Interim Condensed Consolidated Financial Information and Review Report

International Financial Advisors – KPSC and Subsidiaries

Kuwait

30 September 2015 (Unaudited)

Contents

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Report on review of interim condensed consolidated financial information

To the board of directors of
International Financial Advisors – KPSC
Kuwait

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of International Financial Advisors – KPSC ("the parent company") and its subsidiaries ("the group") as at 30 September 2015 and the related interim condensed consolidated statements of profit or loss, profit or loss and other 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 preparation 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 preparation set out in Note 2.

Report on review of other legal and regulatory requirements
Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records and to the best of our knowledge and belief, we have not become aware of any material violations of the Companies Law No. 25 of 2012, as amended, or Memorandum of Incorporation and Articles of Association of the parent company or of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business and its related regulations, or of the provision of Law No.7 of 2010, concerning the Capital Markets Authority and its related executive regulations have occurred during the nine month period ended 30 September 2015 that might have had a material effect on the business or financial position of the parent company.

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Kuwait
25 November 2015

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 30 Sept. 2015 (Unaudited) KD	Three months ended 30 Sept. 2014 (Unaudited) KD	Nine months ended 30 Sept. 2015 (Unaudited) KD	Nine months ended 30 Sept. 2014 (Unaudited) KD
Revenue					
Interest income		**40,091**	170,003	**242,576**	329,180
Management fees and similar income		**39,345**	424,783	**81,927**	531,915
Dividend income		**115,009**	-	**161,409**	218,713
Net income from hoteliers and related services	6	**2,631,487**	3,378,824	**12,746,897**	13,840,287
Net (loss)/gain from investments at fair value through profit or loss		**(231,280)**	69,792	**(336,556)**	(23,282)
Gain on sale of subsidiaries		**-**	1,856,935	**-**	1,856,935
Share of results from associates and joint ventures	12	**375,732**	(194,596)	**611,423**	(859,510)
Gain on sale of available for sale investments	11-b	**-**	-	**6,754,606**	30,144
Change in fair value of investment properties		**-**	-	**32,105**	-
Other income/(loss)		**203,924**	132,722	**(120,492)**	(170,242)
		3,174,308	5,838,463	**20,173,895**	15,754,140
Expenses and other charges					
Staff costs		**(1,895,236)**	(1,760,113)	**(4,654,149)**	(5,136,759)
Operating expenses and other charges		**(2,788,856)**	(2,558,208)	**(10,077,042)**	(9,965,160)
Impairment of available for sale investments	11	**(77,622)**	(1,016,143)	**(205,975)**	(1,086,559)
Depreciation		**(1,280,602)**	(1,224,278)	**(3,945,100)**	(3,584,150)
Interest and similar expenses		**(2,943,204)**	(3,219,201)	**(9,103,952)**	(8,341,307)
		(8,985,520)	(9,777,943)	**(27,986,218)**	(28,113,935)
Loss before contribution to Kuwait Foundation for the Advancement to Sciences, National Labour Support Tax, Zakat and taxation on overseas subsidiaries		**(5,811,212)**	(3,939,480)	**(7,812,323)**	(12,359,795)
Reversal of provision for contribution to KFAS		**-**	-	**-**	27,311
Reversal of provision for NLST		**11,456**	-	**-**	74,642
Reversal of provision Zakat		**4,582**	-	**-**	29,857
Taxation on overseas subsidiaries		**14,836**	(8,799)	**(189,742)**	(100,009)
Loss for the period		**(5,780,338)**	(3,948,279)	**(8,002,065)**	(12,327,994)
Loss for the period attributable to :					
Owners of the parent company		**(3,815,119)**	(2,091,631)	**(3,203,117)**	(7,666,492)
Non-controlling interests		**(1,965,219)**	(1,856,648)	**(4,798,948)**	(4,661,502)
Loss for the period		**(5,780,338)**	(3,948,279)	**(8,002,065)**	(12,327,994)
Basic and diluted loss per share attributable to the owners of the parent company	7	**(5.67) Fils**	(3.11) Fils	**(4.76) Fils**	(11.40) Fils

