

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC)
and its subsidiaries
State of Kuwait**

**Interim condensed consolidated financial information and
independent auditors' review report for the three months
period ended 31 March 2014 (Unaudited)**

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

**Interim condensed consolidated financial information and independent auditors' review report
for the three months period ended 31 March 2014 (Unaudited)**

Index	Page
Independent auditors' review report on the interim condensed consolidated financial information	1
Interim condensed consolidated statement of financial position (Unaudited)	2
Interim condensed consolidated statement of income (Unaudited)	3
Interim condensed consolidated statement of comprehensive income (Unaudited)	4
Interim condensed consolidated statement of changes in equity (Unaudited)	5
Interim condensed consolidated statement of cash flows (Unaudited)	6
Notes to the interim condensed consolidated financial information (Unaudited)	7-22



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Independent auditors' report on review of interim condensed consolidated financial information to the Board of Directors of Arzan Financial Group for Financing and Investment KPSC (formerly International Finance Company KPSC) and subsidiaries

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arzan Financial Group for Financing and Investment KPSC (formerly International Finance Company KPSC) (a Kuwaiti Public Shareholding Company) (the "parent company") and its subsidiaries (together the "group") as at 31 March 2014 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion


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

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012 and executive regulations or of the Articles and Memorandum of Association of the parent company, as amended, have occurred during the three-month period ended 31 March 2014 that might have had a material effect on the business or financial position of the group.

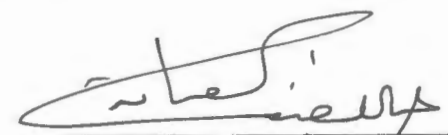
We also report that during our review and to the best of our knowledge and belief, nothing has come to our attention that indicates any material violations to Law No. (7) of 2010 relating the Capital Markets Authority and the instructions thereto, during the three month period ended 31 March 2014.

We further report that, during the course of our review, we have not become aware of any material violations during the three-months period ended 31 March 2014 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.



Qais M. Al Nisf
Licence No. 38 "A"
BDO Al Nisf & Partners

Kuwait: 27 April 2014




Abdullatif M. Al-Aiban (CPA)
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**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

**Interim condensed consolidated statement of financial position (Unaudited)
As at 31 March 2014**

		31 March 2014 (Unaudited) KD	31 December 2013 (Audited) KD	(Restated) 31 March 2013 (Unaudited) KD
Assets				
Cash and cash equivalents	4	9,194,791	12,062,146	8,522,423
Instalment credit debtors	5	9,159,943	9,454,266	21,326,058
Investments at fair value through statement of income	6	8,375,387	8,120,193	7,500,397
Accounts receivable and other assets		3,223,905	5,016,378	4,815,335
Due from related parties	17	716,499	108,920	194,562
Properties held for trading		1,844,450	1,849,329	3,236,722
Available for sale investments	7	72,936,627	75,973,784	57,659,061
Held to maturity investment		-	283,050	283,050
Investment in associates	8	53,989,912	54,071,423	32,857,948
Investment properties		1,935,420	1,950,185	1,994,483
Property and equipment		2,731,068	2,725,633	2,762,166
Total assets		<u>164,108,002</u>	<u>171,615,307</u>	<u>141,152,205</u>
Liabilities and equity				
Liabilities				
Due to banks	9	1,096,379	2,374,655	1,835,840
Accounts payable and other liabilities		6,730,126	7,492,130	6,269,672
Due to related parties	17	272,193	271,060	6,957,179
Term loans	10	11,000,000	16,000,000	1,280,100
Murabaha payable	11	6,000,000	6,800,000	7,600,000
Provision for employees' end of service benefits		585,061	579,856	563,212
Total liabilities		<u>25,683,759</u>	<u>33,517,701</u>	<u>24,506,003</u>
Equity				
Share capital		80,288,257	80,288,257	80,288,257
Share premium		32,950,027	32,950,027	32,950,027
Treasury shares	12	(590,561)	(597,141)	(931,786)
Legal reserve		6,967,704	6,977,142	7,087,901
Voluntary reserve		-	-	151,824
Foreign currency translation reserve		(83,710)	3,718	(135,494)
Fair value reserve		11,410,011	14,565,861	7,183,868
Accumulated losses		(10,903,311)	(12,709,887)	(14,505,946)
Total equity attributable to the owners of the parent company		<u>120,038,417</u>	<u>121,477,977</u>	<u>112,088,651</u>
Non-controlling interests	20	18,385,826	16,619,629	4,557,551
Total equity		<u>138,424,243</u>	<u>138,097,606</u>	<u>116,646,202</u>
Total liabilities and equity		<u>164,108,002</u>	<u>171,615,307</u>	<u>141,152,205</u>

The accompanying notes on pages 7 to 22 form an integral part of this interim condensed consolidated financial information.



