 918,814 (EPS of 2.28 Fils) for the previous year. Gross total income was KD 29.62 million (2014: KD 30.63 million) and operating profit was KD 11.13 million (2014: KD 13.85 million). The Company is also focusing to further optimize its overheads and necessary measures have been initiated.

Given the regional economic and geopolitical outlook, the future prospects remain challenging. However, we are confident that backed by a diversified assets portfolio, restructured loans, more focus towards predictable income and a strong talented team of professionals, Noor is well poised to battle these challenges for future success and growth.

The Board has proposed not to make dividends distribution for the year ended December 31, 2015. The Board of Directors has proposed to distribute a total amount of KD 30,000 as remuneration to the Board of Directors subject to the approval of the shareholders.

Finally, I would like to extend my gratitude to the shareholders of the company and our valued customers who have shown confidence in us and to our employees for their sincere efforts in serving the company and its customers.

May Allah guide us to serve the interests of the Company and its stakeholders.



Dr. Fahad Sulaiman Al-Khaled
Chairman

SUMMARY OF FINANCIAL STATEMENTS

Amounts in Million KD

	2015	2014	2013	2012	2011	2010
Summary of Financial Position						
Share capital	41.32	41.32	37.56	37.56	75.00	75.00
Shareholders' equity	43.49	45.30	44.45	40.81	34.26	54.77
Long term borrowings (Non-Current)	99.94	104.83	101.91	128.21	73.49	-
Capital employed	164.47	169.03	167.00	195.70	134.69	103.51
Long term assets	140.56	143.68	143.56	147.91	159.22	178.10
Net working capital	23.92	25.35	23.45	47.82	(24.53)	(74.59)
Total assets	186.02	200.57	206.09	219.22	234.10	270.93
Summary of Profit or Loss						
Consolidated Income	29.62	30.63	27.70	18.15	3.73	6.52
(Loss)/Profit for the year	(1.45)	0.05	7.22	4.85	(17.73)	(31.53)
Profit/(loss) for the year attributable to the owners of the Parent Company	1.33	0.92	9.05	4.52	(15.15)	(30.63)
Summary of Cash Flows						
Net cash flow from operating activities	6.44	12.40	1.09	11.14	16.26	8.48
Net cash flow from investing activities	10.18	5.11	20.45	2.61	15.83	1.93
Net cash flow from financing activities	(14.86)	(19.08)	(25.01)	(26.50)	(21.22)	(9.25)
Changes in cash and cash equivalents	1.76	(1.57)	(3.47)	(12.75)	10.87	1.16
Cash and cash equivalents at end of the year	8.01	6.25	7.82	11.29	24.04	13.17
Ratios						
Return on equity	3%	2%	20%	11%	-44%	-56%
Current ratio	211%	180%	160%	303%	75%	55%
Quick ratio	53%	33%	32%	119%	32%	19%
Debt to equity ratio	162%	186%	196%	203%	223%	142%

Vertical analysis of the consolidated statement of financial position

	Amounts in Million KD					
	2015	2014	2013	2012	2011	2010
Assets						
Cash and bank balances	7.74	8.14	8.00	16.38	24.60	15.10
Short term deposits	2.61	1.57	0.19	0.33	0.53	1.53
Murabaha and wakala investments	1.00	0.60	4.50	11.29	6.88	14.76
Investments at fair value through profit or loss	11.70	17.37	21.55	23.43	25.41	39.73
Accounts receivable and other assets	15.27	14.29	27.95	19.77	35.96	31.73
Inventories	0.88	0.31	0.35	0.11	0.11	0.04
Available for sale investments	43.99	58.21	68.62	81.84	79.20	95.05
Investment in associates	53.08	50.29	39.87	44.89	45.70	45.91
Investment properties	39.76	32.84	28.60	16.75	12.74	23.84
Property and equipment	4.39	6.63	4.47	4.43	2.97	3.24
Goodwill and intangible assets	5.60	10.32	1.99	-	-	-
Total Assets	186.02	200.57	206.09	219.22	234.10	270.93
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Liabilities and Equity						
Liabilities						
Due to banks	2.02	1.51	-	-	0.98	3.45
Accounts payable and other liabilities	7.57	9.93	6.43	4.24	11.98	4.71
Borrowings from banks and other financial institutions	111.90	124.93	134.56	147.46	159.94	159.26
Provision for end of service indemnity	0.59	0.52	0.53	0.31	0.29	0.37
Total Liabilities	122.08	136.89	141.52	152.01	173.2	167.79
	65.7%	68.3%	68.6%	69.3%	74.0%	61.9%
Equity						
Share capital	41.32	41.32	37.56	37.56	75.00	75.00
Share premium	3.41	3.41	3.41	3.41	5.90	41.73
Treasury shares	(3.41)	(3.41)	(3.41)	(3.41)	(5.87)	(5.90)
Legal reserve	1.64	1.51	1.41	0.47	-	-
Voluntary reserve	1.64	1.51	1.41	0.47	-	-
Gain on sale of treasury shares	-	-	-	-	0.07	0.11
Cumulative changes in fair value	3.85	6.01	6.54	8.96	4.71	8.52
Foreign currency translation reserve	(9.81)	(9.54)	(13.21)	(10.23)	(8.01)	(6.47)
Retained earnings/(accumulated losses)	4.85	4.49	10.74	3.58	(37.54)	(58.22)
Equity attributable to owners of the Parent Company	43.49	45.30	44.45	40.81	34.26	54.77
Non-Controlling Interests	20.45	18.38	20.12	26.40	26.65	48.37
Total equity	63.94	63.68	64.57	67.21	60.91	103.14
Total liabilities and equity	186.02	200.57	206.09	219.22	234.10	270.93
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Vertical analysis of the consolidated statement of profit or loss

	Amounts in Million KD					
	2015	2014	2013	2012	2011	2010
	%	%	%	%	%	%
Revenue from hotel operations and IT Services	15.70	13.64	7.25	3.98	0.69	1.15
Realised gain/(loss) on investments at fair value through profit or loss	0.55	1.15	0.55	1.16	(1.14)	3.03
Unrealised (loss)/gain on investments at fair value through profit or loss	(1.61)	(0.15)	2.21	1.05	(6.26)	(2.54)
Realised gain on sale of available for sale investments	1.56	1.96	3.82	0.64	0.50	1.66
Change in fair value of investment properties	0.96	1.10	1.23	2.17	0.17	(3.46)
Dividend income	2.14	1.72	4.15	2.52	2.78	1.88
Share of results of associates	7.17	9.85	6.94	4.85	3.07	1.98
Management and placement fees	1.62	0.05	0.31	0.90	3.87	2.82
Realised gain on sale of investment properties	-	0.30	-	0.06	0.05	-
Rental Income	1.53	1.01	1.13	0.82	-	-
Profit on disposal of associate	-	-	0.11	-	-	-
Total Income	29.62	30.63	27.70	18.15	3.73	6.52
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales and services from hotel operations and IT services	(13.41)	(11.62)	(6.08)	(3.27)	(1.00)	(2.25)
General, administrative and other expenses	(5.08)	(5.15)	(5.29)	(4.15)	(4.35)	(6.69)
Operating profit/(loss)	11.13	13.86	16.33	10.73	(1.62)	(2.42)
	37.6%	45.3%	59.0%	59.1%	-43.4%	-37.1%
Interest and other income	2.56	1.04	2.49	7.26	3.22	2.18
Foreign exchange gain/(loss)	0.11	(0.06)	(0.03)	(0.06)	0.04	(0.35)
Finance costs	(4.24)	(4.54)	(4.60)	(6.71)	(7.98)	(9.31)
Impairment in value of intangible assets	(2.01)	-	-	-	-	-
Impairment in value of available for sale investments	(8.25)	(8.67)	(6.45)	(5.13)	(9.65)	(4.63)
Impairment in value of investment in associate	(0.39)	(0.11)	-	-	(0.33)	-
Impairment in value of accounts receivable	(0.32)	(1.44)	(0.13)	(1.06)	(0.85)	(15.25)
Effect of discounting on receivables	-	-	-	-	(0.56)	(1.75)
(Loss)/profit before taxes and directors' remuneration	(1.41)	0.08	7.61	5.03	(17.73)	(31.53)
	-4.8%	0.3%	27.5%	27.7%	-475.3%	-483.6%
Provision for KFAS, Zakat and NLT	(0.04)	(0.03)	(0.33)	(0.15)	-	-
Directors' remuneration	-	-	(0.06)	(0.03)	-	-
(Loss)/profit for the year	(1.45)	0.05	7.22	4.85	(17.73)	(31.53)
	-4.9%	0.2%	26.1%	26.7%	-475.3%	-483.6%
Attributable to non-controlling interests	(2.78)	(0.87)	(1.83)	0.33	(2.58)	(0.90)
Attributable to owners of the Parent Company	1.33	0.92	9.05	4.52	(15.15)	(30.63)
	4.5%	3.0%	32.7%	24.9%	-406.2%	-469.8%

Horizontal analysis of the consolidated statement of financial position

Amounts in Million KD													
		2015	15 vs 14	2014	14 vs 13	2013	13 vs 12	2012	12 vs 11	2011	11 vs 10	2010	10 vs 09
Assets			%		%		%		%		%		%
Assets	Cash and bank balances	7.74	-5%	8.14	2%	8.00	-51%	16.38	-33%	24.60	63%	15.10	123%
	Short term deposits	2.61	66%	1.57	726%	0.19	-42%	0.33	-38%	0.53	-65%	1.53	-86%
	Murabaha and wakala investments	1.00	67%	0.60	-87%	4.50	-60%	11.29	64%	6.88	-53%	14.76	447%
	Investments at fair value through profit or loss	11.70	-33%	17.37	-19%	21.55	-8%	23.43	-8%	25.41	-36%	39.73	-2%
	Accounts receivable and other assets	15.27	7%	14.29	-49%	27.95	41%	19.77	-45%	35.96	13%	31.73	-50%
	Inventories	0.88	184%	0.31	-11%	0.35	218%	0.11	0%	0.11	175%	0.04	0%
	Available for sale investments	43.99	-24%	58.21	-15%	68.62	-16%	81.84	3%	79.20	-17%	95.05	23%
	Investment in associates	53.08	6%	50.29	26%	39.87	-11%	44.89	-2%	45.70	0%	45.91	-27%
	Investment properties	39.76	21%	32.84	15%	28.60	71%	16.75	31%	12.74	-47%	23.84	11%
	Property and equipment	4.39	-34%	6.63	48%	4.47	1%	4.43	49%	2.97	-8%	3.24	-27%
Goodwill and intangible assets		5.60	-46%	10.32	419%	1.99	100%	-	-	-	-	-	-
Total Assets		186.02	-7%	200.57	-3%	206.09	-6%	219.22	-6%	234.10	-14%	270.93	-7%
Liabilities and Equity													
Liabilities													
Due to banks		2.02	100%	1.51	100%	-	-	-	-100%	0.98	-72%	3.45	-22%
Accounts payable and other liabilities		7.57	-24%	9.93	54%	6.43	52%	4.24	-65%	11.98	154%	4.71	29%
Borrowings from banks and other financial institutions		111.90	-10%	124.93	-7%	134.56	-9%	147.46	-8%	159.94	0%	159.26	-12%
Provision for end of service indemnity		0.59	13%	0.52	-2%	0.53	71%	0.31	7%	0.29	-22%	0.37	54%
Total Liabilities		122.08	-11%	136.89	-3%	141.52	-7%	152.01	-12%	173.19	3%	167.79	-11%
Equity													
Share capital		41.32	-	41.32	10%	37.56	-	37.56	-50%	75.00	-	75.00	-
Share premium		3.41	-	3.41	-	3.41	-	3.41	-42%	5.90	-86%	41.73	-
Treasury shares		(3.41)	-	(3.41)	-	(3.41)	-	(3.41)	-42%	(5.87)	-1%	(5.90)	1%
Legal reserve		1.64	9%	1.51	7%	1.41	200%	0.47	100%	-	-	-	-
Voluntary reserve		1.64	9%	1.51	7%	1.41	200%	0.47	100%	-	-	-	-
Gain on sale of treasury shares		-	-	-	-	-	-	-	-100%	0.07	-36%	0.11	-
Cumulative changes in fair value		3.85	-36%	6.01	-8%	6.54	-27%	8.96	90%	4.71	-45%	8.52	56%
Foreign currency translation reserve		(9.81)	3%	(9.54)	-28%	(13.21)	29%	(10.23)	28%	(8.01)	24%	(6.47)	21%
Retained earnings/(accumulated losses)		4.85	8%	4.49	-58%	10.74	200%	3.58	-110%	(37.54)	-36%	(58.22)	111%
Equity attributable to owners of the Parent Company		43.49	-4%	45.30	2%	44.45	9%	40.81	19%	34.26	-37%	54.77	-34%
Non-Controlling Interests		20.45	11%	18.38	-9%	20.12	-24%	26.40	-1%	26.65	-45%	48.37	173%
Total equity		63.94	0%	63.68	-1%	64.57	-4%	67.21	10%	60.91	-41%	103.14	2%
Total liabilities and equity		186.02	-7%	200.57	-3%	206.09	-6%	219.22	-6%	234.10	-14%	270.93	-7%