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 profit or loss and other comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	**30 Sept. 2015 (Unaudited) KD**	30 Sept. 2014 (Unaudited) KD
Loss for the period	**(5,780,338)**	(3,948,279)	**(8,002,065)**	(12,327,994)
Other comprehensive income/(loss):				
Items that will be reclassified subsequently to the statement of profit or loss				
Available for sale investments:				
-Net change in fair value arising during the period	**109,106**	(1,283,105)	**26,068**	(3,307,759)
-Transferred to interim condensed consolidated statement of profit or loss on sale	**-**	(142,174)	**(6,807,631)**	(181,127)
-Transferred to interim condensed consolidated statement of profit or loss on impairment	**77,622**	1,016,143	**205,975**	1,086,559
Share of other comprehensive income/(loss) of associates	**64,219**	(1,156,977)	**(610,286)**	(2,637,370)
Exchange differences arising on translation of foreign operations	**577,103**	318,935	**692,000**	410,471
Total other comprehensive income/(loss)	**828,050**	(1,247,178)	**(6,493,874)**	(4,629,226)
Total comprehensive loss for the period	**(4,952,288)**	(5,195,457)	**(14,495,939)**	(16,957,220)
Total comprehensive loss for the period attributable to:				
Owners of the parent company	**(3,309,186)**	(3,660,032)	**(10,044,291)**	(12,553,545)
Non-controlling interests	**(1,643,102)**	(1,535,425)	**(4,451,648)**	(4,403,675)
	(4,952,288)	(5,195,457)	**(14,495,939)**	(16,957,220)

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 financial position

	Notes	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Assets				
Cash and cash equivalents	8	**8,163,322**	6,460,734	8,178,745
Investments at fair value through profit or loss		**659,059**	1,114,621	1,318,754
Receivables and other debit balances	9	**21,787,218**	19,304,942	16,606,665
Due from related parties		**2,118,184**	3,134,001	11,698,553
Trading properties		**3,699,388**	4,023,921	3,931,044
Asset classified as held for sale	10	**-**	5,487,720	-
Available for sale investments	11	**27,931,378**	35,060,848	30,679,199
Investment properties		**10,523,588**	10,828,524	62,640,686
Investment in associates and joint ventures	12	**39,621,852**	29,183,734	47,806,042
Goodwill		**40,838,977**	40,761,426	48,710,230
Properties under development	13	**176,204,512**	158,251,603	149,761,384
Capital work in progress	14	**47,384,880**	45,662,545	487,912
Property, plant and equipment		**121,364,522**	119,404,731	121,841,651
Total assets		**500,296,880**	478,679,350	503,660,865
Liabilities and equity				
Liabilities				
Due to bank	8	**1,370,110**	980,744	993,771
Payables and other credit balances	15	**73,355,335**	63,205,914	68,706,237
Due to related parties	16	**28,560,198**	26,052,377	22,037,804
Borrowings	17	**179,979,012**	174,399,170	173,981,844
Advances received from customers	18	**144,893,242**	132,256,127	129,027,993
Total liabilities		**428,157,897**	396,894,332	394,747,649
Equity				
Share capital		**72,000,000**	72,000,000	72,000,000
Share premium		**11,973,061**	11,973,061	11,973,061
Treasury shares	19	**(32,757,404)**	(32,757,404)	(32,757,404)
Treasury shares reserve		**104,935**	104,935	104,935
Statutory and voluntary reserves	23	**32,757,404**	61,426,066	61,426,066
Fair value reserve		**8,294,102**	15,479,976	7,578,391
Foreign currency translation reserve		**(4,616,810)**	(4,961,510)	(5,909,251)
Accumulated losses	23	**(40,203,044)**	(65,513,413)	(38,265,450)
Total equity attributable to the owners of the parent company		**47,552,244**	57,751,711	76,150,348
Non-controlling interests		**24,586,739**	24,033,307	32,762,868
Total equity		**72,138,983**	81,785,018	108,913,216
Total liabilities and equity		**500,296,880**	478,679,350	503,660,865

Saleh Saleh Al-Selmi
Chairman

Talal Jassim Al-Bahar
Vice Chairman

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 changes in equity (Unaudited)