Jassem Hasan Zainal
Chairman and Chief Executive Officer

Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait

Interim condensed consolidated statement of income (Unaudited)
For the three months period ended 31 March 2014

	Notes	Three months ended 31 March (Unaudited)	
		2014 KD	2013 KD
Revenue			
Income from instalment credit debtors		120,985	509,025
Rental income		40,677	30,440
Interest income		241,718	108,003
Gain on sale of investments at fair value through statement of income		96,998	34,791
Change in fair value of investments at fair value through statement of income		856,143	(295,772)
Gain on sale of available for sale investments		631,056	1,158,937
Share of results of associates	8	86,896	(105,244)
Gain on sale of investment in associate		-	184,625
Loss on foreign currency exchange		(31,114)	(73,987)
Dividend income		959,948	399,331
Brokerage income		85,278	49,712
Advisory fees		322,766	-
Other income		33,538	78,792
		<u>3,444,889</u>	<u>2,078,653</u>
Expenses and other charges			
Staff costs		(639,322)	(380,488)
General and administrative expenses		(430,620)	(422,183)
Finance costs		(480,284)	(257,366)
Charge for provision for instalment credit debtors	4	(25,388)	-
Depreciation		(47,134)	(42,849)
Impairment of available for sale investments		-	(380,702)
		<u>(1,622,748)</u>	<u>(1,483,588)</u>
Profit for the period before provisions for contribution to KFAS, National Labour Support Tax and Zakat		1,822,141	595,065
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		-	-
National Labour Support Tax		(44,345)	(16,524)
Zakat		(8,070)	(1,318)
Profit for the period		<u>1,769,726</u>	<u>577,223</u>
Attributable to:			
Owners of the parent company		1,806,576	575,546
Non-controlling interests		(36,850)	1,677
		<u>1,769,726</u>	<u>577,223</u>
Basic and diluted earnings per share attributable to the owners of the parent company (Fils)	13	<u>2.266</u>	<u>0.723</u>

The accompanying notes on pages 7 to 22 form an integral part of this interim condensed consolidated financial information.

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

**Interim condensed consolidated statement of comprehensive income (Unaudited)
For the three months period ended 31 March 2014**

	Three months ended 31 March (Unaudited)	
	2014	2013
	KD	KD
Profit for the period	<u>1,769,726</u>	<u>577,223</u>
<i>Other comprehensive (loss)/income items:</i>		
<i>Items that may be reclassified subsequently to consolidated statement of income</i>		
Exchange differences arising on translation of foreign operations	(20,448)	47,945
Available for sale investments:		
- Net change in fair value	(2,689,246)	(1,564,611)
- Transferred to consolidated statement of income on impairment	-	380,702
- Transferred to consolidated statement of income on sale	<u>(466,604)</u>	<u>(247,810)</u>
Total other comprehensive loss for the period	<u>(3,176,298)</u>	<u>(1,383,774)</u>
Total comprehensive loss for the period	<u>(1,406,572)</u>	<u>(806,551)</u>
Attributable to:		
Owners of the parent company	(1,436,702)	(802,089)
Non-controlling interests	<u>30,130</u>	<u>(4,462)</u>
	<u>(1,406,572)</u>	<u>(806,551)</u>

The accompanying notes on pages 7 to 22 form an integral part of this interim condensed consolidated financial information.

Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait

Interim condensed consolidated statement of changes in equity (Unaudited)
For the three months period ended 31 March 2014

	Equity attributable to the owners of the parent company										
	Share capital	Share premium	Treasury shares	Legal reserve	Voluntary reserve	Foreign currency translation reserve	Fair value reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 January 2014 (audited)	80,288,257	32,950,027	(597,141)	6,977,142	-	3,718	14,565,861	(12,709,887)	121,477,977	16,619,629	138,097,606
Profit/(loss) for the period	-	-	-	-	-	-	-	1,806,576	1,806,576	(36,850)	1,769,726
Other comprehensive (loss)/income	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(87,428)	-	-	(87,428)	66,980	(20,448)
Available for sale investments:	-	-	-	-	-	-	-	-	-	-	-
- Net change in fair value	-	-	-	-	-	-	(2,689,246)	-	(2,689,246)	-	(2,689,246)
- Transferred to consolidated statement of income on sale	-	-	-	-	-	-	(466,604)	-	(466,604)	-	(466,604)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(87,428)	(3,155,850)	1,806,576	(1,436,702)	30,130	(1,406,572)
Purchase of treasury shares	-	-	(30,873)	-	-	-	-	-	(30,873)	-	(30,873)
Sales of treasury shares	-	-	37,453	(9,438)	-	-	-	-	28,015	-	28,015
Transactions with owners	-	-	6,580	(9,438)	-	-	-	-	(2,858)	-	(2,858)
Disposal of partial interest in subsidiaries (note 20)	-	-	-	-	-	-	-	-	-	1,736,067	1,736,067
Balance at 31 March 2014 (unaudited)	80,288,257	32,950,027	(590,561)	6,967,704	-	(83,710)	11,410,011	(10,903,311)	120,038,417	18,385,826	138,424,243
Balance at 1 January 2013 (as previously reported) (audited)	80,288,257	32,950,027	(931,786)	7,087,901	151,824	(189,578)	8,615,587	(15,081,492)	112,890,740	612,786	113,503,526
Prior year adjustment (note 21)	-	-	-	-	-	-	-	-	-	2,572,270	2,572,270
Balance at 1 January 2013 (as restated)	80,288,257	32,950,027	(931,786)	7,087,901	151,824	(189,578)	8,615,587	(15,081,492)	112,890,740	3,185,056	116,075,796
Profit for the period	-	-	-	-	-	-	-	575,546	575,546	1,677	577,223
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	-	54,084	-	-	54,084	(6,139)	47,945
Available for sale investments:	-	-	-	-	-	-	-	-	-	-	-
- Net change in fair value	-	-	-	-	-	-	(1,564,611)	-	(1,564,611)	-	(1,564,611)
- Transferred to consolidated statement of income on sale	-	-	-	-	-	-	(247,810)	-	(247,810)	-	(247,810)
- Transferred to consolidated statement of income on impairment	-	-	-	-	-	-	380,702	-	380,702	-	380,702
Total comprehensive income/(loss) for the period	-	-	-	-	-	54,084	(1,431,719)	575,546	(802,089)	(4,462)	(806,551)
Non controlling interests arising on business combination	-	-	-	-	-	-	-	-	-	1,376,957	1,376,957
Balance at 31 March 2013 (unaudited)	80,288,257	32,950,027	(931,786)	7,087,901	151,824	(135,494)	7,183,868	(14,505,946)	112,088,651	4,557,551	116,646,202