Horizontal analysis of the consolidated statement of profit or loss

	Amounts in Million KD									
	2015	15 vs 14	2014	14 vs 13	2013	13 vs 12	2012	12 vs 11	2011	11 vs 10
		%		%		%		%		%
Revenue from hotel operations and IT Services	15.70	15%	13.64	88%	7.25	82%	3.98	477%	0.69	-40%
Realised gain/(loss) on investments at fair value through profit or loss	0.55	-52%	1.15	109%	0.55	-53%	1.16	-202%	(1.14)	-138%
Unrealised (loss)/gain on investments at fair value through profit or loss	(1.61)	973%	(0.15)	-107%	2.21	110%	1.05	-117%	(6.26)	146%
Realised gain on sale of available for sale investments	1.56	-20%	1.96	-49%	3.82	497%	0.64	28%	0.50	-70%
Change in fair value of investment properties	0.96	-13%	1.10	-11%	1.23	-43%	2.17	1176%	0.17	-105%
Dividend income	2.14	24%	1.72	-59%	4.15	65%	2.52	-9%	2.78	48%
Share of results of associates	7.17	-27%	9.85	42%	6.94	43%	4.85	58%	3.07	55%
Management and placement fees	1.62	3140%	0.05	-84%	0.31	-66%	0.90	-77%	3.87	37%
Realised gain on sale of investment properties	-	-100%	0.30	100%	-	-100%	0.06	20%	0.05	100%
Rental Income	1.53	51%	1.01	-11%	1.13	38%	0.82	100%	-	-
Profit on disposal of associate	-	-	-	-100%	0.11	100%	-	-	-	-
Total Income	29.62	-3%	30.63	11%	27.70	53%	18.15	387%	3.73	-43%
Cost of sales and services from hotel operations and IT services	(13.41)	15%	(11.62)	91%	(6.08)	86%	(3.27)	227%	(1.00)	-56%
General, administrative and other expenses	(5.08)	-1%	(5.15)	-3%	(5.29)	27%	(4.15)	-5%	(4.35)	-35%
Operating profit/(loss)	11.13	-20%	13.86	-15%	16.33	52%	10.73	-762%	(1.62)	-33%
Interest and other income	2.56	146%	1.04	-58%	2.49	-66%	7.26	125%	3.22	48%
Foreign exchange gain/(loss)	0.11	-283%	(0.06)	100%	(0.03)	-50%	(0.06)	-250%	0.04	-111%
Finance costs	(4.24)	-7%	(4.54)	-1%	(4.60)	-31%	(6.71)	-16%	(7.98)	-14%
Impairment in value of intangible assets	(2.01)	100%	-	-	-	-	-	-	-	-
Impairment in value of available for sale investments	(8.25)	-5%	(8.67)	34%	(6.45)	26%	(5.13)	-47%	(9.65)	108%
Impairment in value of investment in associate	(0.39)	255%	(0.11)	100%	-	-	-	-100%	(0.33)	100%
Impairment in value of accounts receivable	(0.32)	-78%	(1.44)	1008%	(0.13)	-88%	(1.06)	25%	(0.85)	-94%
Impairment in value of wakala investments	-	-	-	-	-	-	-	-	-	-
Effect of discounting on receivables	-	-	-	-	-	-	-	-100%	(0.56)	-68%
(Loss)/profit before taxes and directors' remuneration	(1.41)	-1862%	0.08	-99%	7.61	51%	5.03	-128%	(17.73)	-44%
Provision for KFAS, Zakat and NLS	(0.04)	33%	(0.03)	-91%	(0.33)	120%	(0.15)	100%	-	-
Directors' remuneration	-	-	-	-100%	(0.06)	100%	(0.03)	100%	-	-
(Loss)/profit for the year	(1.45)	-3000%	0.05	-99%	7.22	49%	4.85	-127%	(17.73)	-44%
Attributable to non-controlling interests	(2.78)	220%	(0.87)	-52%	(1.83)	-655%	0.33	-113%	(2.58)	187%
Attributable to owners of the Parent Company	1.33	45%	0.92	-90%	9.05	100%	4.52	-130%	(15.15)	-51%
									(31.53)	9%
									(30.63)	11%

Noor Financial Investment Company - KPSC
and Subsidiaries
Kuwait

Consolidated Financial Statements
and
Independent Auditors' Report
31 December 2015

CONTENTS

Independent Auditors' Report	34 - 35
Consolidated Statement of Profit or Loss	36
Consolidated Statement of Profit or Loss and Other Comprehensive Income	37
Consolidated Statement of Financial Position	38
Consolidated Statement of Changes in Equity	39 - 40
Consolidated Statement of Cash Flows	41
Notes to the Consolidated Financial Statements	42 - 88



Al-Qatami, Al-Aiban & Partners
Auditors & Consultants

Souq Al Kabeer Building - Block A - 9th Floor
Tel: +965 22443900-9
Fax: +965 22438451
P.O.Box 2986, Safat 13030
Kuwait
Email: gt@kw.gt.com
www.grantthornton.com.kw



Deloitte & Touche
Al-Wazzan & Co.

Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O.Box 20174, Safat 13062 or
P.O.Box 23049, Safat 13091
Kuwait
Tel: +965 22408844 - 22438060
Fax: +965 22408855 - 22452080
www.deloitte.com

Independent Auditors' Report to the Shareholders of Noor Financial Investment Company KPSC

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Noor Financial Investment Company – KPSC (the "Parent Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards adopted for use by the State of Kuwait and, for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Noor Financial Investment Company – KPSC and its subsidiaries as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted for use by the State of Kuwait.

Noor Financial Investment Company – KPSC and Subsidiaries Kuwait

Independent Auditors' Report to the Shareholders

Report on Other Legal and Regulatory Matters

In our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and the Executive Regulation of Law No. 25 of 2012, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, the Executive Regulations Law No. 25 of 2012, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2015 that might have had a material effect on the business or financial position of the Group.

We further report that, during the course of our audit, to the best of our knowledge and belief, 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 provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2015, that might have had a material effect on the business or financial position of the Group.



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



Talal Yousef Al-Muzaini
(Licence No. 209A)
of Deloitte & Touche Al-Wazzan & Co.

Kuwait
31 March 2016

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Consolidated Statement of Profit or Loss

	Note	Year ended 31 Dec. 2015	Year ended 31 Dec. 2014
		KD	KD
Revenue from hotel operations and IT Services		15,701,305	13,639,645
Realised gain on investments at fair value through profit or loss		550,494	1,154,046
Unrealised loss on investments at fair value through profit or loss		(1,607,280)	(151,889)
Realised gain on sale of available for sale investments		1,557,548	1,957,674
Change in fair value of investment properties	19	959,509	1,104,532
Dividend income		2,134,423	1,718,821
Share of results of associates	18	7,165,450	9,842,763
Management and placement fees		1,620,595	54,010
Realised gain on sale of investment properties		-	300,000
Rental Income		1,535,047	1,008,259
Total Income		29,617,091	30,627,861
Cost of sales and services from hotel operations and IT services	8	(13,408,641)	(11,621,585)
General, administrative and other expenses	8	(5,075,212)	(5,152,188)
Operating profit		11,133,238	13,854,088
Interest and other income	9	2,561,188	1,040,112
Foreign exchange gain/(loss)		110,242	(58,359)
Finance costs	11	(4,241,042)	(4,538,858)
Impairment in value of intangible assets	20	(2,010,441)	-
Impairment in value of available for sale investments	17	(8,252,823)	(8,671,511)
Impairment in value of investment in associate	18	(389,136)	(111,473)
Impairment in value of accounts receivable	16.3	(322,927)	(1,436,255)
(Loss)/profit before taxes		(1,411,701)	77,744
Provision for Zakat		(7,479)	(5,899)
Provision for National Labour Support Tax (NLST)		(29,305)	(20,052)
(Loss)/profit for the year		(1,448,485)	51,793
Attributable to:			
Owners of the Parent Company		1,333,267	918,814
Non-controlling interests		(2,781,752)	(867,021)
		(1,448,485)	51,793
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	12	3.31	2.28

The notes set out on pages 42 to 88 form an integral part of these consolidated financial statements.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31 Dec. 2015 KD	Year ended 31 Dec. 2014 KD
(Loss)/profit for the year	(1,448,485)	51,793
Other comprehensive income:		
Items to be reclassified to consolidated statement of profit or loss in subsequent periods:		
Exchange differences arising from translation of foreign operations	(293,540)	3,607,119
Available for sale investments:		
- Net changes in fair value arising during the year	(7,400,454)	(6,601,199)
- Transferred to consolidated statement of profit or loss on sale	(1,557,548)	(1,957,674)
- Transferred to consolidated statement of profit or loss on impairment	8,252,823	8,671,511
Share of other comprehensive income/(loss) of associates	258,420	(523,481)
Total other comprehensive (loss)/income for the year	(740,299)	3,196,276
Total comprehensive (loss)/income for the year	(2,188,784)	3,248,069
Total comprehensive (loss)/income attributable to:		
Owners of the Parent Company	(1,097,654)	3,994,442
Non-controlling interests	(1,091,130)	(746,373)
	(2,188,784)	3,248,069

The notes set out on pages 42 to 88 form an integral part of these consolidated financial statements.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Consolidated Statement of Financial Position

	Note	31 Dec. 2015 KD	31 Dec. 2014 KD
Assets			
Cash and bank balances	13	7,737,506	8,137,702
Short term deposits	13	2,613,255	1,570,220
Murabaha and wakala investments	14	1,000,000	598,354
Investments at fair value through profit or loss	15	11,699,191	17,372,642
Accounts receivable and other assets	16	15,266,515	14,293,065
Inventories		884,878	311,100
Available for sale investments	17	43,989,767	58,207,419
Investment in associates	18	53,076,227	50,294,896
Investment properties	19	39,755,699	32,840,512
Property and equipment		4,395,216	6,632,396
Goodwill and intangible assets	20	5,597,375	10,314,660
Total assets		186,015,629	200,572,966
Liabilities and Equity			
Liabilities			
Due to banks	13	2,016,195	1,508,363
Accounts payable and other liabilities	21	7,568,953	9,932,077
Borrowings from banks and other financial institutions	22	111,898,284	124,927,082
Provision for end of service indemnity		592,841	526,243
Total liabilities		122,076,273	136,893,765
Equity			
Share capital	23	41,316,276	41,316,276
Share premium	23	3,410,573	3,410,573
Treasury shares	24	(3,410,573)	(3,410,573)
Legal reserve	25	1,644,912	1,507,907
Voluntary reserve	25	1,644,912	1,507,907
Cumulative changes in fair value	26	3,848,484	6,009,404
Foreign currency translation reserve	26	(9,807,539)	(9,537,538)
Retained earnings		4,847,152	4,495,457
Equity attributable to the owners of the Parent Company		43,494,197	45,299,413
Non-controlling interests	26	20,445,159	18,379,788
Total equity		63,939,356	63,679,201
Total liabilities and equity		186,015,629	200,572,966



Fahad Sulaiman Al-Khaled
Chairman



Abdulghani M.S. Behbehani
Vice Chairman

The notes set out on pages 42 to 88 form an integral part of these consolidated financial statements.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements
31 December 2015
Kuwait

Consolidated Statement of Changes in Equity

	Equity attributable to owners of the Parent Company							Non-controlling interests	Total
	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		
Balance as at 1 January 2014	37,560,251	3,410,573	(3,410,573)	1,413,431	1,413,431	6,540,895	(13,218,472)	20,125,598	64,576,514
Issue of bonus shares	3,756,025	-	-	-	-	-	(3,756,025)	-	-
Increase in non-controlling interest of subsidiary during the year	-	-	-	-	-	-	-	2,500	2,500
Redemption of units by non-controlling interests of subsidiary	-	-	-	-	-	-	-	(137,423)	(137,423)
Non-controlling interests arising on acquisition of a subsidiary	-	-	-	-	-	-	-	637,847	637,847
Decrease of non-controlling interests on sale of subsidiary	-	-	-	-	-	-	-	(8,655)	(8,655)
Acquisition of non-controlling interest (Note 26.3.1)	-	-	-	-	-	-	-	(804,494)	(727,996)
Amount due to non-controlling interest on reduction of share capital by subsidiary	-	-	-	-	-	-	-	(3,911,655)	(3,911,655)
Reallocation to Non-controlling interests (Note 26.3.3)	-	-	-	-	-	-	73,815	3,222,443	-
Transactions with owners	3,756,025	-	-	-	-	-	73,815	(999,437)	(4,145,382)
Profit/(loss) for the year	-	-	-	-	-	-	918,814	(867,021)	51,793
Total other comprehensive income for the year	-	-	-	-	-	(531,491)	3,607,119	120,648	3,196,276
Total comprehensive income for the year	-	-	-	-	-	(531,491)	3,607,119	(746,373)	3,248,069
Transfer to reserves	-	-	-	94,476	94,476	-	-	-	-
Balance as at 31 December 2014	41,316,276	3,410,573	(3,410,573)	1,507,907	1,507,907	6,009,404	(9,537,538)	18,379,788	63,679,201

The notes set out on pages 42 to 88 form an integral part of these consolidated financial statements.



Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Consolidated Statement of Cash Flows

	Note	Year ended 31 Dec. 2015 KD	Year ended 31 Dec. 2014 KD
OPERATING ACTIVITIES			
(Loss)/profit before taxes		(1,411,701)	77,744
Adjustments:			
Realised gain on sale of available for sale investments		(1,557,548)	(1,957,674)
Dividend income		(2,134,423)	(1,718,821)
Realised gain on sale of investment properties		-	(300,000)
Change in fair value of investment properties		(959,509)	(1,104,532)
Share of results of associates		(7,165,450)	(9,842,763)
Interest income and income from murabaha and wakala investments		(37,128)	(120,175)
Reversal of impairment provision on amount due from Ultimate Parent Company		(2,188,996)	-
Depreciation & amortisation		173,277	221,122
Provision for end of service indemnity		182,261	168,452
Finance costs		4,241,042	4,538,858
Impairment in value of accounts receivable		322,927	1,436,255
Impairment in value of available for sale investments, investments in associate and intangible asset		10,652,400	8,782,984
		117,152	181,450
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		7,862,447	4,173,198
Accounts receivable and other assets		(1,169,585)	9,589,269
Accounts payable and other liabilities		329,758	(946,250)
Inventories		(573,778)	38,440
Cash from operation		6,565,994	13,036,107
Zakat, KFAS and NLST paid		(10,267)	(474,182)
Payment of end of service indemnity		(115,663)	(158,596)
Net cash from operating activities		6,440,064	12,403,329
INVESTING ACTIVITIES			
Change in short term deposits	13	224,117	(224,117)
Change in blocked deposits	13	1,404,475	(1,363,541)
Proceeds from sale of available for sale investments		7,956,774	5,183,253
Purchase of available for sale investments		(1,139,579)	(1,372,221)
Investments in associate		(50,000)	(250,828)
Dividend received from associate		3,883,071	2,480,549
Dividend received from other investments		2,134,423	1,718,821
Acquisition of subsidiaries (net)	7.3	-	(1,005,629)
(Increase)/decrease in Murabaha and Wakala investments		(401,646)	3,901,646
Acquisition and development of investment property		(3,675,388)	(3,850,359)
Proceeds from sale of investments properties		-	2,100,000
Net acquisition of property and equipment		(194,197)	(2,331,704)
Interest income and income from Murabaha & Wakala investments received		37,128	120,175
Net cash from investing activities		10,179,178	5,106,045
FINANCING ACTIVITIES			
Repayments of borrowings (net)		(13,028,798)	(9,637,668)
Redemption of units by non-controlling interests of a subsidiary		(18,779)	(137,423)
Payment to non-controlling interests on reduction of share capital by subsidiaries		(1,773,557)	(4,042,064)
Additional investment made by non-controlling interest in the capital of a subsidiary		4,400,000	2,500
Acquisition of non-controlling interest in a subsidiary		-	(727,996)
Dividend paid by subsidiary to non-controlling interests		(200,400)	-
Dividend paid		(825)	(2,300)
Finance costs paid		(4,233,284)	(4,538,588)
Net cash used in financing activities		(14,855,643)	(19,083,539)
Net increase/(decrease) in cash and cash equivalents		1,763,599	(1,574,165)
Cash and cash equivalents at beginning of the year		6,245,901	7,820,066
Cash and cash equivalents at end of the year	13	8,009,500	6,245,901

The notes set out on pages 42 to 88 form an integral part of these consolidated financial statements.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

1 - Incorporation and activities

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

The principal objectives of the Parent Company are as follows:

- Invest in various economic sectors through establishment of specialized companies or purchase of shares or stakes in those companies;
- Perform the functions of investment trustees and manage all kinds of investment portfolios for third parties;
- Facilitate in lending and borrowing transactions for commission or remuneration;
- Fund and facilitate in international trade operations;
- Conduct research, studies and other technical services related to investment operations and manage funds for third parties;
- Create and manage various investment funds according to the law;
- Perform the functions of lead manager for the bonds issued by companies and bodies;
- Prepare studies and provide financial advice related to investment for privatization projects;
- Carry out all the services and activities that help developing the financial and monetary market in the State of Kuwait;
- Trade, by selling and buying, in shares, bonds, Sukuks and other securities listed and unlisted in Kuwait stock exchange and foreign stock exchanges 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 instruments;
- 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 restructuring , 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 rights;
- 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.