	Equity attributable to the owners of the parent company										
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory and voluntary reserves KD	Fair value reserves KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub – total KD	Non-controlling interests KD	Total KD
Balance at 1 January 2015	72,000,000	11,973,061	(32,757,404)	104,935	61,426,066	15,479,976	(4,961,510)	(65,513,413)	57,751,711	24,033,307	81,785,018
Write off of accumulated losses (note 23)	-	-	-	-	(28,668,662)	-	-	28,668,662	-	-	-
Acquisition of non-controlling interest in a subsidiaries	-	-	-	-	-	-	-	(155,119)	(155,119)	155,119	-
Additional investment made by non-controlling interests	-	-	-	-	-	-	-	-	-	1,472,627	1,472,627
Loss arising on partial disposal of subsidiary shares	-	-	-	-	-	-	-	(57)	(57)	-	(57)
Net change in non-controlling interests	-	-	-	-	-	-	-	-	-	3,377,334	3,377,334
Transactions with owners	-	-	-	-	(28,668,662)	-	-	28,513,486	(155,176)	5,005,080	4,849,904
Loss for the period	-	-	-	-	-	-	-	(3,203,117)	(3,203,117)	(4,798,948)	(8,002,065)
Other comprehensive (loss)/income											
Available for sale investments:											
- Net change in fair value arising during the period	-	-	-	-	-	26,068	-	-	26,068	-	26,068
-Transferred to interim condensed consolidated statement of profit or loss on sale	-	-	-	-	-	(6,807,631)	-	-	(6,807,631)	-	(6,807,631)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	-	-	-	-	-	205,975	-	-	205,975	-	205,975
Share of other comprehensive loss of associates	-	-	-	-	-	(610,286)	-	-	(610,286)	-	(610,286)
Exchange difference arising on translation of foreign operation	-	-	-	-	-	-	344,700	-	344,700	347,300	692,000
Total other comprehensive (loss)/income	-	-	-	-	-	(7,185,874)	344,700	-	(6,841,174)	347,300	(6,493,874)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(7,185,874)	344,700	(3,203,117)	(10,044,291)	(4,451,648)	(14,495,939)
Balance at 30 September 2015	**72,000,000**	**11,973,061**	**(32,757,404)**	**104,935**	**32,757,404**	**8,294,102**	**(4,616,810)**	**(40,203,044)**	**47,552,244**	**24,586,739**	**72,138,983**

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

	Equity attributable to the owners of the parent company										
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory and voluntary reserves KD	Fair value reserves KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub – total KD	Non-controlling interests KD	Total KD
Balance at 1 January 2014	72,000,000	11,973,061	(32,869,551)	-	61,426,066	12,618,088	(6,061,895)	(30,132,882)	88,952,887	37,908,975	126,861,862
Purchase of treasury shares	-	-	(46,849)	-	-	-	-	-	(46,849)	-	(46,849)
Sale of treasury shares	-	-	158,996	-	-	-	-	-	158,996	-	158,996
Profit on sale of treasury shares	-	-	-	104,935	-	-	-	-	104,935	-	104,935
Acquisition of non-controlling interest in a subsidiary and joint venture	-	-	-	-	-	-	-	(466,076)	(466,076)	(367,069)	(833,145)
Net change in non-controlling interests	-	-	-	-	-	-	-	-	-	(375,363)	(375,363)
Transactions with owners	-	-	112,147	104,935	-	-	-	(466,076)	(248,994)	(742,432)	(991,426)
Loss for the period	-	-	-	-	-	-	-	(7,666,492)	(7,666,492)	(4,661,502)	(12,327,994)
Other comprehensive (loss)/income											
Available for sale investments:											
- Net change in fair value arising during the period	-	-	-	-	-	(3,307,759)	-	-	(3,307,759)	-	(3,307,759)
- Transferred to interim condensed consolidated statement of profit or loss on sale	-	-	-	-	-	(181,127)	-	-	(181,127)	-	(181,127)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	-	-	-	-	-	1,086,559	-	-	1,086,559	-	1,086,559
Share of other comprehensive loss of associates	-	-	-	-	-	(2,637,370)	-	-	(2,637,370)	-	(2,637,370)
Exchange difference arising on translation of foreign operation	-	-	-	-	-	-	152,644	-	152,644	257,827	410,471
Total other comprehensive (loss)/income	-	-	-	-	-	(5,039,697)	152,644	-	(4,887,053)	257,827	(4,629,226)
Total comprehensive (loss) /income for the period	-	-	-	-	-	(5,039,697)	152,644	(7,666,492)	(12,553,545)	(4,403,675)	(16,957,220)
Balance at 30 September 2014	72,000,000	11,973,061	(32,757,404)	104,935	61,426,066	7,578,391	(5,909,251)	(38,265,450)	76,150,348	32,762,868	108,913,216

