Interim Condensed Consolidated Financial Information and Review Report

International Financial Advisors – KSC (Closed) and Subsidiaries

Kuwait

30 September 2013 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
International Financial Advisors – KSC (Closed)
Kuwait

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of International Financial Advisors (A Kuwaiti Closed Shareholding Company) and its subsidiaries as of 30 September 2013 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

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

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

Emphasis of matter
Without qualifying our conclusion, we draw attention to note (13) of the interim condensed consolidated financial information as the group has recorded the investment property valuation unrealised gains resulted from one of its subsidiaries valuated on 31 December 2012 and recorded in the interim condensed consolidated statement of income of this period.

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 Group. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. (25) of 2012 or of the articles and memorandum of association of the Parent Company, as amended, have occurred during the nine-month period ended 30 September 2013 that might have had a material effect on the business or financial position of the Group.

We also note 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 nine months period ended 30 September 2013.

We further report that, during the course of our review, we have not become aware of any material violations during the nine-month period ended 30 September 2013 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.

Abdullatif M. Al-Aiban (CPA)
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Burgan – International Accountants

Kuwait
18 November 2013

Interim condensed consolidated statement of income

		Three months ended		Nine months ended	
	Notes	**30 Sept. 2013 (Unaudited) KD**	(Restated) 30 Sept. 2012 (Unaudited) KD	**30 Sept. 2013 (Unaudited) KD**	(Restated) 30 Sept. 2012 (Unaudited) KD
Revenue					
Interest and similar income		**59,736**	143,987	**419,989**	353,803
Management fees and commission income		**79,272**	48,837	**653,236**	421,948
Advisory services	24.3	**1,301,682**	-	**1,301,682**	-
Dividends income		**3**	23,626	**129,990**	702,239
Net income from hoteliers and related services		**2,590,259**	1,458,271	**6,872,507**	2,613,279
Net gain/(loss) from investments at fair value through profit or loss	6	**48,514**	1,241,730	**(1,234,659)**	1,191,857
Gain on sale of asset classified as held for sale	11	**-**	1,341,678	**12,938,184**	2,091,372
Net gain from investment properties	13	**-**	1,187,098	**19,932,188**	1,187,098
Gain/(loss) on sale of properties under development	7	**787,428**	96,019	**(1,519,427)**	228,992
Loss on sale of shares in associate and joint ventures	14.3	**-**	(189,695)	**(78,306)**	(2,576,437)
Share of loss from associates and joint ventures	14.4	**(2,190,303)**	(29,573)	**(3,753,601)**	(1,099,275)
(Loss)/gain on sale of available for sale investments		**(531,750)**	128,581	**135,872**	200,170
Foreign currency exchange gain/(loss)		**204,114**	(234,940)	**(370,584)**	(368,545)
Other income		**1,331,848**	1,067,078	**(1,706,375)**	2,603,278
Total revenue		**3,680,803**	6,282,697	**33,720,696**	7,549,779
Expenses and other charges					
Interest and similar expenses		**3,336,728**	2,417,025	**9,010,430**	5,833,988
Staff and related costs		**2,037,280**	1,670,727	**5,176,670**	3,030,682
Other operating expenses		**1,828,702**	2,687,905	**8,753,635**	6,111,355
Impairment loss in value of available for sale investments		**(46,852)**	213,432	**469,318**	1,211,706
Impairment loss in value of the shareholders' loan granted to an associate	14.5	**-**	-	**3,216,178**	-
Write back in provision for amounts due from related parties	24.2	**(5,843,057)**	-	**(5,843,057)**	-
Impairment loss in value of receivables and other assets		**-**	-	**764,883**	-
Depreciation		**1,086,453**	545,801	**2,409,132**	1,020,446
Total expenses and other charges		**2,399,254**	7,534,890	**23,957,189**	17,208,177
Profit/(loss) before contribution to KFAS, National Labour Support Tax, Zakat provision and taxation on overseas subsidiaries		**1,281,549**	(1,252,193)	**9,763,507**	(9,658,398)
Taxation on overseas subsidiaries		**27,354**	557,187	**(1,486,361)**	731,803
Contribution to Kuwait Foundation for the Advancement (Sciences (KFAS)		**57,399**	-	**(29,738)**	-
Zakat provision		**63,777**	-	**(33,042)**	-
National Labour Support Tax		**159,442**	-	**(82,605)**	-
Profit/(loss) for the period		**1,589,521**	(695,006)	**8,131,761**	(8,926,595)
Attributable to :					
Owners of the parent company		**937,415**	(976,144)	**3,005,261**	(9,977,267)
Non-controlling interests		**652,106**	281,138	**5,126,500**	1,050,672
Profit/(loss) for the period		**1,589,521**	(695,006)	**8,131,761**	(8,926,595)
Basic and diluted earnings/(loss) per share attributable to the owners of the parent company (Fils)	8	**1.40**	(1.46)	**4.48**	(14.90)

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2013 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD	**30 Sept. 2013 (Unaudited) KD**	30 Sept. 2012 (Unaudited) KD
Profit/(loss) for the period	**1,589,521**	(695,006)	**8,131,761**	(8,926,595)
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	**(791,670)**	(952,878)	**(885,924)**	(296,577)
Available for sale investments:				
- Net change in fair value during the period	**(240,272)**	6,669,693	**(1,209,007)**	7,147,186
- Transferred to interim condensed consolidated statement of income on sale	**-**	-	**(1,990,120)**	-
- Transferred to interim condensed consolidated statement of income on impairment in value	**(46,852)**	213,431	**469,318**	1,211,706
- Share of other comprehensive income/(loss) of associates and joint ventures	**901,478**	(1,556,215)	**1,910,862**	210,074
Total other comprehensive (loss)/income	**(177,321)**	4,374,031	**(1,704,871)**	8,272,389
Total comprehensive income/(loss) for the period	**1,412,200**	3,679,025	**6,426,890**	(654,206)
Attributable to:				
Owners of the parent company	**760,094**	3,397,887	**1,300,390**	(1,704,878)
Non-controlling interests	**652,106**	281,138	**5,126,500**	1,050,672
	1,412,200	3,679,025	**6,426,890**	(654,206)