During the year, the Shareholding Companies Department of the Ministry of Commerce and Industry has issued its memorandum number 206 dated 3rd August 2015 based on the resolution of the Extraordinary General Assembly held on 27 May 2015, which approved on the basis of the issued approval of the Capital Markets Authority, to amend the Memorandum and Articles of Association of the Parent Company to include the objective of “Investment Controller”.

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 (P. O Box 3311, Safat 13034, State of Kuwait).

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and published in the Official Gazette on 1 February 2016 in which they have cancelled Law No. 25 of 2012 and its amendments thereto, as stipulated in article (5) thereto. The new Law will be effective retrospectively from 26 November 2012 and the executive regulations of Law No. 25 of 2012 will remain effective pending the issuance of the new executive regulations.

The Board of Directors of the Parent Company approved these consolidated financial statements for issuance on 31 March 2016. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

2 - Basis of preparation

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investments at fair value through profit or loss, available for sale financial investments and investment properties.

As disclosed in Note 22.1, the management of the Parent Company is actively engaged with all its lenders to restructure its loans and is confident that based on the constructive discussions held to date they will be able to achieve an acceptable debt rescheduling within a short period of time.

The consolidated financial statements are presented in Kuwaiti Dinars (KD).

The Group has elected to present the “statement of comprehensive income” in two statements: the “statement of profit or loss” and a “statement of profit or loss and other comprehensive income”.

3 - Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as modified by the State of Kuwait for financial services institutions regulated by Central Bank of Kuwait.

These regulations require adoption of all IFRS except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait requirement for a minimum general provision as described under the accounting policy for impairment of financial assets.

4 - Changes in accounting policies

The accounting policies adopted in the preparation of the Group’s consolidated financial statements are consistent with those used in previous year except as discussed below:

4.1 New and amended standards adopted by the Group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2015. Information on these new standards is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 19 Defined Benefit Plans: Employee Contributions -Amendments	1 July 2014
Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

IAS 19 Defined Benefit Plans: Employee Contributions - Amendments

The Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

The above amendment did not have any material impact on the Group’s consolidated financial statements.

Annual Improvements to IFRSs 2010–2012 Cycle:

(i) *Amendments to IFRS 3-* Contingent consideration that does not meet the definition of an equity instrument is subsequently measured at each reporting date fair value, with changes recognised in consolidated statement of profit or loss.

(ii) *Amendments to IFRS 13-* The addition to the basis for conclusions confirms the existing measurement treatment of short-term receivables and payables.

(iii) *Amendments to IFRS 8-* Disclosures are required regarding judgements made by management in aggregating operating segments (i.e. description, economic indicators).

A reconciliation of reportable segments’ assets to total entity assets is required if this is regularly provided to the chief operating decision maker.

(iv) *Amendments to IAS 16 and IAS 38-* When items are revalued, the gross carrying amount is adjusted on a consistent basis to the revaluation of the net carrying amount.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

(v) *Amendments to IAS 24*- Entities that provide key management personnel services to a reporting entity, or the reporting entity's parent, are considered to be related parties of the reporting entity.

The above amendments did not have any material impact on the Group's consolidated financial statements.

Annual Improvements 2011-2013 Cycle

(i) *Amendments to IFRS 1*- the amendment to the basis for conclusions clarifies that an entity preparing its IFRS financial statements in accordance with IFRS 1 is able to use both:

- IFRSs that are currently effective
- IFRSs that have been issued but are not yet effective, that permits early adoption

The same version of each IFRS must be applied to all periods presented.

(ii) *Amendments to IFRS 3*- IFRS 3 is not applied to the formation of a joint arrangement in the financial statements of the joint arrangement itself.

(iii) *Amendments to IFRS 13*- the scope of the portfolio exemption (IFRS 13.52) includes all items that have offsetting positions in market and/or counterparty credit risk that are recognised and measured in accordance with IAS 39/IFRS 9, irrespective of whether they meet the definition of a financial asset/liability.

iv) *Amendments to IAS 40* - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as an investment property or owner-occupied property

The above amendments did not have any material impact to the Group's consolidated financial statements.

4.2 IASB Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments	1 January 2016
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments	1 January 2016
IFRS 16 Leases	1 January 2019
IAS 1 'Disclosure Initiative – Amendments	1 January 2016
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments	1 January 2016
IAS 27 Equity Method in Separate Financial Statements – Amendments	1 January 2016
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	1 July 2016

IFRS 9 Financial Instruments

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.
- an expected credit loss-based impairment will need to be recognised on the Group's trade receivables and investments in debt-type assets currently classified as available for sale and held-to-maturity, unless classified as at fair value through profit or loss in accordance with the new criteria.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Group makes an irrevocable designation to present them in statement of profit or loss and other comprehensive income. This will affect the Group's investment amounting to KD2,835,639 (see note 17.1) if still held on 1 January 2018.
- if the Group continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in statement of profit or loss and other comprehensive income to the extent those changes relate to the Group's own credit risk.

Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 11 Revenues and provides a new control-based revenue recognition model using five-step approach to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard includes important guidance, such as

- Contracts involving the delivery of two or more goods or services – when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price, and when to combine contracts
- timing – whether revenue is required to be recognized over time or at a single point in time
- variable pricing and credit risk – addressing how to treat arrangements with variable or contingent (e.g. performance-based) pricing, and introducing an overall constraint on revenue
- time value – when to adjust a contract price for a financing component
- specific issues, including –
 - non-cash consideration and asset exchanges
 - contract costs
 - rights of return and other customer options
 - supplier repurchase options
 - warranties
 - principal versus agent
 - licencing
 - breakage
 - non-refundable upfront fees, and
 - consignment and bill-and-hold arrangements.

The Group's management has yet to assess the impact of IFRS 15 on these Group consolidated financial statements

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments

Amendments to IFRS 11 Joint Arrangements require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. It also requires disclosure of the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The amendments apply prospectively to acquisitions of interests in joint operations.

IFRS 16 Leases

The new Standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property and high value equipment. For many other businesses, however, exemptions for short-term leases and leases of low value assets will reduce the impact.

The Group's management has yet to assess the impact of IFRS 16 on these Group consolidated financial statements.

IAS 1 Disclosure Initiative – Amendments

The Amendments to IAS 1 make the following changes:

- *Materiality:* The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- *Statement of financial position and statement of profit or loss and profit or loss and other comprehensive income:* The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- *Notes:* The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets address the following matters:

- a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
- an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is generally inappropriate except for limited circumstances.
- expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

IAS 27 Equity Method in Separate Financial Statements - Amendments

The Amendments to IAS 27 Separate Financial Statements permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

IFRS 10, IFRS 12 and IAS 28 'Investment Entities: Applying the Consolidation Exception - Amendments

The Amendments are aimed at clarifying the following aspects:

- *Exemption from preparing consolidated financial statements.* The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

- *A subsidiary providing services that relate to the parent's investment activities.* A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- *Application of the equity method by a non-investment entity investor to an investment entity investee.* When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- *Disclosures required.* An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2012–2014 Cycle

- (i) Amendments to IFRS 5 - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued
- (ii) Amendments to IFRS 7 - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- (iii) Amendments to IAS 19 - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- (iv) Amendments to IAS 34 - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

5 - Summary of significant accounting policies

The significant accounting policies and measurement basis adopted in the preparation of the consolidated financial statements are summarised below:

5.1 Basis of consolidation

The Group consolidate financial statements those of the Parent Company and all of its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All subsidiaries have a reporting date of 31 December. The details of the significant subsidiaries are set out in Note 7 to the consolidated financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the date the Group gains control, or until the date the Group ceases to control the subsidiary as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Losses of subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences, recorded in consolidated statement of changes in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in consolidated statement of profit or loss;
- Reclassifies the parent's share of components previously recognized in consolidated statement of profit or loss and other comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group has directly disposed of the related assets or liabilities.

Notes to the Consolidated Financial Statements

5.2 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be asset or liability will be recognised in accordance with IAS 39 either in consolidated statement of profit or loss or as charge to consolidated statement of profit or loss and other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within consolidated statement of profit or loss and other comprehensive income.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in consolidated statement of profit or loss immediately.

5.3 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See note 5.2 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to note 5.13 for a description of impairment testing procedures.

5.4 Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

Under the equity method, the carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The share of results of an associate is shown on the face of the consolidated statement of profit or loss. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates are prepared either to the reporting date of the Parent Company or to a date not earlier than three months of the Parent Company's reporting date, using consistent accounting policies. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount under separate heading in the consolidated statement of profit or loss.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

5.5 Segment reporting

The Group has four operating segments: Investments, Real Estate, IT services and Hotel Operations. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources.

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

5.6 Revenue

Revenue arises from rendering of services, investing activities and real estate activities. It is measured by reference to the fair value of consideration received or receivable.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is made. The following specific recognition criteria should also be met before revenue is recognised.

5.6.1 Rendering of services

The Group earns fees and commission income from a diverse range of asset management, investment banking, custody and brokerage services provided to its customers. Fee income can be divided into the following two categories:

- *Fee income earned from services that are provided over a certain period of time*

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management fees.

- *Fee income from providing transaction services*

Fees arising for rendering specific advisory services, brokerage services, equity and debt placement transactions for a third party or arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

5.6.2 Rental income

The Group earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

5.6.3 Interest income

Interest income is recognised on a time proportion basis using effective interest method.

5.6.4 Revenue from sale of investment properties

Revenue from sale of investment properties is recognised on completion of sale contract and after transferring the risk and rewards associated with the investments property to the purchaser and the amount of revenue can be reliably measured.

5.6.5 Dividend income

Dividend income, other than those from investments in associates, is recognised at the time the right to receive payment is established.

5.6.6 Revenue from hotel operations

Revenue from hotel operations includes hotel services revenue, food and beverage and room revenue.

Room revenue is recognised on the rooms occupied on a daily basis and food and beverage and other related sales are accounted for at the time of sale and other related services are recognised on the performance of the service.

5.6.7 Revenue from IT services

Revenue from IT services represent IT related services and sale of IT related products. Revenue from services are recognised in the period in which the services are rendered and revenue from sale is recognised on delivery of goods to customer.

5.7 Operating expenses

Operating expenses are recognised in consolidated statement of profit or loss upon utilisation of the service or at the date of their origin.

Notes to the Consolidated Financial Statements

5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

5.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The Group depreciates its equipment using the straight-line method at rates sufficient to write off the assets over their estimated useful economic lives. The residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate at each financial year end.

5.10 Intangible assets

Identifiable non-monetary assets acquired in a business combination and from which future benefits are expected to flow are treated as intangible assets.

Intangible assets which have a finite life are amortized over their useful lives. Intangible assets of the Group comprise of Indefeasible Rights of Use (IRU).

IRU are the rights to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised at cost as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wave length bandwidth and the duration of the right is for the major part of the underlying asset's economic life. They are amortised on a straight line basis over the shorter of the expected period of use and the life of the contract which ranges between 10 to 15 years.

5.11 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate valuers and are included in the consolidated statement of financial position. Changes in fair value are taken to the consolidated statement of profit or loss.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

5.12 Investment in jointly controlled assets

Investment in jointly controlled assets are accounted for under the method of proportionate consolidation whereby the Group recognises its interest in assets, liabilities, income and expenses relating to the assets on a line-by-line basis and classified according to their nature.

5.13 Impairment testing of goodwill and non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually.

All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from the asset or each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effect of future reorganisations and assets enhancements. Discount factors are determined individually for each asset or cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

5.14 Financial instruments

15.14.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of financial asset or part of group of similar financial assets) is derecognised when:

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either
 - a) the Group has transferred substantially all the risks and rewards of the asset; or
 - b) the Group has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

5.14.2 Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- available-for-sale (AFS) financial assets.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All significant income and expenses relating to financial assets that are recognised in consolidated statement of profit or loss are presented, under separate headings in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

• **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group. In addition, in accordance with Central Bank of Kuwait instructions, a minimum general provision is made on all applicable credit facilities (net of certain categories of collateral) that are not provided for specifically.

The Group categorises loans and receivables into following categories:

• *Cash and bank balances and short term deposits*

Cash on hand and demand deposits are classified under cash and bank balances and deposits placed with financial institutions with a maturity of less than one year are classified as short term deposits.

• *Murabaha investments/receivables*

Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis.

When the credit risk of the transaction is attributable to a financial institution, the amount due under Murabaha contracts is classified as a Murabaha investment. Whereas, when the credit risk of transaction is attributable to counterparties other than banks and financial institutions, the amount due is classified as Murabaha receivable.

Murabaha receivables which arise from the Group's financing of long-term transactions on an Islamic basis are classified as Murabaha receivables originated by the Group and are carried at the principal amount less provision for credit risks to meet any decline in value. Third party expenses such as legal fees, incurred in granting a Murabaha are treated as part of the cost of the transaction.