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

	Nine months ended 30 Sept. 2015 (Unaudited) KD	Nine months ended 30 Sept. 2014 (Unaudited) KD
OPERATING ACTIVITIES		
Loss for the period	**(8,002,065)**	(12,327,994)
Adjustments:		
Gain on sale of available for sale investments	**(6,754,606)**	(30,144)
Gain on sale of subsidiaries	**-**	(1,856,935)
Impairment of available for sale investments	**205,975**	1,086,559
Dividend income	**(161,409)**	(218,713)
Change in fair value of investment properties	**(32,105)**	-
Interest income	**(242,576)**	(329,180)
Interest and similar expenses	**9,103,952**	8,341,307
Depreciation	**3,945,100**	3,584,150
Provisions	**-**	1,225,252
Share of results of associates and joint ventures	**(611,423)**	859,510
Foreign exchange loss on non-operating liabilities	**739,695**	299,654
	(1,809,462)	633,466
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	**455,562**	2,244,100
Receivables and other debit balances	**(2,479,505)**	1,275,709
Loans receivable	**-**	(62,022)
Due from related parties	**1,015,817**	1,180,061
Trading properties	**324,533**	281,814
Payables and other credit balances	**6,510,350**	(8,931,302)
Due to related parties	**10,768,397**	(1,331,718)
Advances received from customers	**7,983,249**	5,031,578
Cash from operating activities	**22,768,941**	321,686
Dividend income received	**161,409**	218,713
Interest and similar income received	**242,576**	329,180
Interest and similar expenses paid	**(8,163,542)**	(7,584,570)
Net cash from/(used in) operating activities	**15,009,384**	(6,714,991)
INVESTING ACTIVITIES		
Proceeds from sale of asset held for sale	**1,357,432**	2,474,871
Net change in investment in associates and joint ventures	**(179,079)**	2,995,620
Additions to properties under development	**(9,000,296)**	(1,940,710)
Additions to capital work in progress	**(216,796)**	(152,847)
Additions to property, plant and equipment	**(1,335,966)**	(880,860)
Proceeds from sale of available for sale investments	**-**	101,071
Net change in investment properties	**-**	585,543
Purchase of available for sale investments	**(88,834)**	(2,781,495)
Net cash (used in)/ from investing activities	**(9,463,539)**	401,193

Interim condensed consolidated statement of cash flows (continued)

	Note	Nine months ended 30 Sept. 2015 (Unaudited) KD	Nine months ended 30 Sept. 2014 (Unaudited) KD
FINANCING ACTIVITIES			
Proceeds from banks loans		13,766,800	28,567,202
Repayment of bank loans		(12,266,214)	(19,128,341)
Change in non-controlling interests		3,377,334	(950,998)
Investment made by non-controlling interest		1,472,627	-
Purchase of treasury shares		-	(46,849)
Proceeds from sale of treasury shares		-	263,931
Net cash from financing activities		6,350,547	8,704,945
Increase in cash and cash equivalents		11,896,392	2,391,147
Foreign currency adjustment		(10,583,170)	(910,712)
Cash and cash equivalents at beginning of the period	8	5,479,990	5,704,539
Cash and cash equivalents at end of the period	8	6,793,212	7,184,974
Non-cash transactions			
Sale of available for sale investments		9,563,767	-
Reclassification of investments at fair value through statement of profit or loss upon consolidation		10,984	-
Additions to investment in associates		(9,686,644)	-
Purchase of available for sale investments		(2,236,297)	-
Receivables and other debit balances		(2,521)	-
Payables and other credit balances		2,455,350	-
Goodwill arising on acquisition of a subsidiary		(104,639)	-
Sale of asset classified as held for sale settled through related parties accounts		4,130,288	-
Due to related parties		(4,130,288)	-

The notes set out on pages 9 to 25 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 – KPSC ("the parent company") is a Kuwaiti Public 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 and Capital Market Authority of Kuwait as an investment company.

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.

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

This interim condensed consolidated financial information for the nine month period ended 30 September 2015 was authorised for issue by the parent company's board of directors on 25 November 2015.

2 Basis of preparation

This interim condensed consolidated financial information of the group for the nine-month period ended 30 September 2015 has been prepared in accordance with IAS 34, Interim Financial Reporting, except as noted below.

The annual consolidated financial statements for the year ended 31 December 2014 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK"). 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 as described below.

The impairment provision for loans and advances complies in all material respects with the specific provision requirements of the CBK and IFRS. In this respect, the CBK requires general provisions of 1% for cash facilities and 0.5% for non-cash facilities, for which no specific provision has been made.