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2013 (Unaudited) KD	(Restated) 31 Dec. 2012 (Audited) KD	(Restated) 30 Sept. 2012 (Unaudited) KD
Assets				
Cash and cash equivalents	9	**3,722,704**	14,014,983	16,343,568
Investments at fair value through profit or loss	6	**3,708,028**	5,999,369	5,989,265
Receivables and other debit balances		**16,302,166**	16,197,848	14,507,096
Loans receivable		**1,590,915**	3,395,109	3,998,050
Due from related parties	24	**17,241,259**	2,938,391	4,915,581
Trading properties	10	**5,074,347**	5,466,261	5,439,901
Asset classified as held for sale	11	**-**	8,015,422	8,921,965
Available for sale investments	12	**34,323,360**	45,250,188	49,601,461
Investment properties	13	**60,500,365**	30,463,337	30,767,008
Investments in associates and joint ventures	14	**52,038,477**	57,657,356	67,405,585
Goodwill		**48,666,515**	48,678,399	48,677,247
Properties under development	15	**131,127,852**	149,299,941	149,227,878
Capital work in progress	16	**13,043,073**	100,098,408	96,074,914
Property, plant and equipment	17	**116,777,622**	33,668,004	36,921,777
Total assets		**504,116,683**	521,143,016	538,791,296
Liabilities and equity				
Liabilities				
Payables and other credit balances	18	**73,890,459**	66,847,476	69,467,716
Due to related parties	24	**22,157,295**	18,081,442	18,836,235
Term loan from a related party	24	**9,943,636**	9,943,636	11,663,637
Borrowings	19	**164,012,495**	187,153,653	188,420,128
Advances received from customers		**125,100,721**	136,198,130	130,356,476
Total liabilities		**395,104,606**	418,224,337	418,744,192
Equity				
Equity attributable to the owners of the parent company				
Share capital		**72,000,000**	72,000,000	72,000,000
Share premium		**11,973,061**	11,973,061	11,973,061
Treasury shares	20	**(32,906,428)**	(32,869,551)	(32,800,579)
Statutory and voluntary reserves		**61,409,962**	61,408,598	61,649,505
Cumulative changes in fair value		**11,094,859**	11,913,806	12,663,115
Foreign currency translation reserve		**(5,564,829)**	(4,678,905)	(4,793,959)
Accumulated losses		**(30,077,576)**	(33,084,165)	(17,580,692)
Total equity attributable to the owners of the parent company		**87,929,049**	86,662,844	103,110,451
Non-controlling interests		**21,083,028**	16,255,835	16,936,653
Total equity		**109,012,077**	102,918,679	120,047,104
Total liabilities and equity		**504,116,683**	521,143,016	538,791,296
Fiduciary accounts		**102,620,905**	81,929,620	73,606,501

Saleh Saleh Al-Selmi
Chairman & CEO

Talal Jassim Al-Bahar
Vice Chairman

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the parent company									
	Share capital KD	**Share premium KD**	**Treasury shares KD**	**Statutory and voluntary reserves KD**	**Cumulative changes in fair value KD**	**Foreign currency translation reserve KD**	**Accumulated losses KD**	**Sub – total KD**	**Non-controlling interests KD**	**Total KD**
Balance as at 1 January 2013 (Audited)	72,000,000	11,973,061	(32,869,551)	61,408,598	11,913,806	(4,678,905)	(33,084,165)	86,662,844	16,255,835	102,918,679
Profit for the period	-	-	-	-	-	-	3,005,261	3,005,261	5,126,500	8,131,761
Other comprehensive loss	-	-	-	-	(818,947)	(885,924)	-	(1,704,871)	-	(1,704,871)
Total comprehensive (loss)/income for the period	-	-	-	-	(818,947)	(885,924)	3,005,261	1,300,390	5,126,500	6,426,890
Purchase of treasury shares	-	-	(85,100)	-	-	-	-	(85,100)	-	(85,100)
Sale of treasury shares	-	-	48,223	-	-	-	-	48,223	-	48,223
Gain on sale of treasury shares	-	-	-	1,364	-	-	-	1,364	-	1,364
Gain arising on partial disposal of subsidiary shares	-	-	-	-	-	-	1,328	1,328	-	1,328
Change in non-controlling interests	-	-	-	-	-	-	-		(299,307)	(299,307)
Balance as at 30 September 2013 (Unaudited)	**72,000,000**	**11,973,061**	**(32,906,428)**	**61,409,962**	**11,094,859**	**(5,564,829)**	**(30,077,576)**	**87,929,049**	**21,083,028**	**109,012,077**

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the parent company									
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub – total KD	Non-controlling interests KD	Total KD
Balance as at 1 January 2012 (Audited)	72,000,000	11,973,061	(32,896,967)	61,649,505	4,094,149	(4,497,382)	(6,721,619)	105,600,747	16,452,078	122,052,825
(Loss)/profit for the period	-	-	-	-	-	-	(9,977,267)	(9,977,267)	1,050,672	(8,926,595)
Other comprehensive income/(loss)	-	-	-	-	8,568,966	(296,577)	-	8,272,389	-	8,272,389
Total comprehensive income/(loss) for the period	-	-	-	-	8,568,966	(296,577)	(9,977,267)	(1,704,878)	1,050,672	(654,206)
Purchase of treasury shares	-	-	(4,453,804)	-	-	-	-	(4,453,804)	-	(4,453,804)
Sale of treasury shares	-	-	4,550,192	-	-	-	-	4,550,192	-	4,550,192
Loss on sale of treasury shares	-	-	-	-	-	-	(154,897)	(154,897)	-	(154,897)
Loss arising on partial disposal of shares in a subsidiary	-	-	-	-	-	-	(726,909)	(726,909)	-	(726,909)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(566,097)	(566,097)
Balance as at 30 September 2012 (Unaudited)	72,000,000	11,973,061	(32,800,579)	61,649,505	12,663,115	(4,793,959)	(17,580,692)	103,110,451	16,936,653	120,047,104