The accompanying notes on pages 7 to 22 form an integral part of this interim condensed consolidated financial information.

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

**Interim condensed consolidated statement of cash flows (Unaudited)
For the three months period ended 31 March 2014**

	Notes	Three months ended 31 March (Unaudited)	
		2014	(Restated) 2013
		KD	KD
OPERATING ACTIVITIES			
Profit for the period		1,769,726	577,223
<i>Adjustments for:</i>			
Interest income		(241,718)	(108,003)
Gain on sale of available for sale investments		(631,056)	(1,158,937)
Share of results of associates	8	(86,896)	105,244
Gain on sale of investment in associate		-	(184,625)
Dividend income		(959,948)	(399,331)
Finance costs		480,284	257,366
Charge for provision for installment credit debtors		25,388	-
Depreciation		47,134	42,849
Impairment of available for sale investments		-	380,702
Provision for end of service indemnity		30,214	86,618
		<u>433,128</u>	<u>(400,894)</u>
Changes in operating assets and liabilities:			
Instalment credit debtors		268,935	1,794,439
Investments at fair value through statement of income		(255,194)	125,656
Accounts receivable and other assets		1,792,896	214,190
Held to maturity investments		283,050	-
Due from / to related parties		(606,446)	5,945,891
Accounts payable and other liabilities		(762,004)	(297,855)
Cash from operations		<u>1,154,365</u>	<u>7,381,427</u>
End of service indemnity paid		(25,009)	(19,056)
Net cash generated from operating activities		<u>1,129,356</u>	<u>7,362,371</u>
INVESTING ACTIVITIES			
Purchase of property and equipment - net		(52,569)	(7,911)
Purchase of investment in an associate	8	-	(1,935,116)
Proceeds from sale of investment in an associate	8	-	1,322,188
Purchase of available for sale investments		(1,886,533)	(9,848,875)
Proceeds from sale of available for sale investments		2,398,911	3,338,648
Dividend income received		959,948	399,331
Dividend from associates	8	187,613	19,525
Interest income received		241,718	108,003
Net cash generated from / (used in) investing activities		<u>1,849,088</u>	<u>(6,604,207)</u>
FINANCING ACTIVITIES			
Net change in due to banks		(1,278,276)	(683,440)
Repayment of term loans		(5,000,000)	(426,700)
Repayment of murabaha payable		(800,000)	(800,000)
Purchase of treasury shares		(30,873)	-
Sale of treasury shares		28,015	-
Non controlling interest arising on business combination		1,736,067	1,376,957
Finance costs paid		(480,284)	(257,366)
Net cash used in financing activities		<u>(5,825,351)</u>	<u>(790,549)</u>
Net decrease in cash and cash equivalents		<u>(2,846,907)</u>	<u>(32,385)</u>
Translation of foreign operations		(20,448)	47,945
Cash and cash equivalents at beginning of the period		12,062,146	8,506,863
Cash and cash equivalents at end of the period	4	<u>9,194,791</u>	<u>8,522,423</u>

The accompanying notes on pages 7 to 22 form an integral part of this interim condensed consolidated financial information.

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014**

1. Incorporation and activities

International Finance Company – KPSC (the “parent company”) was incorporated in Kuwait on 15 April 1980 in accordance with the Companies Law under the name of International Transport Equipment Company – KSC (Closed). On 14 December 1996 an Extraordinary General Assembly resolved to change the name of the parent company to International Murabaha Company – KSC (Closed). Later, on 24 April 2002 an Extraordinary General Assembly resolved to change the name of the parent company to International Finance Company – KPSC and to expand its permitted activities.

The extraordinary general assembly held on 24 July 2013 approved to change the name of the parent company from International Finance Company – KSCC to Arzan Financial Group for Financing and Investment – KPSC which has been registered in the commercial register under No. 29629 on 11 November 2013.