This interim condensed consolidated financial information does not contain 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.

Operating results for the nine months ended 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015. For more details refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2014.

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2014.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation 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 financial statements of the group for the year ended 31 December 2014 except for adoption of relevant new standards, amendments to certain standards and interpretations discussed below.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

3.1 New and amended standards adopted by the group

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

Standard or Interpretation	*Effective for annual periods beginning*
Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

Annual Improvements to IFRSs 2010–2012 Cycle:

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

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

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

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

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

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

The annual improvements did not have any material impact to the group's interim condensed consolidated financial information.

Annual Improvements 2011-2013 Cycle

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

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

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

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

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

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

The annual improvements did not have any material impact to the group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

4 Basis of consolidation

The financial year end of IFA Hotels and Resorts Company – KPSC (subsidiary company) is 31 December, but for the purpose of consolidating of that subsidiary in to the group's interim condensed consolidated financial information, the financial information for the period ended 30 June 2015 have been used after appropriate adjustments have been made for the effects of significant transactions on period ended 30 September 2015.

The group has consolidated the financial information of other subsidiaries by using management accounts provided by these companies as at 30 September 2015.

5 Business combination

During the period, the group acquired 90.98% equity shares in First Takaful Insurance Company - KPSC ("Takaful") for a total consideration of KD9,698,897. The group previously held 11% in equity shares Takaful was classified as investments at fair value through profit or loss. The reclassification of previously held investment at fair value through profit or loss resulted in a loss of KD94,105.

The consideration of KD9,698,897 was settled by transferring group's investment in unquoted shares in Neova Sigorta Insurance Company ("Nevo") (see note 11) carried at equivalent value against 90.98% equity interest in Takaful (note 11).

The identifiable assets and liabilities of First Takaful Insurance Company - KPSC at the date of acquisition were as follows:

	KD
Cash and bank balances	136,448
Available for sale investments	2,457,901
Investment in associates (includes goodwill amounting to KD 7,291,365 on acquisition of additional shares in the associate- note 12)	10,646,533
Other assets	2,771
Total assets	**13,243,653**
Amount due to policyholders	2,640,719
Other liabilities	57,942
Total liabilities	**2,698,661**
Net assets	**10,544,992**
Share of net assets acquired – 90.98%	**9,594,258**
Less: purchase consideration	**(9,698,897)**
Goodwill	**104,639**
Purchase consideration	9,687,913
Cash balances on acquisition	(124,146)
Net outflow of assets (see cash flows non-cash transactions)	9,563,767

The fair value of identifiable assets and liabilities acquired has been determined by the management of the parent company. The estimates referred to above, and resultant goodwill is subject to revision within twelve months of the acquisition date.

Notes to the interim condensed consolidated financial information (continued)

6 Net income from hoteliers and related services

	Three months ended		Nine months ended	
	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	**30 Sept. 2015 (Unaudited) KD**	30 June 2014 (Unaudited) KD
Income:				
Sale of properties	**329,754**	256,734	**1,642,458**	925,444
Hotel operations	**6,442,218**	6,806,080	**21,765,241**	21,230,383
Beach club operations	**604,274**	515,467	**1,727,133**	1,809,818
Management fees	**386,943**	157,203	**1,322,289**	1,054,699
Residential service income	**987,944**	(717,297)	**2,832,788**	578,295
Rental income	**85,600**	-	**707,946**	75,644
	8,836,733	7,018,187	**29,997,855**	25,674,283
Direct costs	**(6,205,246)**	(3,639,363)	**(17,250,958)**	(11,833,996)
	2,631,487	3,378,824	**12,746,897**	13,840,287

7 Basic and diluted loss per share attributable to the owners of the parent company

Basic and diluted loss per share attributable to the owners of the parent company is calculated by dividing the loss for the period attributable to the owners of the parent company by the weighted average number of shares outstanding during the period excluding treasury shares.