All Murabaha receivables are recognized when the legal right to control the use of the underlying asset is transferred to the customer.

• *Wakala investments*

Wakala is an agreement whereby the Group provides a sum of money to a financial institution under an agency arrangement, who invests it according to specific conditions in return for a fee. The agent is obliged to return the amount in case of default, negligence or violation of any terms and conditions of the Wakala.

• *Loans and advances*

Loans and advances are financial assets originated by the Group by providing money directly to the borrower that have fixed or determinable payments and are not quoted in an active market.

• *Receivables and other financial assets*

Trade receivables are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Loans and receivables which are not categorised under any of the above are classified as "other receivables/other assets".

• **Financial assets at FVTPL**

Classification of investments as financial assets at FVTPL depends on how management monitors the performance of these investments. Investments at FVTPL are either "held for trading" or "designated" as such on initial recognition.

The Group classifies investments as trading if they are acquired principally for the purpose of selling or are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of consolidated statement of profit or loss, they are as designated at FVTPL upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

• **AFS financial assets**

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Financial assets whose fair value cannot be reliably measured are carried at cost less impairment losses, if any. Impairment charges are recognised in consolidated statement of profit or loss. All other AFS financial assets are measured at fair value.

Gains and losses are recognised in consolidated statement of profit or loss and other comprehensive income and reported within the fair value reserve within equity, except for impairment losses, and foreign exchange differences on monetary assets, which are recognised in consolidated statement of profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in consolidated statement of profit or loss and other comprehensive income is reclassified from the equity reserve to consolidated statement of profit or loss and presented as a reclassification adjustment within consolidated statement of profit or loss and other comprehensive income.

The Group assesses at each reporting date whether there is objective evidence that a financial asset available for sale or a group of financial assets available for sale is impaired. In the case of equity investments classified as financial assets available for sale, objective evidence would include a significant or prolonged decline in the fair value of the equity investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss is removed from consolidated statement of profit or loss and other comprehensive income and recognised in the consolidated statement of profit or loss.

Reversals of impairment losses are recognised in consolidated statement of profit or loss and other comprehensive income, except for financial assets that are debt securities which are recognised in consolidated statement of profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

5.14.3 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, due to banks and accounts payable and other liabilities. The subsequent measurement of financial liabilities depends on their classification.

The Group classifies all its financial liabilities as "financial liabilities other than at fair value through profit or loss (FVTPL).

• **Financial liabilities other than at fair value through profit or loss(FVTPL)**

These are stated at amortised cost using effective interest rate method. The Group categorises financial liabilities other than at FVTPL into the following categories:

• *Borrowings*

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

• *Wakala payables*

Wakala payables represent borrowings under Islamic principles, whereby the Group receives funds for the purpose of financing its investment activities and are stated at amortised cost.

• *Ijara financing*

Ijara finance payable ending with ownership is an Islamic financing arrangement through which a financial institution provides finance to purchase an asset by way of renting the asset ending with transferring its ownership. This ijara finance payable is stated at the gross amount of the payable, net of deferred finance cost. Deferred finance costs are expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

• *Accounts payables and other financial liabilities*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as trade payables. Financial liabilities other than at FVTPL which are not categorised under any of the above are classified as "other liabilities"

All interest-related charges are included within finance costs.

5.14.4 Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Notes to the Consolidated Financial Statements

5.14.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.14.6 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 30.3.

5.15 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued and paid up.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the Companies' Law and the Parent Company's Articles of Association.

Other components of equity include the following:

- foreign currency translation reserve – comprises of foreign currency translation differences arising from the translation of financial statements of the Group's foreign subsidiaries and associates into Kuwaiti Dinar (KD).
- Cumulative changes in fair value reserve – comprises of gains and losses relating to available for sale financial assets and Group share of cumulative change in fair value of associates.

Retained earnings include all current and prior period profit. All transactions with owners of the parent are recorded separately within consolidated statement of changes in equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a General Assembly.

5.16 Treasury shares

Treasury shares consist of the Parent Company's own issued shares that have been re-acquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares re-acquired is charged to a contra account in equity.

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "gain on sale of treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

5.17 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

5.18 Foreign currency translation

5.18.1 Functional and presentation currency

The consolidated financial statements are presented in Kuwait Dinar (KD), which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

5.18.2 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in consolidated statement of profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Translation difference on non-monetary asset classified as, "fair value through profit or loss" is reported as part of the fair value gain or loss in the consolidated statement of profit or loss and "available for sale" is reported as part of the cumulative change in fair value reserve within consolidated statement of profit or loss and other comprehensive income.

5.18.3 Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities are translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to consolidated statement of profit or loss and other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in consolidated statement of changes in equity are reclassified to consolidated statement of profit or loss and are recognised as part of the gain or loss on disposal.

5.19 End of service indemnity

The Parent Company and its local subsidiaries provide end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

5.20 Taxation

5.20.1 National Labour Support Tax (NLST)

NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the Group. As per law, allowable deductions include, share of profits of listed associates and cash dividends from listed companies which are subjected to NLST.

5.20.2 Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the Group in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from Kuwaiti shareholding associates and subsidiaries, and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

5.20.3 Zakat

Contribution to Zakat is calculated at 1% of the profit of the Group in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

Notes to the Consolidated Financial Statements

5.20.4 Income taxes

Income tax payable on profits is recognized as an expense in the period in which the profits arise based on the applicable tax laws and tax rates in each jurisdiction that have been enacted or substantively enacted by the end of statement of financial position date.

Deferred income tax is provided using the liability method on all temporary differences, at the statement of financial position date, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax provisions depend on whether the timing of the reversal of the temporary difference can be controlled and whether it is probable that the temporary difference will reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of statement of financial position date.

Deferred tax assets are recognized for all deductible temporary differences, including carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

5.21 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances, short-term deposits and short term highly liquid investments maturing within three months from the date of inception less due to banks and blocked bank balances.

5.22 Inventories

Inventories are stated at the lower of cost or net realisable value and the cost is determined according to the weighted average method.

5.23 Fiduciary assets

Assets held in a trust or fiduciary capacity are not treated as assets of the Group and, accordingly, they are not included in these consolidated financial statements.

6 - Significant management judgements and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6.1 Significant management judgments

In the process of applying the Group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

6.1.1 Classification of financial instruments

Judgements are made in the classification of financial instruments based on management's intention at acquisition. Such judgement determines whether it is subsequently measured at cost, amortised cost or at fair value and if the changes in fair value of instruments are reported in the consolidated statement of profit or loss or consolidated statement of profit or loss and other comprehensive income.

The Group classifies financial assets as held for trading if they are acquired primarily for the purpose of short term profit making.

Classification of financial assets at fair value through profit or loss depends on how management monitors the performance of these financial assets. When they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as fair value through profit or loss.

Classification of assets as loans and receivables depends on the nature of the asset. If the Group is unable to trade these financial assets due to inactive market and the intention is to receive fixed or determinable payments the financial asset is classified as loans and receivables.

All other financial assets are classified as available for sale.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

6.1.2 Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading, property, and equipment or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost less depreciation and impairment, cost or net realisable value whichever is lower or fair value and if the changes in fair value of these properties are reported in the consolidated statement of profit or loss or consolidated statement of profit or loss and other comprehensive income.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as property and equipment if it is acquired with the intention of owner occupation or being developed for owner occupation.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

6.1.3 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

6.2 Estimates uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

6.2.1 Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

6.2.2 Impairment of non financial assets (intangible assets)

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication or objective evidence of impairment or when annual impairment testing for an asset is required. If any such indication or evidence exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the consolidated statement of profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. During the year ended 31 December 2015, impairment loss recognised for intangible assets amounted to KD2,010,441 (2014: Nil) (see note 20).

6.2.3 Impairment of associates

After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss on the Group's investment in its associates, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss. During the year ended 31 December 2015, impairment loss recognised for investment in associate amounted to KD389,136 (2014: KD 111,473) (see note 18).

6.2.4 Impairment of available for sale investments

The Group treats available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Group evaluates other factors, including normal volatility in share price for quoted entities and the future cash flows and discount factors for unquoted entities.

During the year ended 31 December 2015, impairment loss recognised for available for sale investments amounted to 8,252,823 (2014: KD8,671,511) (see note 17).

6.2.5 Impairment of loans and receivables

The Group's management reviews periodically items classified as loans and receivables to assess whether a provision for impairment should be recorded in the consolidated statement of profit or loss. In particular, considerable judgement by management is required in the estimation of amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty. During the year ended 31 December 2015, impairment loss recognised for loans and receivables amounted to KD322,927 (2014: KD1,436,255).

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

6.2.6 Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6.2.7 Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6.2.8 Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

7 - Subsidiary companies

7.1 Details of the Group's material consolidated subsidiaries as of the reporting date are as follows:

Subsidiary	Country of registration and place of business	Proportion of ownership interest held by the Group		Nature of business
		31 Dec. 2015	31 Dec. 2014	
Noor Telecommunication Company - KSCC (though the Group holds 49.11% of the subsidiary, the Group exercises control over the subsidiary based on majority board members)	Kuwait	49.11%	49.11%	Telecommunications and IT Services
Noor Al Salhiya Real Estate Co.- KSCC	Kuwait	73.32%	100%	Real estate and related activities
Noor Kuwait Holding - KSC (Holding)	Kuwait	99.53%	99.53%	Investment and related activities
Kuwaiti Indian Holding Company - KSCC	Kuwait	56.59%	56.59%	Investment and related activities
Noor GCC Islamic Fund	Kuwait	93.34%	92.38%	Investment and related activities
Hotels Global Group Company - PSC	Jordan	100%	100%	Hospitality

7.2 Subsidiaries with material non-controlling interests

The Group includes three subsidiaries, with material non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI		Profit/(loss) allocated to NCI		Accumulated NCI	
	31 Dec. 2015 %	31 Dec. 2014 %	31 Dec. 2015 KD	31 Dec. 2014 KD	31 Dec. 2015 KD	31 Dec. 2014 KD
Kuwaiti Indian Holding Company - KSCC (KIHC)	43.41%	43.41%	2,310	68,600	2,435,625	4,165,197
Noor Telecommunication Company - KSCC, (NTEL)	50.89%	50.89%	(3,242,147)	(647,292)	11,788,400	13,294,796
Noor Salhiya Real Estate Company- KSCC (NSRE)	26.68%	-	506,759	-	5,394,927	-
Individually immaterial subsidiaries with non - controlling interests			(48,674)	(288,329)	826,207	919,795
			(2,781,752)	(867,021)	20,445,159	18,379,788

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

Summarised financial information for the above subsidiaries, before intra-group eliminations, is set out below:

	KIHC		NTEL		NSRE	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	KD	KD	KD	KD	KD	KD
Non-current assets	194,867	235,002	27,877,631	32,863,441	22,141,166	16,341,385
Current assets	5,746,502	9,668,644	7,314,573	7,270,483	3,911,899	3,028,016
Total assets	5,941,369	9,903,646	35,192,204	40,133,924	26,053,065	19,369,401
Non-current liabilities	1,429	633	7,491,004	380,858	16,420	8,606
Current liabilities	339,502	308,400	5,890,983	14,965,657	5,817,211	4,627,362
Total liabilities	340,931	309,033	13,381,987	15,346,515	5,833,631	4,635,968
Equity attributable to owners of the Parent Company	3,164,813	5,429,416	10,021,817	11,492,613	14,824,507	14,733,433
Non-controlling interests (including NCI of the sub subsidiary)	2,435,625	4,165,197	11,788,400	13,294,796	5,394,927	-
Total income	138,986	427,326	13,585,702	11,955,802	2,569,855	2,015,671
Profit/(loss) for the year	35,828	230,272	(6,196,913)	(1,362,570)	1,916,226	1,462,087
Total other comprehensive income/(loss) for the year	(49)	121,267	3,142,581	238,010	(80,225)	-
Total comprehensive income/(loss) for the year	35,779	351,539	(3,054,332)	(1,124,560)	1,836,001	1,462,087
- attributable to owners of the Parent Company	33,469	198,930	(1,547,937)	(598,310)	1,350,835	1,462,087
- attributable to NCI	2,310	152,609	(1,506,395)	(526,250)	485,166	-
Net cash flow (used in)/from operating activities	(63,087)	299,971	(149,474)	(488,807)	(1,077,139)	285,672
Net cash flow from /(used in) investing activities	669,773	4,681,349	68,475	(2,548,427)	(4,088,317)	(1,218,447)
Net cash flow (used in)/from financing activities	(1,732,854)	(3,932,248)	(859,932)	1,119,070	4,891,600	3,705,000
Net cash (outflow)/inflow	(1,126,168)	1,049,072	(940,931)	(1,918,164)	(273,856)	2,772,225

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

7.3 Acquisition of subsidiaries

7.3.1 During the previous year, one of the Group's local subsidiaries acquired 60% equity stake in Cable Sat Satellite Service Company, a Kuwait Limited Liability Company (engaged in renting and sale of indefeasible right of use) and the acquisition was accounted in accordance with IFRS 3 as follows:

	31 Dec. 2014 KD
Total consideration	2,511,200
Value of non-controlling interests	637,847
	<u>3,149,047</u>
Less: Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and bank balances	916
Trade and other receivable	46,305
Intangible assets	8,325,996
Trade and other payable	(5,224,170)
Total identifiable net assets	<u>3,149,047</u>
Goodwill	<u>-</u>

The purchase price allocation was finalized in 2015 based on renegotiation of acquisition terms as disclosed in note 20.3.

7.3.2 For the purpose of the consolidated statement of cash flows the net cash outflow of Cable Sat during 2014 were as follows:

	Cable Sat 2014 KD
Total consideration	(2,511,200)
Less: Consideration due	1,504,655
Less: Bank balance of subsidiary on acquisition	916
Net cash outflow	<u>(1,005,629)</u>

8 - Cost of sales and services and General, administrative and other expenses

a) Cost of sales and services include staff costs of KD5,831,874 (2014: KD5,452,865).

b) General, administrative and other expenses include the following:

	Year ended 31 Dec. 2015 KD	Year ended 31 Dec. 2014 KD
Staff costs	2,389,219	3,102,117
Depreciation and amortization	173,277	221,122
Other expenses	2,512,716	1,828,949
	<u>5,075,212</u>	<u>5,152,188</u>

Number of staff employed by the Parent Company as at 31 December 2015 was 42 (31 December 2014: 50).