The parent company is listed on the Kuwait Stock Exchange and is governed under the directives of Central Bank of Kuwait and Capital Markets Authority.

The group comprises the parent company and its subsidiaries (together referred as “the group”).

The principal activities of the parent company are as follows:

- 1- Trading through transportation and related heavy equipment,
- 2- Financing the purchases of capital commodities and durable and non durable goods,
- 3- Leasing the capital goods and the durable goods,
- 4- Granting short and medium term loans for of individuals and legal entities,
- 5- Real estate investment transactions to manage and develop residential land, and constructing of commercial and residential units and complexes in order to sell them in cash or instalments or rent them,
- 6- Managing all types and forms of financial portfolios, investing and developing of funds by utilising them locally and globally for the parent company or on behalf of its customers including required lending and borrowing operations,
- 7- Mediation in lending, borrowing, brokerage and guarantees transactions for a commission or fee,
- 8- Financing and brokerage in the international and local trading,
- 9- Managing and establishing mutual funds in accordance with the law and after obtaining the approval of the competent authorities,
- 10- Brokerage in international investment instruments and securities,
- 11- Investment in real estate, industrial, agricultural and other economic sectors, either directly or by participating in the establishment of specialised entities or buying the shares of these entities,
- 12- Buying and selling of foreign currencies and trading in precious metals for the parent company only,
- 13- Conducting researches and studies related to real estate projects as well as those relating to the utilisation of funds for the parent company or for others,
- 14- Trading in securities such as shares, investment certificates and the like.
- 15- The parent company may have interest or participate in any way with the companies practicing similar activities or which may assist it to achieve its objectives inside or outside the State of Kuwait. The company may also purchase these companies or affiliate them therewith.

**Arzan Financial Group for Financing and Investment KPSC
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State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014**

1. Incorporation and activities (Continued)

The Companies Law issued on 26 November 2012 by Decree Law no. 25 of 2012 (the "Companies Law"), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no. 97 of 2013 (the Decree). The Executive Regulations of the new amended law issued on 29 September 2013 were published in the official Gazette on 6 October 2013. As per article 3 of the executive regulations, the existing companies have one year from the date of publishing the executive regulations to comply with the new amended law and the related regulations.

The address of the parent company's registered office is P.O. Box 26442, Safat 13125, State of Kuwait.

This interim condensed consolidated financial information for the three-month period ended 31 March 2014 was approved for issuance by the parent company's board of directors for issue on 27 April 2014.

2. Basis of presentation

This interim condensed consolidated financial information has been prepared in accordance with IAS 34 Interim Financial Reporting except for regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (CBK) as noted below.

These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the CBK's requirement for a minimum general provision. The impairment provision for loans and advances complies in all material respects with the specific provision requirements of the CBK and IFRS. According to the CBK requirements the basis of making general provisions on facilities at the rate of 1% for cash facilities and 0.5% for non cash facilities.

This interim condensed consolidated financial information does not include all information and disclosures required for complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. For further details, refer to the consolidated financial statements and their related disclosures for the year ended 31 December 2013.

Operating results for the three-month period ended 31 March 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014. The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) which is the functional currency of the parent company.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the most recent annual consolidated financial statements for the year ended 31 December 2013, except for the following:

**Arzan Financial Group for Financing and Investment KPSC
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**Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014**

2. Basis of preparation (Continued)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Amendments were made to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement;
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries;
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

These amendments became effective on 1 January 2014. These amendments had no impact on the group.

IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendment to IAS 32 Financial Instruments: Presentation clarifies certain aspects because of diversity in application of the requirements on offsetting, focusing on the following aspects:

- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realisation and settlement;
- the offsetting of collateral amounts;
- the unit of account for applying the offsetting requirements.

These amendments became effective on 1 January 2014. These amendments had no impact on the group.

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendment to IAS 36 Impairment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

These amendments became effective on 1 January 2014. These amendments had no impact on the group.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendment to IAS 39 Financial Instruments: Recognition and Measurement makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

These amendments became effective on 1 January 2014. These amendments had no impact on the group.

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014**

2. Basis of preparation (Continued)

IFRIC 21 Levies

The interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time;
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

These amendments became effective on 1 January 2014. These amendments had no impact on the group.

IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, 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 pronouncement. Management is yet to determine impact of these pronouncements in the interim condensed consolidated financial information. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below.

<u>Standard or Interpretation</u>	<u>Effective for annual periods beginning</u>
IFRS 9 Financial Instruments: Classification and Measurement	No Date
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities, and hedge accounting have been issued. Chapter dealing with impairment methodology is still being developed. The effective date for the entire standard will be determined after completion of the new impairment model.

Further, in November 2013, the IASB made limited modifications to IFRS 9's financial asset classification model to address application issues.

The group's management have yet to assess the impact of this new standard on the group's consolidated financial statements. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014**

2. Basis of preparation (Continued)

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Amends IAS 19 Employee Benefits to 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.