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	**Nine months ended 30 Sept. 2013 (Unaudited) KD**	(Restated) Nine months ended 30 Sept. 2012 (Unaudited) KD
OPERATING ACTIVITIES			
Profit/(loss) for the period attributable to the owners of the parent company		**3,005,261**	(9,977,267)
Adjustments:			
Gain on sale of available for sale investments		**(135,872)**	(200,170)
Net (gain)/loss from investment properties		**(19,932,188)**	(1,187,098)
(Loss)/gain on sale of properties under development		**1,519,427**	(228,992)
Gain on sale of asset classified as held for sale		**(12,938,184)**	(2,091,372)
Impairment loss in value of available for sale investments		**469,318**	1,211,706
Impairment loss in value of the shareholders' loan granted to an associate		**3,216,178**	-
Impairment loss in value of receivables and other assets		**764,883**	-
Dividends income		**(129,990)**	(702,239)
Interest and similar income		**(419,989)**	(353,803)
Interest and similar expenses		**9,010,430**	5,833,988
Write back in provision for amounts due from related parties		**(5,843,057)**	-
Provisions		**274,307**	87,677
Depreciation		**2,409,132**	1,020,446
Loss on sale of shares in associate and joint ventures		**78,306**	2,576,437
Share of loss from associates and joint ventures		**3,753,601**	1,099,275
Foreign currency exchange loss		**370,584**	368,545
		(14,527,853)	(2,542,867)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		**2,291,341**	13,439,475
Receivables and other debit balances		**139,337**	2,365,121
Loans receivable		**1,529,887**	498,638
Due from related parties		**(7,573,353)**	(2,405,768)
Trading properties		**391,914**	243,857
Payables and other credit balances		**7,042,983**	(7,541,618)
Due to related parties		**4,075,853**	22,301,196
Advances received from customers		**(11,097,409)**	2,467,693
Cash (used in)/from operating activities		**(17,727,300)**	28,825,727
Dividends income received		**129,990**	702,239
Interest and similar income received		**419,989**	353,803
Interest and similar expenses paid		**(9,010,430)**	(5,833,988)
Net cash (used in)/from operating activities		**(26,187,751)**	24,047,781
INVESTING ACTIVITIES			
Proceeds from sale of shares in associate and joint ventures		**59,134**	2,558,212
Proceeds from sale of shares in a consolidated subsidiary company		**10,382**	57,379
Proceeds from sale of asset classified as held for sale		**20,969,625**	5,295,990
Net change in investment in associates and joint ventures		**(1,488,340)**	(3,379,873)
Net movement on properties under development		**16,652,662**	(5,396,769)
Net additions to capital work in progress		**(12,095,666)**	(13,541,293)
Net change in property, plant and equipment		**4,789,235**	218,624
Proceeds from sale of available for sale investments		**1,957,741**	1,669,924
Purchase of available for sale investments		**(78,299)**	(1,787,650)
Proceeds from sale of investment properties		**(1,261,824)**	2,307,310
Net cash from/(used in) investing activities		**29,514,650**	(11,998,146)
FINANCING ACTIVITIES			
Bank loans obtained		**7,923,019**	13,448,755
Bank loans settled		**(24,288,653)**	(17,387,860)
Change in non-controlling interests		**4,818,140**	(299,713)
Purchase of treasury shares		**(85,100)**	(4,453,804)
Proceeds from sale of treasury shares		**49,587**	4,395,294
Net movement on foreign currency translation reserve		**(2,036,171)**	1,618,782
Net cash used in financing activities		**(13,619,178)**	(2,678,546)
Net (decrease)/increase in cash and cash equivalents		**(10,292,279)**	9,371,089
Cash and cash equivalents at beginning of the period		**14,014,983**	6,972,479
Cash and cash equivalents at end of the period	9	**3,722,704**	16,343,568

The notes set out on pages 9 to 23 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities of the parent company

International Financial Advisors – KSC (Closed) ("the parent company") is a Kuwaiti closed shareholding company incorporated on 31 January 1974 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The parent company is regulated by the Central Bank of Kuwait as an investment company.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Law No. 97 of 2013.

On 29 September 2013, Ministry of Commerce and Industry issued its regulation No. 425/2013 regarding the Executive by-laws of the Companies Law and within the time line requirements of the said law. All existing companies are required to comply with articles of these by-laws within one year from the date of its issuance.

The address of the parent company's registered office is PO Box 4694, Safat 13047, State of Kuwait.

The parent company is principally engaged in providing financial advisory services, trading in local and international securities, borrowing, lending, issuing guarantees, managing investment funds and portfolios management and trading in future contracts.

This interim condensed consolidated financial information for the nine-month period ended 30 September 2013 was approved by the parent company's board of directors on 18 November 2013 and its subject to the approval of the Capital Market Authority.

2 Basis of presentation

The interim condensed consolidated financial information of the group has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" and the Central Bank of Kuwait regulations regarding general provisions against loans receivable.

The provisions for loans receivable complies in all material respects with the requirements of the Central bank of Kuwait. In this respect, Central Bank of Kuwait requires a general provision of 1% on all loans receivable not subject to a specific provision.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual audited consolidated financial statements of the group for the year ended 31 December 2012 except for the adoption of new and revised standards and interpretations as discussed below.

Operating results for the nine-month period are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. For further information, refer to the audited consolidated financial statements and its related notes for the year ended 31 December 2012.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars (KD) which is the functional currency of the parent company.

Basis of consolidation

The interim condensed financial information of the parent company and its subsidiaries (Note 5) has been consolidated on a line by line basis after eliminating intra-group balances, intra-group transactions and resulting unrealized profits in full. Uniform accounting policies have been used by the group's companies in order to record like transactions and other events which occurred under similar circumstances in these companies.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

3.1 Adoption of new IASB Standards and amendments during the period

The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 Disclosure of Interest in Other Entities would result in additional disclosures in the annual consolidated financial statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim consolidated financial statements of the Group.