9 - Interest and other income

	Year ended 31 Dec. 2015 KD	Year ended 31 Dec. 2014 KD
Interest income	28,405	109,690
Income from murabaha and wakala investments	8,723	10,485
Income from future trade customers	281,222	350,889
Reversal of impairment provision on amount due from Ultimate Parent Company (16.1)	2,188,996	-
Other income	53,842	569,048
	<u>2,561,188</u>	<u>1,040,112</u>

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

10 - Net gain/(loss) on financial assets

10.1 Net gain/(loss) on financial assets, analysed by category, is as follows:

	Year ended 31 Dec. 2015 KD	Year ended 31 Dec. 2014 KD
Loans and receivables		
- Interest on cash and bank balances and short term deposits	28,405	109,690
- Profit from murabaha and wakala investment	8,723	10,485
- Income from future trade customers	281,222	350,889
- Impairment in value of accounts receivable	(322,927)	(1,436,255)
- Reversal of impairment provision on amount due from Ultimate Parent Company	2,188,996	-
Investments at fair value through profit or loss		
- Net (loss)/gain on held for trading	(820,937)	1,545,342
- Net gain on designated as such on initial recognition	164,301	16,140
Available for sale investments		
- recognised directly in consolidated statement of profit or loss and other comprehensive income (net)	(705,179)	112,638
- recognised directly in consolidated statement of profit or loss on sale and dividend income	1,734,273	1,159,496
- recycled from equity to consolidated statement of profit or loss on impairment	(8,252,823)	(8,671,511)
- on sale	1,557,548	1,957,674
	(4,138,398)	(4,845,412)
Distributed as follows:		
Net gain recognised in the consolidated statement of profit or loss		
-Realised gain on investments at fair value through profit or loss	550,494	1,154,046
-Unrealised loss on investments at fair value through profit or loss	(1,607,280)	(151,889)
-Realised gain on sale of available for sale investments	1,557,548	1,957,674
-Dividend income	2,134,423	1,718,821
-Impairments in value of accounts receivable	(322,927)	(1,436,255)
-Impairments in value of available for sale investments	(8,252,823)	(8,671,511)
-Others (part of interest and other income)	2,507,346	471,064
Net gain recognised in the consolidated statement of profit or loss and other comprehensive income	(705,179)	112,638
	(4,138,398)	(4,845,412)

10.2 Unrealised loss on investments at fair value through profit or loss

This represents the difference between closing market value at the end of the year and carrying value at the beginning of the year and/or cost of investments acquired during the year.

11 - Finance costs

Finance costs relate to borrowings from banks and other financial institutions which are financial liabilities stated at amortised cost.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

12 - Basic and diluted earnings per share

Earnings per share is calculated by dividing the profit for the year attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	Year ended 31 Dec. 2015 KD	Year ended 31 Dec. 2014 KD
Profit for the year attributable to the owners of the Parent Company	1,333,267	918,814
Weighted average number of shares outstanding during the year	413,162,761	413,162,761
Less: Weighted average number of treasury shares	(10,359,065)	(10,359,065)
	402,803,696	402,803,696
Basic and diluted earnings per share (Fils)	3.31	2.28

13 - Cash and cash equivalents

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

	Effective annual interest/ profit rates			
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015 KD	31 Dec. 2014 KD
Cash and bank balances	0.25% - 0.62%	0.25%-0.50%	7,737,506	8,137,702
Short term deposits	0.62%-1.35%	0.62%-1.35%	2,613,255	1,570,220
			10,350,761	9,707,922
Less: Due to banks	5.5%-6.0%	3.87%-7.5%	(2,016,195)	(1,508,363)
Less: Blocked balances			(325,066)	(1,729,541)
Less: Short term deposits maturing after 3 months			-	(224,117)
Cash and cash equivalents as per consolidated statements of cash flows			8,009,500	6,245,901

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

Due to banks represent bank overdraft facilities utilised by subsidiary and are secured by short term deposits as at 31 December 2015 of KD970,545 (31 December 2014: KD970,545).

Cash and cash equivalents include bank balances of KD1,194,334 (31 December 2014: KD 1,235,992) which are designated for the purpose of payment on account of capital reduction of two subsidiaries.

14 - Murabaha & wakala investments

	Effective annual interest/ profit rates			
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015 KD	31 Dec. 2014 KD
Placed with local Islamic banks	1.13%	0.5%	1,000,000	598,354
Due from a local Islamic investment company			14,324,160	14,324,160
Provision for impairment in value			(14,324,160)	(14,324,160)
			-	-
			1,000,000	598,354

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

No profit was recognized on impaired Wakala investment during the current year (2014: Nil).

Wakala investments of KD14,324,160 (31 December 2014: KD14,324,160) placed with a local Islamic investment company matured in the last quarter of 2008. The investee company defaulted on settlement of these balances on the maturity date. However revised maturity dates were stipulated by the court. The investee company again defaulted the payment of 2nd and 3rd instalment due in June 2014 and 2015 respectively. Full provision is made for receivable in accordance with the Central Bank of Kuwait provision rules.

During the previous years, the Group assumed the financial and legal obligations on wakala investments of KD9,968,250 (in violation of the Commercial Companies Law of 1960) that the Group had placed with the above investment company in a fiduciary capacity under a wakala agreement with certain related parties, despite having no such obligation under the wakala agreement. The Group has initiated legal proceedings against the parties to recover the amount including profits thereon. During the year 2014, the Court of Appeal has ordered the related parties to pay KD 8,285,000 with 7% of profit thereon to the Group which has been overturned by the Court of Cassation in favor of the related party during the current year. The legal proceeding relating to the remaining amount of KD 1,683,250 is still in process.

15 - Investments at fair value through profit or loss

	31 Dec. 2015	31 Dec. 2014
	KD	KD
Held for trading:		
Quoted shares	9,334,848	17,372,642
- Local	5,265,476	12,548,333
- Foreign	4,069,372	4,824,309
Designated on initial recognition:		
- Unquoted foreign shares	2,364,343	-
	11,699,191	17,372,642

In 2008 as a result of significant developments in the global financial markets, the Group had reclassified investments from "fair value through profit or loss" category to "available for sale" category. The fair value of the remaining re-classified investments as of 31 December 2015 was KD11,058,126 (2014: KD20,552,366) (note 17).

Quoted shares with a fair value of KD1,131,470 (2014: KD7,546,813) are secured against bank loans (refer note 22)

16 - Accounts receivable and other assets

	31 Dec. 2015	31 Dec. 2014
	KD	KD
Financial assets:		
Accounts receivable	4,352,489	3,111,645
Due from the Ultimate Parent Company (net of discount and provision)	3,784	55,837
Due from other related parties	1,101,764	80,484
Due from investment brokerage companies	1,698,255	2,124,189
Due from future trade customers	4,845,544	5,250,261
Due on sale of foreign investment properties (net) (note 16.2)	972,085	937,715
Accrued income	937,446	1,333,508
Other financial assets	1,111,222	1,107,273
	15,022,589	14,000,912
Non-financial assets:		
Other assets	243,926	292,153
	15,266,515	14,293,065

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

- 16.1 During the year 2012, the Parent Company and the Ultimate Parent Company (along with certain of its subsidiaries) entered into a settlement agreement to partially settle the outstanding balance due to the Parent Company by way of transferring the shares of an unlisted local entity (previously held as security) for a consideration of KD13,800,000 based on an independent valuation. The shares are classified as available for sale investments. Under the terms of the settlement agreement, the remaining balance of approximately KD2,200,000 (which was provided for in a previous year) was due to be settled, by the Ultimate Parent Company, contingent upon the value of the unlisted shares upon occurrence of liquidity event (i.e sale or public listing) of the shares on or before 31 December 2014 or if no liquidity event occurs by then based on a valuation to be performed of the shares as of 31 December 2014. Accordingly, the Parent Company obtained an independent valuation of the shares as of 31 December 2014 which established that the remaining balance of approximately KD2,200,000 was due to be settled by the Ultimate Parent Company. Consequently, the Parent Company has reached an agreement with the Ultimate Parent Company to settle the due balance by way of transferring the shares of a special purpose vehicle which owns shares in a listed foreign entity. Accordingly, the provision of KD 2,188,996 pertaining to the remaining balance has been recognized under other income during the year. The investment transferred by the Ultimate Parent Company has been included under investment at fair value through profit or loss and an unrealised gain of KD 164,301 has been recognised in the consolidated statement of profit or loss on fair valuing the investment.
- 16.2 The consideration due on sale of the Group's investment property in the Kingdom of Saudi Arabia amounting to KD12,404,655 (sold during 2011) was due in instalments. Out of the consideration due, as of 31 December 2015 an amount of KD972,085 is outstanding and the Group's management expects that it will be settled during 2016.
- 16.3 During the year, the Group recognised an impairment loss of KD322,927 (2014: KD1,436,255) against certain accounts receivable.

17 - Available for sale investments

	31 Dec. 2015	31 Dec. 2014
	KD	KD
Quoted shares	13,926,441	23,952,288
- Local	12,013,402	21,257,418
- Foreign	1,913,039	2,694,870
Unquoted shares	23,372,486	26,226,401
- Local	7,886,209	9,583,457
- Foreign	15,486,277	16,642,944
Foreign funds	6,690,840	8,028,730
	43,989,767	58,207,419

- 17.1 Available for sale investments include investments in unquoted shares and foreign funds whose fair values cannot be reliably determined and as a result investments with a carrying value of KD2,835,639 (2014: KD3,000,542) are carried at cost or cost less impairment. The Group's management is not aware of any circumstance that would indicate impairment in value of these investments.
- 17.2 Quoted shares with a fair value of KD8,783,999(2014: KD18,175,068) and unquoted shares with a fair value of KD6,600,000 (2014: KD8,300,000) are secured against bank loans (refer note 22).
- 17.3 During the year, the Group recognised an impairment loss of KD2,797,488 (2014: KD75,839) for certain local and foreign quoted shares, as the market value of these shares declined significantly below their cost. Further the Group also recognised an impairment loss of KD5,455,335 (2014: KD8,595,672) against certain unquoted shares, local and foreign funds based on independent valuations, estimate and the net asset values reported by the investment managers at the reporting date.
- 17.4 Quoted shares with a carrying value of KD11,058,126(2014: KD20,552,366) represent investments which were transferred from investments at fair value through profit or loss as of 1 July 2008 (refer note 15).

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

18 - Investment in associates

This represent the Group share's of following associates using the equity method.

Associates	Country of Registration & principal place of business	Percentage of ownership		Nature of business
		31 Dec. 2015	31 Dec. 2014	
Meezan Bank Limited	Pakistan	49.11%	49.11%	Islamic Banking
National Tamouh GTC Company – WLL	Kuwait	50.00%	50.00%	Real Estate Developments
Al Raya Global Real Estate Company	Jordan	50.00%	50.00%	Real Estate Developments
Dura National Combined Real Estate Company – WLL	Kuwait	50.00%	-	Real Estate Developments

Movements of the investments in associates during the year are as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Balance at 1 January	50,294,896	39,865,645
Additions during the year	50,000	367,754
Disposal of associate	-	(137,553)
Share of results	7,165,450	9,842,763
Share of other comprehensive income/(loss) of associates	258,420	(523,481)
Impairment in value of associate	(389,136)	(111,473)
Dividend received	(3,883,071)	(2,480,549)
Foreign currency translation adjustment	(420,332)	3,471,790
Balance at the end of the year	53,076,227	50,294,896

18.1 Summarised financial information in respect of Group's material associate (Meezan Bank Limited) is set out below. The summarised financial information below represents the amounts presented in the financial statements of the associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

18.1.1. Meezan Bank Limited.

	31 Dec. 2015 KD	31 Dec. 2014 KD
Total assets	1,553,054,278	1,289,545,066
Total liabilities	(1,469,784,838)	(1,212,287,093)
Equity attributable to shareholders of Meezan Bank	83,269,440	77,257,973
Revenue	95,955,112	53,308,158
Profit for the year	14,887,381	22,460,382
Other comprehensive income for the year	511,168	(1,108,546)
Total comprehensive income for the year	15,398,549	21,351,836
Dividends received from the associate during the year	3,883,071	2,480,549
Proportion of the Group's ownership interest in Meezan Bank	49.11%	49.11%
Group share in Meezan Bank's net assets	40,893,622	37,941,390
Goodwill	9,181,367	9,261,687
Carrying value of Group's ownership interest in Meezan Bank	50,074,989	47,203,077

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

As at 31 December 2015 the fair value of the Group's interest in Meezan Bank Limited, which is listed on the Pakistan Stock Exchange was KD 65,289,895 (2014: KD67,660,542), based on the quoted market price available on that exchange, which is a level 1 input in terms of IFRS 13.

Share of results of associates includes KD 418,541 (2014: KD4,035,124), which represents the Group's share of gain on bargain purchase recognised by Meezan Bank Limited. This has been designated as distributable only for stock dividends with prior approval of the regulator in Pakistan.

Aggregate information of associates that are not individually material to the Group;

	31 Dec. 2015	31 Dec. 2014
	KD	KD
Group share of results for the year	190,102	(764,197)
Group share of total comprehensive income	189,404	(764,197)
Aggregate carrying value of the group interest in associates	3,001,238	3,091,819

18.2 Group's share of associate's contingent liabilities:

	31 Dec. 2015	31 Dec. 2014
	KD	KD
Guarantees	17,931,421	20,454,293
Letters of credit	47,563,376	35,420,246
Commitments in respect of forward exchange contracts	203,352,545	164,048,894
Commitment for the acquisition of operating fixed assets	418,505	39,598
Commitment in respect of financing	151,710,297	124,299,823
Bills for collection	44,268,373	29,741,313
	465,244,517	374,004,167

19 - Investment properties

The movement in investment properties is as follows:

	31 Dec. 2015	31 Dec. 2014
	KD	KD
Fair value as at 1 January	32,840,512	28,604,121
Acquisition of properties	1,905,599	4,931,859
Developments and construction costs	1,769,789	-
Reclassification from property & equipment (19.5)	2,280,290	-
Disposals	-	(1,800,000)
Changes in fair value	959,509	1,104,532
	39,755,699	32,840,512

19.1 Investment properties comprise of lands and buildings in the following countries:

	31 Dec. 2015	31 Dec. 2014
	KD	KD
Kuwait	39,325,000	32,425,450
Jordan	430,699	415,062
	39,755,699	32,840,512

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

- 19.2 Investments properties amounting to KD9,535,000 (2014: KD9,432,000) and KD13,188,000 (2014: KD9,350,000) are secured against bank loans and Ijara Financing facilities respectively (refer note 22).
- 19.3 At 31 December 2015, the Group re-valued its properties based on lower of two independent valuations. (Refer note. 30.4 for further details relating to fair values).
- 19.4 The above investment properties include jointly controlled investment properties with a carrying value of KD8,852,000 (31 December 2014: KD7,013,450) which are partly financed from Ijara financing arrangement arranged by joint owner (related party).
- 19.5 During the year, one of the subsidiaries of the Group has transferred one of its buildings with a carrying value of KD 2,280,290 from owner occupied property to investment properties based on the change in use as it was rented out during the year. The fair value of the property as per the independent valuation obtained as of the transfer date approximates the transfer value.
- 19.6 During the year, borrowing cost of KD263,003 (2014 : KD279,584) has been capitalised to investment properties under development.