Annual Improvements to IFRSs 2010–2012 Cycle (Effective date 1 July 2014, with earlier application permitted):

(i) *Amendments to IFRS 2*-the definitions of key terms including market, performance, service, and vesting conditions are now clearly separated.

(ii) *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 profit or loss.

(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 IFRS 13*- the addition to the Basis for Conclusions confirms the existing measurement treatment of short-term receivables and payables.

(v) *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.

(vi) *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.

Annual Improvements to IFRSs 2011–2013 Cycle (Effective date 1 July 2014, with earlier application permitted):

(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 permit 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*- the amendment emphasises that whether the acquisition of an investment property is a business combination requires judgement of the specific requirements of IFRS 3, independently from the requirements of IAS 40, including whether the investment property is owner occupied.

Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014

3. Judgement and estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended 31 December 2013.

4. Cash and cash equivalents

	31 March 2014 (Unaudited)	31 December 2013 (Audited)	(Restated) 31 March 2013 (Unaudited)
	KD	KD	KD
Cash and bank balances	6,403,383	8,947,736	5,874,534
Term deposits – one to three months	2,791,408	3,114,410	2,677,889
	<u>9,194,791</u>	<u>12,062,146</u>	<u>8,552,423</u>

The term deposits carry an effective interest of 1.75% per annum (31 December 2013: 1.75% per annum and 31 March 2013: 6.5% per annum)

5. Instalment credit debtors

	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
	KD	KD	KD
Gross instalment credit debtors	23,163,560	23,401,664	37,723,953
Deferred income	(1,015,530)	(983,643)	(1,066,849)
	<u>22,148,030</u>	<u>22,418,021</u>	<u>36,657,104</u>
Specific provision for doubtful debts	(10,911,217)	(10,957,594)	(14,764,958)
General provision for doubtful debts	(2,076,870)	(2,006,161)	(566,088)
	<u>9,159,943</u>	<u>9,454,266</u>	<u>21,326,058</u>

Gross instalment credit debtors are repayable as follows:

	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
	KD	KD	KD
Within one year	19,131,903	19,278,570	29,063,980
More than one year	4,031,657	4,123,094	8,659,973
	<u>23,163,560</u>	<u>23,401,664</u>	<u>37,723,953</u>

Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014

5. Installment credit debtors (Continued)

The effective annual interest rate earned on instalment credit ranged from 3% to 9% per annum (31 December 2013: 3% to 9% per annum and 31 March 2013: 3% to 9% per annum).

The provision for doubtful debts is in agreement, in all material respect, with the specific provision requirements of the Central Bank of Kuwait and IFRS. Furthermore, a general provision of 1% on instalment credit balances, where no specific provision is made, is taken in accordance with the instructions of the Central Bank of Kuwait.

Included within the gross installment credit debtors is an amount of KD 3,194,019 (31 December 2013: KD 3,148,937 and 31 March 2013: KD 13,568,678) in respect of related parties (note 17). This amount is secured by way of pledge of certain local and foreign shares.

The gross installment credit debtors include an amount of KD 191,102 (31 December 2013: KD 252,719 and 31 March 2013: KD 590,819) representing a portfolio of customer loans which have been discounted to a bank according to a debt factoring agreement (note 9).

6. Investments at fair value through statement of income

	31 March 2014 (Unaudited) KD	31 December 2013 (Audited) KD	31 March 2013 (Unaudited) KD
Local quoted shares	2,138,531	2,018,191	1,570,445
Foreign quoted shares	222,106	191,595	237,747
Investment in managed portfolios	<u>6,014,750</u>	<u>5,910,407</u>	<u>5,692,205</u>
	<u>8,375,387</u>	<u>8,120,193</u>	<u>7,500,397</u>

An investment portfolio with a carrying value of KD 6,014,750 (31 December 2013: KD 5,910,407 and 31 March 2013: KD 5,692,205) is pledged against term loans and murabaha payable (notes 10 and 11).

7. Available for sale investments

	31 March 2014 (Unaudited) KD	31 December 2013 (Audited) KD	31 March 2013 (Unaudited) KD
Local quoted shares	35,696,875	39,653,408	21,630,751
Local unquoted shares	11,685,256	11,963,271	25,125,166
Foreign unquoted shares	8,930,488	7,086,319	8,194,002
Investment in managed portfolios	16,349,582	17,081,333	2,509,098
Investment funds	<u>274,426</u>	<u>189,453</u>	<u>200,044</u>
	<u>72,936,627</u>	<u>75,973,784</u>	<u>57,659,061</u>

The unquoted investments include investments with a carrying value of KD 2,279,302 (31 December 2013: KD 2,755,147 and 31 March 2013: KD 9,859,470) stated at cost due to the unavailability of reliable sources to determine their fair values. Management studies and cash flow expectations for these investments do not indicate any impairment for these investments.

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014

7. Available for sale investments (Continued)

Quoted and unquoted local shares and investment in managed portfolios with an aggregate carrying value of KD 30,941,178 (31 December 2013: KD 31,603,700 and 31 March 2013: KD 33,398,934) are pledged against due to banks, term loans and murabaha payable (notes 9, 10 and 11).