The Group has adopted the following new and amended IFRS during the period:

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements	1 January 2013
IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures	1 January 2013
IFRS 7 Financial Instruments: Disclosures – amendments	1 January 2013
IFRS 12 Disclosure of Interest in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
Annual Improvements 2009-2011	1 January 2013

3.1.1 IAS 1 Presentation of Financial Statements- amendment

The Group has adopted the amendment to IAS 1 which requires entities to group other comprehensive income items presented in the interim condensed consolidated statement of comprehensive income based on those:

a) Potentially reclassifiable to interim condensed consolidated statement of income in a subsequent period, and
b) That will not be reclassified to interim condensed consolidated statement of income subsequently.

The amendments to IAS 1 changed the current presentation of the consolidated statement of comprehensive income of the Group; however the amendment affected presentation only and had no impact on the Group's financial position or performance.

3.1.2 IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities. It revises the definition of control together with accompanying guidance to identify an interest in a subsidiary. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. However, the requirements and procedures of consolidation and the accounting for any non-controlling interests and changes in control remain the same. IFRS 10 did not change the classification (as subsidiaries or otherwise) of any of the Group's existing investees.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

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

3.1.3 IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

IFRS 11 supersedes IAS 31 Interests in Joint Ventures (IAS 31). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates. As a consequence of the new IFRS 11, IAS 28 brings investments in joint ventures into its scope, however, the equity accounting methodology under IAS 28 remains unchanged.

The application of this new standard impacted the financial position of the Group by replacing proportionate consolidation of the joint ventures in Tongaat Hulett/IFA Hotels and Resort Developments, Zimbali Estate (Pty) Ltd and Palm Golden Mile (see Note 14) with the equity method of accounting. IFRS 11 is effective for annual periods beginning on or after 1 January 2013. The effect of IFRS 11 is described in more detail in Note 14 which includes quantification of the effect on the interim consolidated financial statements.

3.1.4 IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The required disclosures are required to be provided retrospectively.

3.1.5 IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is designed to complement the other new standards. It sets out consistent disclosure requirements for subsidiaries, joint ventures and associates, as well as unconsolidated structured entities. The disclosure requirements are extensive and will result in significant amounts of new disclosures for some companies. Structured entities were previously referred to in SIC 12 as special purpose entities. The disclosures required by IFRS 12 aim to provide transparency about the risks a company is exposed to through its interests in structured entities.

None of these disclosure requirements are applicable for interim condensed consolidated financial information unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made any disclosures.

3.1.6 IFRS 13 Fair Value Measurement

IFRS 13 does not affect which items to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. IAS 34 requires particular IFRS 13 disclosures in the interim financial statements.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

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

3.1.7 Annual Improvements 2009-2011

The Annual Improvements 2009-2011 (the Annual Improvements) made several minor amendments to a number of IFRSs. The amendments relevant to the Group are summarised below:

Clarification of the requirements for opening statement of financial position:

- clarifies that the appropriate date for the opening statement of financial position is the beginning of the preceding period (related notes are no longer required to be presented)
- addresses comparative requirements for the opening statement of financial position when an entity changes accounting policies or makes retrospective restatements or reclassifications, in accordance with IAS 8.

Clarification of the requirements for comparative information provided beyond minimum requirements:

- clarifies that additional financial statement information need not be presented in the form of a complete set of financial statements for periods beyond the minimum requirements
- requires that any additional information presented should be presented in accordance with IFRS and the entity should present comparative information in the related notes for that additional information.

Segment information for total assets and liabilities:

- clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed if, and only if: (i) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; (ii) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment.

The adoption of the above amendments did not have any significant impact on the financial position or performance of the Group.

3.2 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.

Standard or Interpretation	*Effective for annual periods beginning*
IAS 32 Financial Instruments: Presentation – amendments	1 January 2014
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

3.2.1 IAS 32 Financial Instruments: Presentation - Amendments

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

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

The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively. Management does not anticipate a material impact on the Group's interim condensed consolidated financial information from these amendments.

3.2.2 IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety, with the replacement standard to be effective for annual periods beginning 1 January 2015. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

- Phase 1: Classification and Measurement
- Phase 2: Impairment methodology
- Phase 3: Hedge accounting

In addition, a separate project is dealing with derecognition.

4 Assumptions 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, liabilities, income and expenses. 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 consistent with those applied to the consolidated financial statements for the year ended 31 December 2012.

5 Subsidiary companies

The interim condensed consolidated financial information has incorporated the interim condensed financial information of the following subsidiaries as at 30 September 2013 or 30 June 2013 as follows:

Name of subsidiary	Period ended	Activity	Effective ownership percentage %
IFA Hotels and Resorts – KSC (Closed) and Subsidiaries	30 June 2013	Hotel operations	57.56
Seven Seas Resorts Company – KSC (Closed)	30 June 2013	Hotels and resorts	48.30
Gulf Real Estate Company – WLL	30 September 2013	Real estate investments	46.32
IFA Aviation Company – KSC (Closed) and Subsidiary	30 September 2013	Aviation services	74.80
Dana Real Estate Company – SAL	30 September 2013	Real estate investments	90.00
Radeem Real Estate Company – SAL	30 September 2013	Real estate investments	99.70

Notes to the interim condensed consolidated financial information (continued)

6 Investments at fair value through profit or loss

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Held for trading:			
Local			
Quoted securities and managed funds	**1,187,706**	1,864,880	931,715
Unquoted securities	**250,619**	250,619	730,940
	1,438,325	2,115,499	1,662,655
Foreign			
Quoted securities	**2,269,703**	3,883,870	4,326,610
	3,708,028	5,999,369	5,989,265

The amounts included in the interim condensed consolidated statement of income are:

	Three months ended		Nine months ended	
	30 Sept. 2013 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD	30 Sept. 2013 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD
Realised loss/gain	**(8,719)**	1,567,246	**(1,320,206)**	1,297,919
Unrealised gain/(loss)	**57,233**	(325,516)	**85,547**	(106,062)
	48,514	1,241,730	**(1,234,659)**	1,191,857