20 - Goodwill and Intangible assets

20.1 Goodwill

The movement in Goodwill is as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
At the beginning of the year	2,029,278	1,990,375
Adjustments	-	38,903
At the end of the year	2,029,278	2,029,278

Goodwill represents the excess of cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired subsidiaries. Goodwill has been allocated to the IT service business of the Group as that is the cash generating unit (CGU) which is expected to benefit from the synergies of the business combination. It is also the lowest level at which goodwill is monitored for impairment purposes.

Impairment testing

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the CGUs to which these items are allocated. The recoverable amount is determined based on higher of value-in-use calculations or fair value less cost to sell.

Management used the following approach to determine values to be assigned to the following key assumptions in the value in use calculations.

Key assumption	Basis used to determine value to be assigned to key assumption
Growth rate	Anticipated average growth rate of 5% (2014: 10%) per annum. Value assigned reflects past experience and changes in economic environment. Cash flows beyond the five-year period have been extrapolated using a growth rate of 3% (2014: 3%). This growth rate does not exceed the long term average growth rate of the market in which the CGU operates.
Discount rate	Discount rates of 16.9% (2014: 22%). Discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors result in any of the goodwill allocated to appropriate cash generating units being impaired. Based on the above analysis, there are no indications that goodwill included in any of the cash generating units is impaired.

20.2 Intangible assets – Indefeasible right of use (IRU)

Intangible asset comprises of indefeasible right of use (IRU) to a telecommunication asset arising from a subsidiary acquired during 2014 and the movement is as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Cost		
At the beginning of the year	8,325,996	-
Addition due to acquisition of a subsidiary (Refer Note 7.3.1)	-	8,325,996
Reduction in the cost due to re-negotiation of the terms	(2,684,655)	-
Impairment in value during the year	(2,010,441)	-
Balance at the end of the year	3,630,900	8,325,996
Accumulated amortization		
At the beginning of the year	(40,614)	-
Charge for the year	(22,189)	(40,614)
At the end of the year	(62,803)	(40,614)
Net book value at the end of the year	3,568,097	8,285,382
Total goodwill (note 20.1) and intangible assets	5,597,375	10,314,660

20.3 During the current year the subsidiary re-negotiated the financial and other terms of its use and, accordingly, as per the new contractual terms, its carrying value and that of the related liability has reduced by KD2,684,655 and KD2,604,655 respectively. Consequently, based on the information available, the Group's management has recognised an impairment of KD2,010,441 which includes, net cancellation charges of KD456,239 related to the previous contract.

21 - Accounts payable and other liabilities

	31 Dec. 2015 KD	31 Dec. 2014 KD
Financial liabilities:		
Accounts payable	993,012	1,553,664
Payable on acquisition of subsidiary (note 7.3.2)	1,504,655	1,504,655
Payable on acquisition of intangible assets (refer 20.3)*	540,000	3,504,000
Accrued interest	19,552	12,064
Accrued expenses	2,256,948	1,177,184
Dividend payable	15,554	16,379
Other payables	983,591	844,002
Due to related parties	62,000	84,813
Payable on account of capital reduction in subsidiary (Note 26.3.2)	1,193,641	1,235,316
	7,568,953	9,932,077

All above financial liabilities are non-interest bearing. The carrying values of the above liabilities approximate their fair values.

* The payable on acquisition of intangible assets includes KD90,327 which was due in last quarter of 2015 and remaining amount of KD449,673 in first half of 2016.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

22 - Borrowings from banks and other financial institutions

	Effective interest/ cost rate (p.a.%)		Security	31 Dec. 2015 KD	31 Dec. 2014 KD
	31 Dec. 2015	31 Dec. 2014			
Short term					
Ijara Financing – Kuwaiti Dinar	4.5	4.5	Secured	4,325,000	3,125,000
Loan Payable – Kuwaiti Dinnar	4.5	4.5	Secured	1,080,000	1,080,000
				5,405,000	4,205,000
Long term					
Loans payable – Kuwaiti Dinar	3.5-3.75	3.25-3.5	Secured	73,508,000	81,657,500
Wakala payable – Kuwaiti Dinar	3.5	3.25	Secured	27,500,000	33,000,000
Ijara financing – Kuwaiti Dinar	4.5-5.0	4.5-5.0	Secured	5,485,284	6,064,582
				106,493,284	120,722,082
				111,898,284	124,927,082

- 22.1 During 2011 and 2012, the Parent Company restructured its financing arrangements with some local banks and accordingly loans amounting to KD154,710,000 (out of which KD53,702,000 has been paid till reporting date and KD4,314,250 subsequent to the reporting date) were converted into secured long term facilities. As per loan restructuring agreements, these loans are required to be 100% secured. As of 31 December 2015, these are partly secured (notes 15,17 and 19) and the identification and securitization of the required balance is still in process.

The third instalment of the loan of KD38,677,500 fell due in 2014 and 2015 and the lenders agreed for payment of 50% of that amount within four months from the original due date. KD15,024,500 was paid in 2015 and the balance KD4,314,250 has been settled in 2016.

The Parent Company has outstanding loans of KD101,008,000 as of the reporting date out of which KD4,314,250 was settled subsequent to the reporting date and the process of rescheduling loans amounting to KD96,693,750 comprising of the remaining 50% (KD19,338,750) of the third instalment and KD77,355,000 for the final instalment is ongoing.

The Parent Company had submitted a debt rescheduling plan to all its lenders and had, also requested from all of the lenders to extend the standstill as the restructuring is still in process and to continue negotiations to reach an acceptable debt rescheduling solution. Subsequent to the reporting date, the lenders have confirmed that they will continue to negotiate the terms and conditions of the restructuring to bring it to a successful closure. Accordingly, the Parent Company's management expects to finalize the debt rescheduling within the next few months.

- 22.2 Ijara financing contracts amounting to KD9,810,284 (31 December 2014: KD9,189,582) are secured by investments properties (Note 19) (31 December 2014: investments properties and property and equipment of KD2,200,000).
- 22.3 Long term loans and wakala amounting to KD101,008,000 (31 December 2014: KD114,675,500) are secured by investment at fair value through profit or loss (note 15), available for sale investments (note 17) and investment properties (note 19) and against shares of two unlisted subsidiaries of the Parent Company.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

22.4 The above loans are due as follows:

	31 Dec. 2015	31 Dec. 2014
	KD	KD
Short term Ijara Financing	4,325,000	3,125,000
Short term loans	1,080,000	1,080,000
Long term loans and Wakala payable		
- Current portion due within one year	5,689,375	15,024,375
- Due after more than one year	95,318,625	99,633,125
Long term ijara financing		
- Current portion due within one year	861,283	870,886
- Due after more than one year	4,624,001	5,193,696
	111,898,284	124,927,082

22.5 The fair value of the short term financing including the current portion of long term borrowings equals their carrying amount, as the impact of discounting is not significant. The fair value of the long term financing of the Parent Company amounted to KD94,152,633 (2014: KD98,812,605) with carrying value of KD95,318,625 (2014: KD99,633,125). The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4.5% (2014: 4.5 %) and are within level 2 of the fair value hierarchy.

23 - Share capital and share premium

23.1. The authorised, issued and paid up share capital of the Parent Company as at 31 December 2015 comprise of 413,162,761 shares of 100 Fils each (31 December 2014: 413,162,761 of 100 Fils each) fully paid up in cash.

23.2 Share premium is not available for distribution.

24 - Treasury shares

The Group holds treasury shares as follows:

	31 Dec. 2015	31 Dec. 2014
Number of shares	10,359,065	10,359,065
Percentage of issued shares	2.51%	2.51%
Market value (KD)	481,697	973,752
Cost (KD)	3,410,573	3,410,573

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

25 - Legal and voluntary reserves

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the Parent Company's profit before KFAS, Zakat, NLST and directors' remuneration for the year is to be transferred to legal reserve. The Parent Company may resolve to discontinue such annual transfer when the reserve totals 50% of the paid up share capital. No transfer is required in a year in which the Parent Company has incurred a loss or where accumulated losses exist.

Distribution of the legal reserve is limited to the amount required to enable the payment of a dividend up to 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the distribution of a dividend of that amount.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

In accordance with the Parent Company's Articles of Association, a certain percentage of the Parent Company's profit before KFAS, Zakat, NLST and directors' remuneration, is to be transferred to the voluntary reserve at the discretion of the Board of Directors which is to be approved at the General Assembly. No transfer is required in a year in which the Parent Company has incurred a loss or where accumulated losses exist. For the year 2015, Board of Directors proposed to transfer 10% of the above mentioned profit to the voluntary reserve and this is subject to approval of General Assembly of shareholders. There are no restrictions on distribution of voluntary reserve.

26 - Cumulative changes in fair value, foreign currency translation reserve and Non-controlling interests

26.1 Cumulative changes in fair value

	Year ended 31 Dec. 2015 KD	Year ended 31 Dec. 2014 KD
Balance at 1 January	6,009,404	6,540,895
<i>Other comprehensive income:</i>		
Net changes in fair value of available for sale investments	(7,716,915)	(6,225,759)
Transferred to consolidated statement of profit or loss on disposal of available for sale of investments	(1,557,548)	(1,957,674)
Transferred to consolidated statement of profit or loss on impairment in value of available for sale investments	6,855,123	8,175,423
Share of other comprehensive income/(loss) of associates	258,420	(523,481)
Other comprehensive loss for the year	(2,160,920)	(531,491)
Balance at 31 December	3,848,484	6,009,404

26.2 Foreign currency translation reserve

	Year ended 31 Dec. 2015 KD	Year ended 31 Dec. 2014 KD
Balance at 1 January	(9,537,538)	(13,218,472)
Reallocation of non-controlling interest (Note 26.3.3)	-	73,815
	(9,537,538)	(13,144,657)
<i>Other comprehensive income:</i>		
Exchange differences arising from translation of foreign subsidiaries	150,331	135,329
Exchange difference arising on translation of foreign associates	(420,332)	3,471,790
Other comprehensive income/(loss) for the year	(270,001)	3,607,119
Balance at 31 December	(9,807,539)	(9,537,538)

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

26.3 Non-controlling interests

	Year ended 31 Dec. 2015 KD	Year ended 31 Dec. 2014 KD
Balance at 1 January	18,379,788	20,125,598
Amounts due to non-controlling interest on reduction of share capital/redemption of units of subsidiaries	(1,750,661)	(4,049,078)
Increase in non-controlling interest of subsidiary during the year	-	2,500
Non-controlling interest arising on acquisition of a subsidiary	-	637,847
Increase in non-controlling interests of subsidiary during the year	5,107,562	-
Acquisition of non-controlling interest	-	(804,494)
Decrease of non-controlling interest on sale of subsidiary	-	(8,655)
Reallocation from retained earnings (note 26.3.3)	-	3,222,443
Dividend paid to non-controlling interest by a subsidiary	(200,400)	-
Transactions with non-controlling interests	3,156,501	(999,437)
Loss for the year	(2,781,752)	(867,021)
<i>Other comprehensive income :</i>		
- Net change in fair value of available for sale investments	316,461	(375,440)
-Transferred to consolidated statement of profit or loss on impairment in value of available for sale investments	1,397,700	496,088
-Share of foreign currency translation reserve	(23,539)	-
Total other comprehensive income for the year	1,690,622	120,648
Total comprehensive loss for the year	(1,091,130)	(746,373)
Balance at 31 December	20,445,159	18,379,788

26.3.1 Acquisition of non-controlling interests

During the previous year, the Group acquired the entire shareholding held by non-controlling interests (34.44%) with respect of National Drilling and Petroleum Services KSCC for a consideration of KD727,996 resulting in a gain of KD76,498 which has been recognized in equity.

26.3.2 Capital reduction by subsidiaries

On 1 September 2015, the shareholders of one of the subsidiaries of the Group, (Kuwaiti Indian Holding Company - KSCC) decided to further decrease its share capital by KD4,000,000 out of which KD1,731,882 pertains to non-controlling interests. After completing its necessary formalities an amount of KD1,726,223 including prior capital reduction (31 December 2014: KD3,932,248) has been paid to non-controlling interests and the balance amount is shown under accounts payable and other liabilities.

Further an amount of KD896,047 (2014: KD943,381) is due to non-controlling interest on the decrease in the share capital by Noor Telecommunication Company KSCC during 2012 and it included under accounts payable and other liabilities.

26.3.3 During the previous year, the Group reallocated an amount of KD3,222,443 to non-controlling interests from retained earnings and foreign currency translation reserve of the Parent Company which represents accumulated impact of the misallocation of non-controlling interest's share of profit in previous years. This mainly arose from the full elimination of intergroup profits that a partially owned subsidiary earned on a murabaha investment with the Parent Company.

26.3.4 During the year one of the subsidiaries of the Group (Noor Al-Salhiya Real Estate Company KSCC) increased its share capital from KD11,000,000 to KD15,000,000 (40,000,000 shares with a par value of 100 fils and premium of 10 fils per each share). The Parent Company did not subscribe for this increase and consequently the Parent Company's shareholding in this subsidiary diluted from 100% to 73.32%. The proportionate carrying value of net assets on the date of dilution amounting to KD5,107,562 relating to non-controlling interests has been transferred to non-controlling interest in the consolidated statement of changes in equity. Consequently the difference between cash proceeds received and non-controlling interests share of net assets on the date of dilution amounting to KD707,562 has been recognized as a dilution loss in the consolidated statement of changes in equity as of 31 December 2015.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

27 - Dividend distribution and Directors' remuneration

Subject to the requisite consent of the relevant authorities and approval from the general assembly, the Parent Company's Board of Directors propose not to make any distributions (2014: Nil).