The investments in managed funds are carried at net asset value provided by the fund managers which represent the best estimate of fair value available for these investments.

8. Investment in associates

Below is the movement in the investment in associates during the period:

	31 March 2014 (Unaudited) KD	31 December 2013 (Audited) KD	(Restated) 31 March 2013 (Unaudited) KD
At 1 January	54,071,423	33,408,914	33,408,914
Additions	-	22,516,609	1,935,116
Disposal	-	(1,131,876)	-
Share of results	86,896	1,227,119	(105,244)
Reduction of associates' capital	(34,692)	(1,223,750)	(1,223,750)
Foreign currency translation of foreign associates	53,898	(7,992)	(1,137,563)
Dividends from associates	(187,613)	(717,601)	(19,525)
	<u>53,989,912</u>	<u>54,071,423</u>	<u>32,857,948</u>

9. Due to banks

This represents credit facilities granted to the group from a local bank in the form of overdraft facilities. The credit facilities carry interest rate of 4.5% per annum (31 December 2013: 4.5% per annum and 31 March 2013: 4.5% per annum) and payable on demand. Credit facilities are granted against pledge of certain available for sale investments (note 7).

This balance also includes an amount of KD 202,637 (31 December 2013: KD 238,222 and 31 March 2013: KD 440,784) due to a bank against the factoring of certain instalment credit debtors (note 5).

10. Term loans

Term loans are repayable to local and foreign banks in different periods and bear an interest at annual rate of 4.5% to 5.5% (31 December 2013: 4.5% to 5% and 31 March 2013: 5.5%).
Loans are repayable as follows:

	31 March 2014 (Unaudited) KD	31 December 2013 (Audited) KD	31 March 2013 (Unaudited) KD
Within one year	6,700,000	11,190,000	1,280,100
After one year	4,300,000	4,810,000	-
	<u>11,000,000</u>	<u>16,000,000</u>	<u>1,280,100</u>

Loans are all dominated in Kuwaiti Dinars and are secured by the assignment of installment credit contracts and pledge of investments at fair value through statement of income, available for sale investments, investment properties and property and equipment (notes 5, 6 and 7).

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014**

11. Murabaha payable

This represents Islamic financing obtained from a local financial institution, carrying an effective profit rate of 5 % per annum (31 December 2013: 6% per annum and 31 March 2013: 6% per annum). This financing is secured by way of mortgage of certain investments at fair value through statement of income and available for sale investments (notes 6 and 7).

Murabaha payable is due as follows:

	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
	KD	KD	KD
Within one year	6,000,000	1,600,000	1,600,000
After one year	-	5,200,000	6,000,000
	<u>6,000,000</u>	<u>6,800,000</u>	<u>7,600,000</u>

12. Treasury shares

	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Number of treasury shares	5,523,215	5,483,436	6,363,449
Percentage of share capital	0.688%	0.683%	0.793%
Market value (KD)	408,718	427,708	426,351
Cost (KD)	<u>590,561</u>	<u>597,141</u>	<u>931,786</u>

Reserves of the parent company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

13. Basic and diluted earnings per share attributable to the owners of the parent company

Basic and diluted earnings per share is computed by dividing the profit for the period attributable to the owners of the parent company by the weighted average number of shares outstanding during the period less treasury shares.

The parent company had no outstanding dilutive potential shares.

	Three months ended 31 March (Unaudited)	
	2014	2013
Profit for the period attributable to the owners of the parent company– (KD)	<u>1,806,576</u>	<u>575,546</u>
Weighted average number of shares issued (excluding treasury shares)	<u>797,381,680</u>	<u>796,519,107</u>
Basic and diluted earnings per share attributable to the owners of the parent company (Fils)	<u>2.266</u>	<u>0.723</u>

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014**

14. Annual general assembly

The Annual General Assembly of the parent company for the year ended 31 December 2013 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2013 have not yet been approved. The interim condensed consolidated financial information for the three-month period ended 31 March 2014 does not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2013. The directors of the parent company did not propose any dividends for the year ended 31 December 2013.

15. Fiduciary accounts

Investment portfolios managed by the group and assets held in trust or in a fiduciary capacity and related liabilities are not treated as the group's assets or liabilities and accordingly are not included in the interim condensed consolidated financial position. Total fiduciary assets as at the financial position date were KD 2,549,400 (31 December 2013: KD 2,456,041 and 31 March 2013: KD 2,479,580).

16. Segmental information

Operating segments are identified based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and is reconciled to group profit or loss. The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its annual audited consolidated financial statements.