7 Gain /(loss) on sale of properties under development

Gain /(loss) on sale of properties under development represents the difference between the revenue and cost which have been originally incurred by the Group to purchase the properties and then fully develop and sell it to customers, and it is as follows:

	Three months ended		Nine months ended	
	30 Sept. 2013 (Unaudited) KD	(Restated) 30 Sept. 2012 (Unaudited KD	30 Sept. 2013 (Unaudited) KD	(Restated) 30 Sept. 2012 (Unaudited KD
Sales revenue	**2,546,627**	1,923,558	**21,555,585**	2,166,110
Cost of sales	**(1,759,199)**	(1,827,539)	**(23,075,012)**	(1,937,118)
	787,428	96,019	**(1,519,427)**	228,992

Notes to the interim condensed consolidated financial information (continued)

8 Basic and diluted earnings/(loss) per share attributable to the owners of the parent company

Earnings/(loss) per share is computed by dividing the profit/(loss) for the period attributable to the owners of the parent company, by the weighted average number of outstanding shares during the period after deducting treasury shares as follows:

	Three months ended		Nine months ended	
	30 Sept. 2013 (Unaudited)	30 Sept. 2012 (Unaudited)	**30 Sept. 2013 (Unaudited)**	30 Sept. 2012 (Unaudited)
Profit/(loss) for the period attributable to the owners of the parent company (KD)	**937,415**	(976,144)	**3,005,261**	(9,977,267)
Weighted average number of outstanding shares (excluding treasury shares) (share)	**670,413,394**	669,561,461	**670,462,110**	669,826,479
Basic and diluted earnings/(loss) per share attributable to the owners of the parent company (Fils)	**1.40**	(1.46)	**4.48**	(14.90)

9 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short term deposits and balances due to banks. Short term deposits mature within three months from the date of placement and carry interest at the prevailing commercial rates.

10 Trading properties

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Residential apartments in Dubai – UAE	**787,635**	329,633	331,188
Properties in South Africa	**4,286,712**	5,136,628	5,108,713
	5,074,347	5,466,261	5,439,901

Trading properties in South Africa & Dubai represent plots of lands purchased for trading purposes and comprise of lands at cost and development expenditure relating to unsold properties.

11 Asset classified as held for sale

The balance at 31 December 2012, represents 25% (30 June 2012: 35.01%) holding in Raimon Land Public Company Limited. At the end of 2011 this investment was classified as "held for sale" because the subsidiary Company's management had decided to sell this investment. During the current period, the Group has sold its holding (25%) in this investment for a consideration equivalent to KD20,969,625 resulting in a gain of KD12,938,184 included in the interim condensed consolidated statement of income for the period.

Notes to the interim condensed consolidated financial information (continued)

12 Available for sale investments

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Quoted securities	**3,410,993**	3,922,223	4,011,551
Unquoted securities	**30,912,367**	41,327,965	45,589,910
	34,323,360	45,250,188	49,601,461

Unquoted securities include investments stated at cost amounting to KD10,973,672 as there are no other reliable sources to determine their fair values (31 December 2012: KD16,547,778 and 30 September 2012: KD11,977,303). Management is not aware of any circumstances that may have lead to the decline in the value of such investments.

13 Investment properties

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Lebanon	**1,853,807**	1,858,471	1,864,623
Jordan	**401,800**	401,800	1,013,182
United Arab Emirates	**48,630,855**	18,729,771	18,692,950
Egypt	**354,966**	354,966	354,966
Portugal	**9,111,448**	8,942,632	8,668,096
South Africa	**147,489**	175,697	173,191
	60,500,365	30,463,337	30,767,008

As the Group consolidated the financial statements of one of its main subsidiaries (IFA Hotel and Resorts – KSCC company) listed in Kuwait Stock Exchange based on the interim condensed consolidated financial information of this subsidiary issued three months before the date of the interim condensed consolidated statement of financial position of the group which is 30 June 2013 and it has been disclosed in Kuwait Stock Exchange, and the reason is the main subsidiary company has lots of subsidiaries and associates companies outside state of Kuwait, which requires suitable period of time for receiving their financial statements.

The Group recognised during the period the profits resulting from re-estimation of the fair value as at 31 December 2012 of properties in Palm Jumeriah land and the land of Kingdom hotel Sheba, Dubai, UAE and Pinecliff Resort, Portugal which have been estimated by independent external valuers licensed to practice real estate evaluation profession according to the requirement of CMA in Kuwait, where the revaluation gain amounting to KD19,932,188 has been recognised in the interim condensed consolidated statement of income during the current period.

Also during the period group decided to transfer the Kingdom of Sheba Hotel, land and cost of initial work in UAE subsidiary from capital work in progress to investment properties for capital appreciation with an amount of KD8,843,016.

Notes to the interim condensed consolidated financial information (continued)

14 Investments in associates and joint ventures

	30 Sept. 2013 (Unaudited) KD	(Restated) 31 Dec. 2012 (Audited) KD	(Restated) 30 Sept. 2012 (Unaudited) KD
Investment in associates (Note 14.1)	**35,228,645**	37,192,511	45,381,966
Investment in joint ventures (Note 14.2)	**16,809,832**	20,464,845	22,023,619
	52,038,477	57,657,356	67,405,585

14.1 Investment in associates

The details of the associated companies are as follows:

Name of the associate	Principal activities	Date of acquisition	Country of incorporation	%	Net shareholders' equity as of 30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Boschendal (Pty) Ltd	Real estate	Apr-06	South Africa	-	-	-	2,610,079
Purple Plum Properties Limited	Property development	Apr-06	South Africa	37.33	1	1	-
Zamzam Religious Tourism Company	Hajj & Umrah services	Sep-07	Kuwait	20	50,000	50,000	50,000
Legend and IFA Developments (Pty) Ltd	Property development	Jun-07	South Africa	50	7,121,565	11,092,418	10,996,552
International Finance Company – KSC (Closed) – Quoted	Financing	July-08	Kuwait	19.36	28,057,079	26,050,092	31,725,335
					35,228,645	37,192,511	45,381,966