The shareholders of the Parent Company at the Annual General Meeting held on 27 May 2015 approved the directors' proposal to distribute a total amount of KD24,000 as remuneration to the Board of Directors for the year ended 31 December 2014, which has been recorded as expense during the current year ended 31 December 2015.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

28 - 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.

Segmental information for the years ended 31 December 2015 and 31 December 2014 are as follows:

	Investments		Real Estate		IT services		Hotel operations		Total	
	31 Dec 2015 KD	31 Dec 2014 KD	31 Dec 2015 KD	31 Dec 2014 KD	31 Dec 2015 KD	31 Dec 2014 KD	31 Dec 2015 KD	31 Dec 2014 KD	31 Dec 2015 KD	31 Dec 2014 KD
Sales	-	-	-	-	13,595,455	11,299,069	2,105,850	2,340,576	15,701,305	13,639,645
Investments related income (realised, unrealised and dividend income)	2,635,185	4,678,652	-	-	-	-	-	-	2,635,185	4,678,652
Rental income	-	-	1,535,047	1,008,259	-	-	-	-	1,535,047	1,008,259
Change in fair value of investment properties	-	-	959,509	1,104,532	-	-	-	-	959,509	1,104,532
Management and placement fee	1,620,595	54,010	-	-	-	-	-	-	1,620,595	54,010
Share of results of associates	6,975,348	10,607,431	190,102	(778,804)	-	14,136	-	-	7,165,450	9,842,763
Realised gain on sale of investment properties	-	-	-	300,000	-	-	-	-	-	300,000
Segment income	11,231,128	15,340,093	2,684,658	1,633,987	13,595,455	11,313,205	2,105,850	2,340,576	29,617,091	30,627,861
Cost of sales and services	-	-	-	-	(11,410,795)	(9,558,866)	(1,997,846)	(2,062,719)	(13,408,641)	(11,621,585)
General and administrative expenses	(1,744,639)	(2,024,975)	(537,209)	(382,226)	(2,675,851)	(2,744,987)	(117,513)	-	(5,075,212)	(5,152,188)
Operating profit or loss	9,486,489	13,315,118	2,147,449	1,251,761	(491,191)	(990,648)	(9,509)	277,857	11,133,238	13,854,088
Interest income, other income and foreign exchange gain/(loss)	2,617,588	981,753	-	-	-	-	53,842	-	2,671,430	981,753
Impairments	(8,648,306)	(9,503,966)	-	-	(2,327,021)	(715,273)	-	-	(10,975,327)	(10,219,239)
Finance cost	(3,842,964)	(4,400,210)	(164,778)	(138,648)	(233,300)	-	-	-	(4,241,042)	(4,538,858)
Segment profit/(loss) before taxes	(387,193)	392,695	1,982,671	1,113,113	(3,051,512)	(1,705,921)	44,333	277,857	(1,411,701)	77,744
Assets	120,165,380	135,236,915	48,413,160	40,774,118	13,431,256	20,803,881	4,005,833	3,758,052	186,015,629	200,572,966
Liabilities	(101,686,161)	(116,339,924)	(11,169,371)	(8,862,106)	(8,558,722)	(10,932,945)	(662,019)	(758,790)	(122,076,273)	(136,893,765)
Net Assets	18,479,219	18,896,991	37,243,789	31,912,012	4,872,534	9,870,936	3,343,814	2,999,262	63,939,356	63,679,201

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

Geographical Segments

The geographical segments are as follows:

	Profit/(loss) before taxes		Assets		Liabilities	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	KD	KD	KD	KD	KD	KD
Domestic and GCC	(3,998,603)	(7,222,475)	102,717,925	119,680,018	121,414,253	136,134,972
Others	2,586,902	7,300,219	83,297,704	80,892,948	662,020	758,793
	(1,411,701)	77,744	186,015,629	200,572,966	122,076,273	136,893,765

29 - 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.

Significant related party transactions and balances included in the consolidated financial statements are as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Consolidated statement of financial position:		
Due from related parties and Ultimate Parent Company (refer note 16)		
- Due from Ultimate Parent Company	3,784	55,837
- Due from associates	166,730	34,281
- Due from other related party	935,034	46,203
- Accrued income and management fees	680,063	782,251
Due to related parties (refer note 21)	62,000	84,813
Transactions with related parties		
Acquisition of investment property	-	1,280,500
Transfer of investments at fair value through profit or loss	2,200,042	-
Investments in related parties		
Investments at fair value through profit or loss	926,163	1,442,385
Available for sale investments	5,591,016	6,649,636
Consolidated statement of profit or loss		
Management and placement fees		
- earned from Ultimate Parent Company	8,634	761
- earned from other related parties	4,288	1,468
Reversal of provision for impairment on receivable from Ultimate Parent Company (note 16.1)	2,188,996	-
Compensation of key management personnel of the Group:		
Short term employee benefits	240,708	317,448
End of service benefits	-	18,919
Total key management compensation	240,708	336,367

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

30 - Summary of financial assets and liabilities by category and fair value measurement

30.1 Categories of financial assets and liabilities

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

	31 Dec. 2015 KD	31 Dec. 2014 KD
Loans and receivables (at amortised cost):		
• Cash and bank balances	7,737,506	8,137,702
• Short term deposits	2,613,255	1,570,220
• Murabaha and wakala investments	1,000,000	598,354
• Accounts receivable and other assets (note 16)	15,022,589	14,000,912
	26,373,350	24,307,188
Investments at fair value through profit or loss: (note 15)		
• Held for trading	9,334,848	17,372,642
• Designated on initial recognition	2,364,343	-
	11,699,191	17,372,642
Available for sale investments (note 17)		
• At fair value	41,154,128	55,206,877
• At cost / cost less impairment (refer note 17.1)	2,835,639	3,000,542
	43,989,767	58,207,419
Total financial assets	82,062,308	99,887,249
Financial liabilities (at amortised costs) :		
• Due to banks (note 13)	2,016,195	1,508,363
• Accounts payable and other liabilities (note 21)	7,568,953	9,932,077
• Borrowings from banks and other financial institutions (note 22)	111,898,284	124,927,082
	121,483,432	136,367,522

30.2 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures financial instruments such as investments at fair value through profit or loss and available for sale investments (excluding certain available for sale investments which are carried at cost/cost less impairment for reasons specified in Note 17 to the consolidated financial statements) at fair value and measurement details are disclosed in note 30.3 to the consolidated financial statements. In the opinion of the Group's management, except for certain long term borrowing (refer note 22) 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.

The Group also measures non-financial assets such as investment properties at fair value at each annual reporting date (refer 30.4).

30.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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 (that is, unobservable inputs).

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

The level within which the 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 on a recurring basis in the statement of consolidated financial position are grouped into the fair value hierarchy as follows:

31 December 2015	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value:					
Investments at fair value through profit or loss					
- Quoted shares	a	9,334,848	-	-	9,334,848
- Unquoted shares	c	-	2,364,343	-	2,364,343
Available for sale investments					
- Quoted shares	a	13,064,544	861,897	-	13,926,441
- Unquoted shares	c	-	14,268,132	7,911,930	22,180,062
- Foreign funds	b	-	5,047,625	-	5,047,625
Total assets		22,399,392	22,541,997	7,911,930	52,853,319

31 December 2014

Financial assets at fair value:

Investments at fair value through profit or loss

- Quoted shares a 17,372,642 - - 17,372,642

Available for sale investments

- Quoted shares a 23,952,288 - - 23,952,288

- Unquoted shares c - 15,131,582 9,656,130 24,787,712

- Foreign funds b - 6,466,877 - 6,466,877

Total assets 41,324,930 21,598,459 9,656,130 72,579,519

There have been no other transfers between level 1 and 2 during the reporting period other than disclosed below.

Measurement at fair value

The Group's finance team performs valuations of financial instruments for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The methods and valuation techniques used for the purpose of measuring fair values, are unchanged compared to the previous reporting year, except for certain restricted quoted shares that have been fair valued based on valuation techniques as the Group's management believes that such valuations are more representative of the fair values of such investments based on the information available to the management. Accordingly these investments have been included under level 2.

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

Financial instruments in level 1 and 2

a) Quoted shares (level 1)

Quoted shares represent all listed equity securities which are publicly traded in stock exchanges. Where quoted prices in an active market are available, the fair value of such investments have been determined by reference to their quoted bid prices at the reporting date (Level 1) and if the market for a investment is not active, the Group has established fair value by using valuation techniques.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

Financial instruments in level 2 & 3

b) Foreign funds (level 2)

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

c) Unquoted shares (level 3)

The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or other valuation technique which includes some assumptions that are not supportable by observable market prices or rates.

Level 3 Fair value measurements

The Group's financial assets classified in level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
As at 1 January	9,656,130	20,874,776
Changes in fair value during the year recognised in other comprehensive income	83,924	1,210,027
Transfer to level 1 and 2	-	(6,928,673)
Transferred from investments carried at cost	246,265	-
Impairment loss recognised in the profit or loss	(2,074,389)	(5,500,000)
As at 31 December	7,911,930	9,656,130

The following table provides information about the sensitivity of the fair values measurement to changes in the most significant unobservable inputs:

31 December 2015

Financial asset	Valuation technique	Significant unobservable input	Range (weighted average)	Sensitivity of the fair value measurement to the input
Unquoted Shares	DCF Method	Long term growth rate for cash flows for subsequent years	5.8%	Higher the growth rate, higher the fair value.
		WACC	14.5%	Higher the WACC, lower the fair value.
		Discount for lack of marketability	15%	Higher the discount rate, lower the value.

31 December 2014

Unquoted Shares	DCF Method	Long term growth rate for cash flows for subsequent years	2%-3.5%	Higher the growth rate, higher the fair value.
		WACC	12.7%	Higher the WACC, lower the fair value.
		Discount for lack of marketability	15%	Higher the discount rate, lower the value.

The impact on profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account these premiums and discounts when pricing the investments.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

In case of AFS assets, the impairment charge in the consolidated statement of profit or loss would depend on whether the decline is significant or prolonged. An increase in the fair value would only impact equity (through consolidated statement of profit or loss and comprehensive income) and, would not have an effect on consolidated statement of profit or loss.

30.4 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2015:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investment properties				
- Buildings in Kuwait	-	-	28,723,000	28,723,000
- Properties under development in Kuwait	-	-	10,602,000	10,602,000
- Land in Jordan	-	-	430,699	430,699
	-	-	39,755,699	39,755,699

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2014:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investment properties				
- Buildings in Kuwait	-	-	24,112,000	24,112,000
- Land in Kuwait	-	-	8,313,450	8,313,450
- Land in Jordan	-	-	415,062	415,062
	-	-	32,840,512	32,840,512

The above buildings represent rental properties on freehold land categorized as "Investment Lands" (i.e land which can be used to construct multiple residential unit buildings, commercial units apartments, villas, Duplex and Studios), in Kuwait. The freehold land above also represents land categorized as investment lands. The fair value of the investment property has been determined based on valuations obtained from two independent valuers, who are specialised in valuing these types of investment properties. The significant inputs and assumptions are developed in close consultation with management. One of these valuator is a local bank (for local investment properties) who has valued the investment properties using primarily two methods, one of which is the yield method and other being a combination of the market comparison approach for the land and cost minus depreciation approach for the buildings. The other valuator who is a local reputable valuator has also valued the investment properties primarily by using a combination of the methods noted above. When the market comparison approach is used adjustments have been incorporated for factors specific to the land in question, including plot size, location and current use. For the valuation purpose, the Group has selected the lower value of the two valuations (2014: lower of two valuations). Further information regarding the level 3 fair value measurements is set out in the table below:

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

31 December 2015

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Building on freehold land - Kuwait (rental properties)	Yield method and Market comparison approach for land & cost less depreciation for buildings	Estimated market price for land (per sqm)	KD1,473- KD8,857	The higher the price per square meter, the higher the fair value
		Construction cost (per sqm)	KD59-KD264	The higher the construction cost per square meter, the higher the fair value
		Average monthly rent (per sqm)	KD2.46- KD9.02	The higher the rent per square meter, the higher the fair value
		Yield rate	4.86% to 7.2%	The higher the yield rate, the lower the value
		Vacancy rate	10%	The higher the vacancy rate the lower the fair value
Freehold land – Kuwait and Jordan	Market comparison approach	Estimated market price for land (per sqm)	KD1,574 to KD8,350	The higher the price per square meter, the higher the fair value

31 December 2014

Building on freehold land - Kuwait (rental properties)	Yield method and Market comparison approach for land & cost less depreciation for buildings	Estimated market price for land (per sqm)	KD1,217- KD8,837	The higher the price per square meter, the higher the fair value
		Construction cost (per sqm)	KD86-KD247	The higher the construction cost per square meter, the higher the fair value
		Average monthly rent (per sqm)	KD2.46- KD8.96	The higher the rent per square meter, the higher the fair value
		Yield rate	5.78% to 6.73%	The higher the yield rate, the lower the value
		Vacancy rate	10%	The higher the vacancy rate the lower the fair value
Freehold land – Kuwait and Jordan	Market comparison approach	Estimated market price for land (per sqm)	KD1,300 to KD5,728	The higher the price per square meter, the higher the fair value

Level 3 Fair value measurements

The Group measurement of investment properties classified in level 3 uses valuation techniques inputs that are not based on observable market data. The movement in the investment properties is disclosed in note 19.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

31 - Risk management objectives and policies

The Group's principal financial liabilities comprise of borrowings from banks and financial institution, due to banks and accounts payable. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as accounts receivable and other assets, cash and bank balances, short term deposits, murabaha & wakala investments and investment securities which arise directly from operations.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Parent Company's Board of Directors sets out policies for managing each of these risks as discussed below.

The Group does not use derivative financial instruments.

31.1 Market risk

The significant financial risks to which the Group is exposed to are described below:

a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group mainly operates in the Middle East and few Asians countries and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar and Saudi Riyal. The Parent Company's consolidated statement of financial position can be affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Foreign currency risk is managed on the basis of limits determined by the Parent Company's board of directors and a continuous assessment of the Groups' open positions.

The Group's significant net exposure to foreign currency denominated monetary assets less monetary liabilities at the reporting date, translated into Kuwaiti Dinars at the closing rates are as follows:

	2015 Equivalent KD	2014 Equivalent KD
US Dollar	1,301,303	918,872
Saudi Riyal	937,931	938,473

If the Kuwaiti Dinar had strengthened against the foreign currencies by 5%, then this would have the following impact on the results for the year. There is no other direct impact on the Group's equity.