The group's principal trading activities are carried out within the State of Kuwait and all of the group's assets and liabilities are located in Kuwait in addition to GCC, Middle East and other countries. The group operates in four business segments; instalment credit, investments, real estate and financial brokerage. The segmental analysis of total revenue, profit/(loss) for the period, total assets and total liabilities for the business segments are as follows:

The revenues, (loss)/profit, assets and liabilities generated by the group from business segments are summarised as follows:

	<u>Instalment credit</u> KD	<u>Investments</u> KD	<u>Real estate</u> KD	<u>Financial brokerage</u> KD	<u>Total</u> KD
Three months period ended 31 March 2014					
Total revenue	136,694	3,252,604	40,677	14,914	3,444,889
(Loss) /profit for the period	(602,529)	2,474,763	25,308	(127,800)	1,796,726
As at 31 March 2014					
Total assets	20,080,627	119,665,545	6,379,870	17,981,960	164,108,002
Total liabilities	15,033,378	8,113,074	-	2,537,307	25,683,759
Net assets	5,047,249	111,552,471	6,379,870	15,444,653	138,424,243

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014

16. Segmental information (Continued)

	<u>Instalment credit</u>	<u>Investments</u>	<u>Real estate</u>	<u>Financial brokerage</u>	<u>Total</u>
	KD	KD	KD	KD	KD
Three months period ended 31 March 2013					
Total revenue	509,025	1,489,476	49,712	30,440	2,078,653
(Loss) /profit for the period	(306,888)	919,295	(50,858)	15,674	577,223
As at 31 March 2013					
Total assets (restated)	32,993,723	82,420,145	17,907,133	7,831,204	141,152,205
Total liabilities	4,740,934	17,093,526	2,671,543	-	24,506,003
Net assets	28,252,789	65,326,619	15,235,590	7,831,204	116,646,202

17. Related party transactions

Related parties represent associates, major shareholders, directors and key management personnel of the group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the group's management. Transactions between the parent company and its subsidiaries which are related parties of the parent company have been eliminated on consolidation and are not disclosed in this note.

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

	31 March 2014 (Unaudited)	31 December 2013 (Audited)	(Restated) 31 March 2013 (Unaudited)
	KD	KD	KD
Interim condensed consolidated statement of financial position			
Instalment credit debtors (note 5)	3,194,019	3,148,937	13,568,678
Due from related parties	716,499	108,920	194,562
Due to shareholders (included in accounts payable and other liabilities)	224,113	224,113	224,113
Due to related parties	272,193	271,060	6,957,179
		Three months ended 31 March (Unaudited)	
		2014	2013
		KD	KD
Interim condensed consolidated statement of income			
Income from instalment credit debtors		45,082	188,874
Gain on sale of investment in an associate		-	184,625
Gain on sale of available for sale investments		-	461,241
Interest income		-	55,149
Key management compensation:			
Salaries and other short term benefits		74,128	39,314
Provision for end of service indemnity		7,877	4,180

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014

18. Summary of financial assets and liabilities by category

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

	31 March 2014 (Unaudited) KD	31 December 2013 (Audited) KD	(Restated) 31 March 2013 (Unaudited) KD
Financial assets:			
<i>Loans and receivables at amortised cost:</i>			
Cash and cash equivalents	9,194,791	12,062,146	8,522,423
Instalments credit debtors	9,159,943	9,454,266	21,326,058
Accounts receivable and other assets	3,223,905	5,016,378	4,815,335
Due from related parties	716,499	108,920	194,562
<i>Held to maturity investments at amortised cost:</i>			
Held to maturity investment	-	283,050	283,050
<i>Investments at fair value through statement of income:</i>			
Investments at fair value through statement of income	8,375,387	8,120,193	7,500,397
<i>Available for sale investments:</i>			
Available for sale investments	70,657,325	73,218,637	47,799,591
Total	<u>101,327,850</u>	<u>108,263,590</u>	<u>90,441,416</u>
Financial liabilities:			
<i>Financial liabilities at amortised cost</i>			
Due to banks	1,096,379	2,374,655	1,835,840
Accounts payable and other liabilities	6,730,126	7,492,130	6,269,672
Due to related parties	272,193	271,060	6,957,179
Term loans	11,000,000	16,000,000	1,280,100
Murabaha payable	6,000,000	6,800,000	7,600,000
Provision for end of service indemnity	585,061	579,856	563,212
Total	<u>25,683,759</u>	<u>33,517,701</u>	<u>24,506,003</u>

Fair value is 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. In the opinion of the group's management, except for certain available for sale investments which are carried at cost for reasons specified in note 7 to this interim condensed consolidated financial information, the carrying amounts of financial assets and liabilities as at 31 March 2014 approximate their fair values.

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

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014

18. Summary of financial assets and liabilities by category (Continued)

Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

31 March 2014 (Unaudited)

	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
Investments at fair value through statement of income:				
Local quoted shares	2,138,531	-	-	2,138,531
Foreign quoted shares	222,106	-	-	222,106
Investment in managed portfolios	6,014,750	-	-	6,014,750
Available for sale investments:				
Local quoted shares	35,696,875	-	-	35,696,875
Local unquoted shares	-	-	24,203,030	24,203,030
Foreign unquoted shares	-	-	7,777,112	7,777,112
Investment in managed portfolios	2,705,882	-	-	2,705,882
Investment funds	-	274,426	-	274,426
	<u>46,778,144</u>	<u>274,426</u>	<u>31,980,142</u>	<u>79,032,712</u>