14.2 Investments in joint ventures (transition to IFRS 11)

The Group's interests in joint ventures are as follows:

Name and details of the joint ventures	Interest %	30 Sept. 2013 (Unaudited) KD	(Restated) 31 Dec. 2012 (Audited) KD	(Restated) 30 Sept. 2012 (Unaudited) KD
Interest in Zilwa Limited (the principal activity of the joint venture is property development) – South Africa	50%	**1,665,211**	1,639,469	2,396,505
Interest in Zimbali Estates (PTY) Ltd. (the principal activity of the joint venture is the sale of developed property) – South Africa	50%	**82,445**	98,091	85,883
Interest in Palm Golden Mile Joint Venture (the principal activity of the Joint Venture is design, development, construction, marketing, sale of apartment and rental of shopping centers and residential apartments) - UAE	50%	**15,062,176**	18,727,285	19,541,231
		16,809,832	20,464,845	22,023,619

Under IAS 31 Investment in Joint Ventures (prior to the transition to IFRS 11), the Group's interest in the above joint ventures were classified as jointly controlled entities and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, the Group has determined its interest to be a joint venture and it is required to be accounted for using the equity method. The effect of applying IFRS 11 is as follows:

Notes to the interim condensed consolidated financial information (continued)

14 Investments in associates and joint ventures (continued)

14.2 Investments in joint ventures (transition to IFRS 11) (continued)

	3 Months	9 Months
	30 Sep 2012 KD	**30 Sep 2012 KD**
Impact on the interim condensed consolidated statement of income		
Decrease in net income from properties under development	28,117	86,823
Increase in share of results of associates and joint ventures	37,770	40,789
Decrease in other income	9,235	45,057
Decrease in staff costs	(2,063)	(4,282)
Decrease in other operating expenses	(68,897)	(148,108)
Decrease in depreciation	(297)	(652)
Decrease in finance costs	(62)	(189)
Total	**3,803**	**19,438**
Increase in loss before taxation, provision for KFAS, NLST and Zakat	(3,803)	(19,438)
Increase in tax income relating to overseas subsidiaries	3,803	19,438
Net impact on profit for the period	-	-

Impact on the interim condensed consolidated statement of financial position		
Increase in investment is associates and joint ventures	20,464,845	22,023,619
Decrease in property, plant and equipment	(44,620)	(44,876)
Decrease in capital work in progress	(22,058,082)	(21,934,670)
Decrease in properties under development	(972,898)	(967,439)
Decrease in accounts receivables and other assets	(7,004,334)	(9,984,178)
Decrease in due from related parties	(1,802,802)	-
Decrease in cash & cash equivalents	(881,098)	(1,199,515)
Increase in due to related parties	(2,306,204)	(2,384,653)
Decrease in accounts payable and other liabilities	5,850,990	5,786,625
Decrease in advance received from customers	3,832,000	3,810,500
Decrease in borrowing	4,922,203	4,894,587
Net impact on equity	-	-

14.3 During the period, the group sold shares in certain associates resulting in a net loss of KD78,306 (loss on sale of KD2,576,437 in 30 September 2012) included in the interim condensed consolidated statement of income for the period.

14.4 Share of loss from associates and joint ventures are shown as follows:

	Three months ended		**Nine months ended**	
	30 Sept. 2013 (Unaudited) KD	(Restated) 30 Sept. 2012 (Unaudited KD	**30 Sept. 2013 (Unaudited) KD**	(Restated) 30 Sept. 2012 (Unaudited KD
International Finance Company – KSCC	**118,340**	8,197	**180,830**	(1,058,486)
Zimbali Estates (PTY) Ltd. (JV)	**5,684**	13,379	**(1,750)**	28,037
Palm Golden Mile (JV)	**(2,314,327)**	(51,149)	**(3,932,681)**	(68,826)
	(2,190,303)	(29,573)	**(3,753,601)**	(1,099,275)

Notes to the interim condensed consolidated financial information (continued)

14 Investments in associates and joint ventures (continued)

14.5 The Group's investments in Legend and IFA Developments (Pty) Ltd (South Africa) represent 20% from investment in the company, and is a loan provided by the shareholders of that company for tax purpose to support the company's share capital.

The Group has made impairment provision amounting to KD3,216,178 (30 September 2012 : KD Nil) against that loan, the provision impairment was carried in the interim condensed consolidated statement of income for the period.

15 Properties under development

	30 Sept. 2013 (Unaudited) KD	(Restated) 31 Dec. 2012 (Audited) KD	(Restated) 30 Sept. 2012 (Unaudited) KD
Properties in Dubai – UAE	**112,211,937**	125,864,299	123,239,794
Properties in South Africa	**5,867,389**	7,772,050	7,669,052
Properties in Lebanon	**13,048,526**	15,663,592	18,319,032
	131,127,852	149,299,941	149,227,878

16 Capital work in progress

	30 Sept. 2013 (Unaudited) KD	(Restated) 31 Dec. 2012 (Audited) KD	(Restated) 30 Sept. 2012 (Unaudited) KD
Hotels, residential flats and commercial properties under construction in Dubai – UAE and South Africa	**13,043,073**	100,098,408	96,074,914

During the period the UAE subsidiary transferred the total cost of construction of a completed hotel in UAE which amounted to AED 1,172,360,333 (equivalents to KD90,307,985) from capital work in progress to Property, plant and equipment. The hotel has commenced commercial operations in 2013.

17 Property, plant and equipment

During the period, additions to the property, plant and equipment included construction cost of hotel in UAE amounting to AED1,172,360,333 (equivalents to KD90,307,985) related to the UAE subsidiary (refer note 16).