	Impact on (loss)/profit for the year	
	31 Dec. 2015 KD	31 Dec. 2014 KD
US Dollar	(65,065)	(45,944)
Saudi Riyal	(46,897)	(46,924)
	(111,962)	(92,868)

If the Kuwaiti Dinar had weakened against the foreign currencies assuming the above sensitivity (5%), then there would be an equal and opposite impact on the results for the year, and the balances shown above would be positive.

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to the foreign currency risk.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to due to banks and borrowings which are at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate short term deposits and borrowings.

Positions are monitored regularly to ensure positions are maintained within established limits.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

The Group's interest rate risk sensitivity position, based on the contractual re-pricing or maturity dates of assets and liabilities, whichever dates are earlier, is as follows:

At 31 December 2015	Up to 1 month	1-3 months	3-12 months	Over 12 months	Non-interest bearing items	Total
	KD	KD	KD	KD	KD	KD
ASSETS						
Cash and bank balances	10,466	-	-	-	7,727,040	7,737,506
Short term deposits	1,252,080	1,361,175	-	-	-	2,613,255
Murabaha and wakala investments	1,000,000	-	-	-	-	1,000,000
Investments at fair value through profit or loss	-	-	-	-	11,699,191	11,699,191
Accounts receivable and other assets	-	-	-	-	15,266,515	15,266,515
Inventories	-	-	-	-	884,878	884,878
Available for sale investments	-	-	-	-	43,989,767	43,989,767
Investment in associates	-	-	-	-	53,076,227	53,076,227
Investment properties	-	-	-	-	39,755,699	39,755,699
Property and equipment	-	-	-	-	4,395,216	4,395,216
Goodwill and intangible assets	-	-	-	-	5,597,375	5,597,375
	2,262,546	1,361,175	-	-	182,391,908	186,015,629
LIABILITIES						
Borrowings from banks, other financial institutions and due to banks	9,205,570	4,120,320	645,963	99,942,626	-	113,914,479
Accounts payable and other liabilities	-	-	-	-	7,568,953	7,568,953
Provision for end of service indemnity	-	-	-	-	592,841	592,841
	9,205,570	4,120,320	645,963	99,942,626	8,161,794	122,076,273
Total interest rate sensitivity gap	(6,943,024)	(2,759,145)	(645,963)	(99,942,626)		
Cumulative interest rate sensitivity gap	(6,943,024)	(9,702,169)	(10,348,132)	(110,290,758)		

At 31 December 2014

ASSETS

Cash and bank balances	-	-	-	-	8,137,702	8,137,702
Short term deposits	729,737	616,366	224,117	-	-	1,570,220
Murabaha and wakala investments	598,354	-	-	-	-	598,354
Investments at fair value through profit or loss	-	-	-	-	17,372,642	17,372,642
Accounts receivable and other assets	-	-	-	-	14,293,065	14,293,065
Inventories	-	-	-	-	311,100	311,100
Available for sale investments	-	-	-	-	58,207,419	58,207,419
Investment in associates	-	-	-	-	50,294,896	50,294,896
Investment properties	-	-	-	-	32,840,512	32,840,512
Property and equipment	-	-	-	-	6,632,396	6,632,396
Goodwill and intangible assets	-	-	-	-	10,314,660	10,314,660
	1,328,091	616,366	224,117	-	198,404,392	200,572,966

LIABILITIES

Borrowings from banks and financial institutions and due to banks	1,508,363	10,757,170	9,343,093	104,826,819	-	126,435,445
Accounts payable and other liabilities	-	-	-	-	9,932,077	9,932,077
Provision for end of service indemnity	-	-	-	-	526,243	526,243
	1,508,363	10,757,170	9,343,093	104,826,819	10,458,320	136,893,765
Total interest rate sensitivity gap	(180,272)	(10,140,804)	(9,118,976)	(104,826,819)		
Cumulative interest rate sensitivity gap	(180,272)	(10,321,076)	(19,440,052)	(124,266,871)		

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

The Group does not have any off balance sheet financial instrument which are used to manage the interest rate risk. The following table illustrates the sensitivity of the interest bearing financial instruments on the profit/loss for the year to a reasonable possible change in interest rates with effect from the beginning of the year. Based on observation of current market conditions it has been assumed that a reasonable possible change in the interest rates would be +25 and -25 basis points for KIBOR interest rates for the current year (2014: Interest rate +25 and -25 for basis point for KIBOR). The calculation is based on the Group's financial instruments held at reporting position date. All other variables are held constant. There is no other direct impact on Group's equity.

	Increase in interest rates		Decrease in interest rates	
	Year ended 31 Dec. 2015 KD	Year ended 31 Dec. 2014 KD	Year ended 31 Dec. 2015 KD	Year ended 31 Dec. 2014 KD
(Loss)/profit for the year	(254,241)	(310,667)	254,241	310,667

c) Price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity price risk with respect to its listed equity investments which are primarily located in Kuwait, Jordan, and USA. Equity investments are classified either as investments carried at fair value through profit or loss (including trading securities) or available for sale securities.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The price risk sensitivity is determined at the rate of 10% on the exposure to equity price risks at the reporting date. If equity prices had been higher by 10%, the effect on the (loss)/profit for the year and equity for the year ended 31 December would have been as follows, with all other variables held constant:

A negative/positive number below indicates a decrease in loss or increase in equity and an increase in profit or equity respectively, where the equity prices increase by the above mentioned percentages.

	(Loss)/profit for the year		Other Comprehensive Income	
	31 Dec. 2015 KD	31 Dec. 2014 KD	31 Dec. 2015 KD	31 Dec. 2014 KD
Investments at fair value through profit or loss	933,485	1,737,264	-	-
Available for sale investments				
- Impaired investments (refer *)	312,744	922,655	-	481,440
- Un-impaired investments	-	-	2,170,775	2,042,398
	1,246,229	2,659,919	2,170,775	2,523,838

* Had equity prices been higher by 10%, the impairment which was recognised in the consolidated statement of profits or loss would be reduced and consequently the loss for the years 2015 and profit for the year 2014 would be lower and higher respectively.

For a 10% decrease in the equity prices the impaired and un-impaired available for sale investment would have increased the loss for the year by KD812,373, the investments at fair value through profit of loss and other available for sale investments would have increased the loss for the year by KD933,485 and profit or loss and other comprehensive income by KD1,671,146 respectively.

31.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarized below:

	31 Dec. 2015	31 Dec. 2014
	KD	KD
Bank balances	7,732,711	8,132,433
Short term deposits	2,613,255	1,570,220
Murabaha and wakala investments	1,000,000	598,354
Accounts receivable and other assets (refer note 16)	15,022,589	14,000,912
Available for sale investments (refer note 17)	6,690,840	8,028,730
	33,059,395	32,330,649

Except for the wakala investment referred to in note 14, accounts receivable and other assets referred to in note 16, and available for sale investments referred to in note 17, none of the above financial assets are past due or impaired. The Group continuously monitors defaults of customers and other counterparty, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. The credit risk for cash and bank balances and short term deposits is considered negligible, since the counterparties are reputable financial institutions with high credit quality. Information on other significant concentrations of credit risk is set out in note 31.3.

31.3 Concentration of assets

The distribution of financial assets and financial liabilities by geographic region is as follows:

	Kuwait KD	GCC KD	Asia & Africa KD	Europe & USA KD	Total KD
At 31 December 2015					
Cash and bank balances	7,288,996	34,144	414,366	-	7,737,506
Short term deposits	2,613,255	-	-	-	2,613,255
Murabaha and wakala investments	1,000,000	-	-	-	1,000,000
Investments at fair value through profit or loss	5,265,477	2,730,622	3,581,249	121,843	11,699,191
Accounts receivable and other assets (note 16)	13,083,498	850,205	406,357	682,529	15,022,589
Available for sale investments	19,899,612	1,011,850	14,637,475	8,440,830	43,989,767
	49,150,838	4,626,821	19,039,447	9,245,202	82,062,308
Due to banks	2,016,195	-	-	-	2,016,195
Accounts payable and other liabilities	6,906,933	-	-	662,020	7,568,953
Borrowings from banks and other financial institutions	111,898,284	-	-	-	111,898,284
	120,821,412	-	-	662,020	121,483,432

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

	Kuwait KD	GCC KD	Asia & Africa KD	Europe & USA KD	Total KD
At 31 December 2014					
Cash and bank balances	7,581,565	67,077	489,060	-	8,137,702
Short term deposits	1,570,220	-	-	-	1,570,220
Murabaha and wakala investments	598,354	-	-	-	598,354
Investments at fair value through profit or loss	12,548,333	2,924,410	1,828,578	71,321	17,372,642
Accounts receivable and other assets (note 16)	11,839,028	1,018,143	837,264	306,477	14,000,912
Available for sale investments	30,840,874	2,029,192	14,953,453	10,383,900	58,207,419
	<u>64,978,374</u>	<u>6,038,822</u>	<u>18,108,355</u>	<u>10,761,698</u>	<u>99,887,249</u>
Due to bank	1,508,363	-	-	-	1,508,363
Accounts payable and other liabilities	9,173,286	-	758,791	-	9,932,077
Borrowings from banks and financial institutions	124,927,082	-	-	-	124,927,082
	<u>135,608,731</u>	<u>-</u>	<u>758,791</u>	<u>-</u>	<u>136,367,522</u>

31.4 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The table below summarises the maturity profile of the Group's assets and liabilities. Except for investments carried at fair value through profit or loss and available for sale investments, the maturities of assets and liabilities have been determined on the basis of the remaining period from the reporting date to the contractual maturity date.

The maturity profile for investments carried at fair value through profit or loss, available for sale investments and investment properties is determined based on management's estimate of liquidation of those investments.

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

Maturity profile of assets and liabilities are as follows:

At 31 December 2015

ASSETS

	1 year KD	Over 1 year KD	Total KD
Cash and bank balances	7,737,506	-	7,737,506
Short term deposits	2,613,255	-	2,613,255
Murabaha and wakala investments	1,000,000	-	1,000,000
Investment at fair value through profit or loss	11,699,191	-	11,699,191
Accounts receivable and other assets	15,266,515	-	15,266,515
Inventories	884,878	-	884,878
Available for sale investments	6,256,519	37,733,248	43,989,767
Investment in associates	-	53,076,227	53,076,227
Investment properties	-	39,755,699	39,755,699
Property and equipment	-	4,395,216	4,395,216
Goodwill and intangible assets	-	5,597,375	5,597,375
	45,457,864	140,557,765	186,015,629

LIABILITIES

Accounts payable and other liabilities	7,568,953	-	7,568,953
Due to banks	2,016,195	-	2,016,195
Borrowings from banks and other financial institutions	11,955,658	99,942,626	111,898,284
Provision for end of service indemnity	-	592,841	592,841
	21,540,806	100,535,467	122,076,273

At 31 December 2014

ASSETS

Cash and bank balances	8,137,702	-	8,137,702
Short term deposits	1,570,220	-	1,570,220
Murabaha and wakala investments	598,354	-	598,354
Investment at fair value through profit or loss	17,372,642	-	17,372,642
Accounts receivable and other assets	14,293,065	-	14,293,065
Inventories	311,100	-	311,100
Available for sale investments	14,607,782	43,599,637	58,207,419
Investment in associates	-	50,294,896	50,294,896
Investment properties	-	32,840,512	32,840,512
Property and equipment	-	6,632,396	6,632,396
Goodwill and intangible assets	-	10,314,660	10,314,660
	56,890,865	143,682,101	200,572,966

LIABILITIES

Accounts payable and other liabilities	9,932,077	-	9,932,077
Due to banks	1,508,363	-	1,508,363
Borrowings from banks and financial institutions	20,100,261	104,826,821	124,927,082
Provision for end of service indemnity	-	526,243	526,243
	31,540,701	105,353,064	136,893,765

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

The contractual maturity of financial liabilities based on undiscounted cash flows is as follows:

31 December 2015	Up to 1 month KD	1-3 months KD	3-12 months KD	1-5 years KD	Total KD
Financial liabilities					
Accounts payable and other liabilities	-	540,000	7,028,953	-	7,568,953
Borrowings from banks and financial institutions including due to banks	9,207,789	5,036,932	3,342,054	103,981,829	121,568,604
	<u>9,207,789</u>	<u>5,576,932</u>	<u>10,371,007</u>	<u>103,981,829</u>	<u>129,137,557</u>

31 December 2014

Financial liabilities

Accounts payable and other liabilities	-	-	9,932,077	-	9,932,077
Borrowings from banks and financial institutions	1,515,467	11,707,188	12,166,300	112,300,026	137,688,981
	<u>1,515,467</u>	<u>11,707,188</u>	<u>22,098,377</u>	<u>112,300,026</u>	<u>147,621,058</u>

32 - Capital risk management

The Group's capital risk management objectives are to ensure that the Group maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, buy back shares, issue new shares or sell assets to reduce debt. See note 23.

The Parent Company is required to maintain a minimum share capital of KD15 million as it is registered as an investment company regulated by the Central Bank of Kuwait.

The capital structure of the Group consists of the following:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Borrowings from banks and financial institutions (refer note 22)	111,898,284	124,927,082
Less: Cash and cash equivalents (refer note 13)	(8,009,500)	(6,245,901)
Net debt	<u>103,888,784</u>	<u>118,681,181</u>
Total equity	<u>63,939,356</u>	<u>63,679,201</u>

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total equity as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Net debt	103,888,784	118,681,181
Total equity	<u>63,939,356</u>	<u>63,679,201</u>
Net debt to total equity ratio	<u>162%</u>	<u>186%</u>

Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements

31 December 2015

Kuwait

Notes to the Consolidated Financial Statements

33 - 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 statement of financial position. Assets under management at 31 December 2015 amounted to KD54,230,073 (2014: KD53,931,582) of which assets managed on behalf of its Ultimate Parent Company and other related parties amounted to KD52,230,986 (2014: KD52,110,885).

34 - Contingent liabilities and Capital commitments

Contingent liabilities

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 and seeking compensation of JD4,500,000 (KD1,931,631). 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 consolidated financial statements.

Guarantees and capital commitments

At the reporting date the Group had commitments of KD1,791,430 towards purchase of investments (2014: KD1,945,441) and guarantees amounting to KD7,296,552 (2014: KD7,311,950).

35 - Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation in the current year. Such reclassification does not affect previously reported net assets, net equity, net results for the year or net increase in cash and cash equivalents.