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014

18. Summary of financial assets and liabilities by category (Continued)

31 December 2013 (Audited)

	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
Investments at fair value through statement of income:				
Local quoted shares	2,018,191	-	-	2,018,191
Foreign quoted shares	191,595	-	-	191,595
Investment in managed portfolios	5,910,407	-	-	5,910,407
Available for sale investments:				
Local quoted shares	39,653,408	-	-	39,653,408
Local unquoted shares	-	-	24,128,543	24,128,543
Foreign unquoted shares	-	-	5,809,600	5,809,600
Investment in managed portfolios	3,437,633	-	-	3,437,633
Investment funds	-	189,453	-	189,453
	<u>51,211,234</u>	<u>189,453</u>	<u>29,938,143</u>	<u>81,338,830</u>

31 March 2013 (Unaudited)

	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
Investments at fair value through statement of income:				
Local quoted shares	1,570,445	-	-	1,570,445
Foreign quoted shares	237,747	-	-	237,747
Investment in managed portfolios	5,692,205	-	-	5,692,205
Available for sale investments:				
Local quoted shares	21,630,751	-	-	21,630,751
Local unquoted shares	-	-	23,459,698	23,459,698
Investment funds	2,509,098	200,044	-	2,709,142
	<u>31,640,246</u>	<u>200,044</u>	<u>23,459,698</u>	<u>55,299,988</u>

There have been no transfers between levels during the reporting period.

Fair value measurements

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

	<u>31 March</u> <u>2014</u> <u>(Unaudited)</u> KD	<u>31 December</u> <u>2013</u> <u>(Audited)</u> KD	<u>31 March</u> <u>2013</u> <u>(Unaudited)</u> KD
Opening balance	29,938,143	22,940,163	14,773,511
- Change in fair value	2,041,999	(1,801,307)	-
- Purchases	-	8,799,287	8,686,187
Closing balance	<u>31,980,142</u>	<u>29,938,143</u>	<u>23,459,698</u>

Changing inputs to the level 3 valuations to reasonably possible alternative assumption would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014**

18. Summary of financial assets and liabilities by category (Continued)

Measurement at fair value

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

a) Quoted securities

All the listed equity securities are publicly traded on a recognized stock exchange. Fair value has been determined by referring to their quoted bid prices at the reporting date.

b) Managed funds

The underlying investments of managed funds primarily comprise of quoted and unquoted securities. The fair value of the quoted underlying securities has been determined by reference to their quoted bid prices at the reporting date. The fair value of the unquoted underlying securities has been determined using valuation techniques that are normally used by fund managers. All significant inputs into the model are based on observable market prices

c) Unquoted securities

Unlisted securities are measured at fair value estimated using various models like discounted cash flow model, and market multiples which includes some assumptions that are not supportable by observable market prices or rates or the latest financial statements or information available on these investments the future financial flows of which are unpredictable.

19. Financial risk management

All aspects of the group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements for the year ended 31 December 2013.

20. Change in the group's ownership interest in a subsidiaries

During the period, the group disposed of 12.331% and 11.864% of its interest in Hilltop 3 UK Limited and Hilltop 4 UK Limited respectively, reducing its continuing interest to 31.199% and 33.546% respectively.

The proceeds on disposal were received in cash. An amount of KD 754,603 and KD 974,332 being the proportionate share of the carrying amount of the net assets of Hilltop 3 UK Limited and Hilltop 4 UK Limited have been transferred to non-controlling interest. There were no difference between the increase in the non-controlling interest and the consideration received therefore there was no effect on the retained earnings for the period.

**Arzan Financial Group for Financing and Investment KPSC
(formerly International Finance Company KPSC) and subsidiaries
State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2014**

21. Prior year/period adjustments

In the group's 2013 annual consolidated financial statements, the group restated its prior year financial statements as a result of the adoption of IFRS 10. The interim condensed consolidated financial information has also been restated to reflect such adjustments. The application of IFRS 10 affected the accounting of the group's 22.18% and 33.79 % interest in the equity shares of Hilltop 1 UK Limited and Hilltop 2 UK Limited respectively. Hilltop 1 UK Limited and Hilltop 2 UK Limited were classified as investment in associates and was accounted for using the equity method in the prior period comparative. At the date of initial application of IFRS 10 (1 January 2013), the group assessed that it controls Hilltop 1 UK Limited And Hilltop 2 UK Limited.

Consequently, the group has consolidated the financial statements of Hilltop 1 UK Limited and Hilltop 2 UK Limited based on its 9.44% (31 December 2013: 9.44% and 31 March 2013:22.18%) and 33.79% (31 December 2013: 33.79% and 31 March 2013: 33.79%) equity interest respectively and accounted for the balance of 90.56% (31 December 2013: 90.56% and 31 March 2013: 77.82%) and 66.21% (31 December 2013: 66.21% and 31 March 2013: 66.21%) respectively as non-controlling interests of KD 2,816,344 (31 December 2013: 2,801,416 and 31 March 2013: 2,559,348) and 1,473,216 (31 December 2013: 1,458,829 and 31 March 2013:1,389,880) respectively. The interim condensed consolidated financial information has been restated to reflect the above reclassification with retrospective effect. There was no material effect on the results for the three months ended 31 March 2013, accordingly the interim condensed consolidated statement of income has not been restated.