Notes to the interim condensed consolidated financial information (continued)

18 Payables and other credit balances

	30 Sept. 2013 (Unaudited) KD	(Restated) 31 Dec. 2012 (Audited) KD	(Restated) 30 Sept. 2012 (Unaudited) KD
Accrued interest payable	**6,648,457**	5,240,835	4,606,212
Accounts payable - below	**24,000,930**	13,725,862	14,331,227
Accrued dividend payable	**517,668**	521,343	521,418
Liability towards purchase of lands	**2,377,530**	7,286,773	4,945,748
Kuwait Foundation for the Advancement of Sciences (KFAS)	**2,421,058**	2,391,320	2,391,320
National Labour Support Tax (NLST)	**7,541,052**	7,458,445	7,458,445
Zakat provision	**606,371**	573,329	573,329
Provision for end of service indemnity and leave	**2,413,666**	1,572,853	1,829,071
Provision for contingent liabilities	**73,966**	73,966	73,966
Redeemable preference shares	**2,859,142**	2,993,455	2,966,989
Deferred income	**1,593,225**	1,807,143	1,794,099
Retentions payable	**7,535,688**	11,879,463	12,134,285
Accrued construction costs	**7,155,499**	4,677,906	5,521,442
Refundable deposit on cancellation and resale of units	**2,351,884**	2,792,981	1,572,408
Land transfer fee payable	**1,180,861**	1,689,720	2,866,377
Other payables	**4,613,462**	2,162,082	5,881,380
	73,890,459	66,847,476	69,467,716

Accounts payable above included KD8,666,643 was conservatively recorded in favour of Tamweel PJSC, and as a contra account, the same amount was recorded as balance due from joint venture (Souq Residence) pending the final outcome of the underlying case(note 21.2).

19 Borrowings

	30 Sept. 2013 (Unaudited) KD	(Restated) 31 Dec. 2012 (Audited) KD	(Restated) 30 Sept. 2012 (Unaudited) KD
Loans in KD	**33,555,000**	51,000,000	51,000,000
Loans in USD	**37,202,226**	41,374,277	41,519,501
Loans in AED	**63,311,727**	63,121,597	62,946,581
Loans in EURO	**13,942,908**	14,024,962	13,880,762
Loans in Rand	**15,650,550**	17,220,226	18,660,725
Loans in GBP	**350,084**	412,591	412,559
	164,012,495	187,153,653	188,420,128

The loans above are due for repayment as follows:

	30 Sept. 2013 (Unaudited) KD	(Restated) 31 Dec. 2012 (Audited) KD	(Restated) 30 Sept. 2012 (Unaudited) KD
Within one year	**63,463,095**	24,743,612	19,318,911
More than one year	**100,549,400**	162,410,041	169,101,217
	164,012,495	187,153,653	188,420,128

Notes to the interim condensed consolidated financial information (continued)

20 Treasury shares

	30 Sept. 2013 (Unaudited)	31 Dec. 2012 (Audited)	30 Sept. 2012 (Unaudited)
Number of shares (thousand share)	**50,033**	49,513	47,628
Percentage to the issued shares	**6.95%**	6.88%	6.62%
Market value (KD '000)	**4,303**	2,153	1,834

21 Capital commitments

21.1 Capital expenditure commitments

The Group has commitments to pay all the amounts required to settle its remaining share in the financing of the construction of real estate projects in Dubai (UAE) and South Africa. The Group's share in the amounts required to finance these projects is as follows:

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Estimated and contracted commitments for property, plant & equipment and capital work in progress	-	5,600	-
Estimated and contracted capital expenditure for construction of properties under development and trading properties	**37,237,000**	37,051,400	39,255,000
	37,237,000	37,057,000	39,255,000

The Group expects to finance the future expenditure commitments from the following sources:

a) sale of investment properties.
b) advances from customers.
c) share capital increase.
d) advances provided by the shareholders, related entities and joint ventures.
e) borrowings, if required.

The financing rates expected from the above sources are dependent on the nature of the source of financing and management estimates of the best financing sources available at the time they become due.

21.2 Contingent liabilities

During a previous period a master property developer (Nakheel) initiated legal proceedings for claim of KD8,666,643 (AED111.4 Million) against a joint venture formed by a UAE subsidiary (Souq Residence)with another party. Whereas the joint venture lodged a counter claim of KD71,615,247 (AED920 Million), against this developer for the sale of commercial plot of the Golden Mile Project.

Certain other customers have also initiated legal proceeding against UAE subsidiary for the delay in completion of its projects and cancellation of units.

Since these litigations are still in the preliminary stage, the probable outcome cannot be estimated reliably. However, the Group management is of the view that these cases will ultimately be decided in favour of the Group.

The above claim amount KD8,666,643 was conservatively recorded as balance due from related party (note 24.2) and the same amount was recorded as contra account in accounts payable (note 18) pending finalization of this case.

Notes to the interim condensed consolidated financial information (continued)

22 Segmental analysis

The Group has adopted IFRS 8 Operating Segments. According to this standard, reported segment profits are based on management's internal financial 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 then it is reconciled to the Group's profit or loss. Conversely, the predecessor standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical). The adoption of IFRS 8 has resulted in a change in the identification of the Group's reportable segments. The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

The Group primarily operates in one area of business activity, investment. Accordingly in prior years, segment information reported externally was analysed on the geographical basis. However, information reported to the Group's decision makers for the purposes of resource allocation and assessment of performance is more specifically focussed on the types of investment activities. The Group's reportable segments under IFRS 8 are therefore as follows:

Assets management
- Investments in Gulf Cooperation Council Countries, Middle East and North Africa
- International managed investment funds
- Discretionary and non-discretionary management for financial portfolios
- Management services

Treasury and investments
- Private equity
- Investment in international quoted securities
- Lending to corporates and individuals
- Managing the company's liquidity requirements

Real estate
- Sale and purchase of real estate
- Real estate brokerage and advisory

The profits and losses generated by the Group from business segments are summarised as follows:

	Assets management		Treasury and investments		Real Estate		Others		Total	
	30 Sept. 2013 (Unaudited) KD '000	(Restated) 30 Sept. 2012 (Unaudited) KD '000	**30 Sept. 2013 (Unaudited) KD '000**	(Restated) 30 Sept. 2012 (Unaudited) KD '000	**30 Sept. 2013 (Unaudited) KD '000**	(Restated) 30 Sept. 2012 (Unaudited) KD '000	**30 Sept. 2013 (Unaudited) KD '000**	(Restated) 30 Sept. 2012 (Unaudited) KD '000	**30 Sept. 2013 (Unaudited) KD '000**	(Restated) 30 Sept. 2012 (Unaudited) KD '000
Interim condensed consolidated statement of income										
Segment revenue/(expenses)	**1,955**	422	**8,558**	864	**25,294**	4,826	**(2,086)**	1,438	**33,721**	7,550
Segment profit/(loss)	**1,955**	422	**8,558**	864	**25,294**	4,826	**(2,086)**	1,438	**33,721**	7,550
Unallocated expenses									**(35,843)**	(16,476)
Non-controlling interests									**5,127**	(1,051)
Profit/(loss) for the period									**3,005**	(9,977)

Geographical segments

The Group operates from one location in Kuwait, however the Group's assets are scattered in different geographical areas of the world.

Notes to the interim condensed consolidated financial information (continued)

23 Annual general assembly

The general assembly of shareholders meeting held on 22 May 2013 approved the consolidated financial statements for the year ended 31 December 2012, and the directors' proposal not to distribute any dividends for the year then ended.

24 Related parties transactions

These represent transactions with related parties such as shareholders, members of the board of directors and senior management of the parent company and its companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the parent company's management.

24.1 Transactions with related parties included in the interim condensed consolidated financial information are as follows:

	30 Sept. 2013 (Unaudited) KD	(Restated) 31 Dec. 2012 (Audited) KD	(Restated) 30 Sept. 2012 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties	**17,241,259**	2,938,391	4,915,581
Due to related parties	**(22,157,295)**	(18,081,442)	(18,836,235)
Term loan from a related party	**(9,943,636)**	(9,943,636)	(11,663,637)
Transactions included in the interim condensed consolidated statement of income:			
Interest and similar income	**34,366**	28,008	56,359
Advisory services (note 24.3)	**1,301,682**	-	-
Gain on sale of available for sale investments	**667,621**	267,048	11,241
Interest and similar expenses	**-**	56,359	17,009
Write back in provision due from related parties (note 24.2)	**5,843,057**	-	-
Key management compensation of the group			
Short-term employee benefits	**561,974**	602,407	333,921

Related parties balances outstanding at period end and which are resulting from funds transfer are included under amounts due from related parties and amounts due to related parties.

24.2 During the period, a review of the provisions for doubtful debts was conducted by the Provisioning Committee, formed by the parent company Board of Directors, to ensure that all provisioning has been made in accordance with the provisioning requirements of the Central Bank of Kuwait regarding general and specific provisioning on loans receivables and also other provisions imposed by the Central Bank on the amounts due for related parties as at 30 September 2010 which was calculated to be KD7,329,407 equivalent to 20% of the outstanding balances of KD36,647,037 as of that date.

The Committee concluded that a write back in provision of KD5,843,057 should be made because the outstanding balances have gone down from KD36,647,037 to KD7,431,750 as at 30 September 2013. After due exclusion of the new balances formed during the period KD2,629,217 plus the amount of KD8,666,643 that was conservatively recorded as due from the Joint Venture (Souq Residence) and to be utilized to settle the same amount recorded as contra account under due to Tamweel PJSC and included in the accounts payable (notes 18 and 21.2) respectively pending finalizations of the case.

Accordingly, the provision balance for doubtful amounts due from related parties will be KD1,486,350 which is equivalent to 20% of the outstanding balances. The Board of Directors of the parent company has approved the write back of KD5,843,057 and to include it in the interim condensed consolidated statement of income for the period.

Notes to the interim condensed consolidated financial information (continued)

24 Related parties transactions (continued)

24.3 During the period, the group recognised the total amount of KD1,301,682 as advisory income resulting from advisory services extended to related party after the successful completion of such services and in accordance with the contractual agreement dated 28 September 2012 with the said related party.

25 Financial instruments measured at fair value

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:

	30 Sept. 2013 (Unaudited)	
	Fair value KD'000	**Carrying value KD'000**
Financial assets		
Cash and cash equivalents	-	3,723
Investments at fair value through profit or loss	3,457	251
Receivables and other debt balances	-	16,302
Loans receivable	-	1,591
Due from related parties	-	17,241
Available for sale investments	23,349	10,974
	26,806	50,082
Financial liabilities		
Payables and other credit balances	-	73,890
Due to related parties	-	22,157
Term loan from a related party	-	9,944
Borrowings	-	164,012
Advances received from customers	-	125,101
	-	395,104

Management believes that the carrying values of the financial instruments approximate their fair values.

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.

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

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

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

- Level 3: inputs for 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:

Notes to the interim condensed consolidated financial information (continued)

25 Financial instruments measured at fair value (continued)

30 September 2013 (unaudited)

	Note	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
Assets:					
Investments at fair value through profit or loss					
Investments held for trading:					
Local:					
Quoted securities and managed funds	a + b	1,188	-	-	1,188
Foreign:					
Quoted securities	a	2,270	-	-	2,270
Financial assets available for sale					
Quoted securities	a	3,411	-	-	3,411
Managed funds	b	-	1,283	-	1,283
Unquoted securities	c	-	-	18,655	18,655
		6,869	1,283	18,655	26,807
Liabilities	d	-	-	-	-
Net fair value		6,869	1,283	18,655	26,807

There have been no significant transfers between level 1 and 2 during the reporting period

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 in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Managed funds
The underlying investments of local managed funds primarily comprise of local quoted securities whose fair values has been determined by reference to their quoted bid prices at the reporting date.

c) Unquoted securities
The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using various models like discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates.

d) Financial liabilities
The Group does not have any financial liabilities at fair value.

26 Comparative figures

Comparative figures have been restated due to adoption of IFRS11 (note 14). Further certain comparative amounts have been reclassified to conform with the presentation of the current period. Such reclassification does not affect the consolidated financial information of the net assets, equity, and operation results for the previous period. Also it did not affect the net decrease in cash and cash equivalents for that period.