	Three months ended		Nine months ended	
	30 Sept. 2015 (Unaudited)	30 Sept. 2014 (Unaudited)	**30 Sept. 2015 (Unaudited)**	30 Sept. 2014 (Unaudited)
Loss for the period attributable to the owners of the parent company (KD)	**(3,815,119)**	(2,091,631)	**(3,203,117)**	(7,666,492)
weighted average number of shares outstanding during the period (excluding treasury shares)	**672,889,436**	672,889,436	**672,889,436**	672,695,832
Basic and diluted loss per share attributable to the owners of the parent company	**(5.67) Fils**	(3.11) Fils	**(4.76) Fils**	(11.40) Fils

8 Cash and cash equivalents

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows comprise of the following accounts:

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Cash and bank balances	**8,163,322**	5,902,975	7,616,135
Fixed deposits	**-**	557,759	562,610
	8,163,322	6,460,734	8,178,745
Less: Due to bank	**(1,370,110)**	(980,744)	(993,771)
Cash and cash equivalent for interim condensed consolidated statement of cash flows	**6,793,212**	5,479,990	7,184,974

Notes to the interim condensed consolidated financial information (continued)

8 Cash and cash equivalents (continued)

The group's fixed deposits yield interest at an average rate of nil% (31 December 2014 and 30 September 2014: 0.075%) per annum.

Due to bank represents KD1 Million overdraft facility from a local bank of which the group had drawn an amount of KD1,370,110 as at end of the period (31 December 2014: KD980,744 and 30 September 2014: KD 993,771) and it carries interest at 4% (31 December 2014 and 30 September 2014: 4%) per annum and is secured by way of certain managed portfolio.

9 Receivables and other debit balances

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Financial assets			
Trade receivables	**6,558,941**	6,675,282	5,657,629
Advances and prepayments	**125,396**	313,146	319,397
Kuwait Clearing Company receivables	**86,636**	112,191	119,001
Staff receivables	**76,584**	50,422	44,729
Non financial assets			
Prepaid expenses	**2,969,139**	2,279,807	2,476,752
Advances to contractors	**2,669,787**	1,969,586	151,269
Other miscellaneous receivables	**9,300,735**	7,904,508	7,837,888
	21,787,218	19,304,942	16,606,665

10 Asset classified as held for sale

During the period, the group sold its 49% holding in Kuwait Invest Real Estate Company which was classified as asset classified as held for sale for total consideration of KD5,487,720 which was equal to carrying value of the investment resulting in no gain or loss from this sale.

11 Available for sale investments

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Local quoted securities	**310,860**	434,371	520,742
Foreign quoted securities	**137,290**	215,446	350,351
Local unquoted securities	**12,246,004**	9,677,806	11,588,560
Foreign unquoted securities	**14,597,442**	24,155,188	17,588,503
Managed funds	**639,782**	578,037	631,043
	27,931,378	35,060,848	30,679,199

Notes to the interim condensed consolidated financial information (continued)

11 Available for sale investments (continued)

Foreign and local unquoted investments amounting to KD7,829,958 (31 December 2014: KD7,834,672 and 30 September 2014: KD11,978,509) are carried at cost less impairment, if any since their fair values cannot be reliably determined. Management is not aware of any circumstances that would indicate impairment in value of these investments.

During the period, the group acquired 90.98% of equity interest in First Takaful Insurance Company-KPSC ("Takaful") and paid for this investment by transferring its shares in Neova Sigorta Insurance Company for total sale consideration of KD9,687,913 resulting in a gain of KD6,754,606 (note 5 and 12).

Managed funds include investments in units of private equity funds amounting to KD639,782 (31 December 2014: KD578,037 and 30 September 2014: KD631,043). Fair value of these investments are determined using net asset values reported by the investment managers and the management believes that these represent the best estimate of fair value available for these investments.

During the period, the group recognised an impairment loss of KD205,975 (30 September 2014: KD1,086,559) in respect of certain available for sale investments. Management has performed an analysis of the underlying investments which indicate that there is no further impairment.

Available for sale investments amounting to KD7,666,457 (31 December 2014: KD8,379,535 and 30 September 2014: KD6,180,092) are pledged as security against group's borrowings (note 17).

12 Investment in associates and joint ventures

Name of associates	Country of incorporation	Percentage of ownership			Principal Activities
		30 Sept. 2015 (Unaudited)	31 Dec 2014 (Unaudited)	30 Sept. 2014 (Unaudited)	
		%	%	%	
Arzan Financial Group For Financing and Investment - KPSC (Quoted)	Kuwait	19.36	19.36	19.36	Financing
Zamzam Religious Tourism Co. - KSCC	Kuwait	20	20	20	Hajj & Umrah
Legend & IFA Developments (Pty) Ltd	South Africa	50	50	50	Property development
Neova Sigorta Insurance Company("Neova")	Turkey	35	-	-	Insurance
Abwab Capital Limited	UAE	42.43	-	-	Investments
Weqaya Takaful Insurance and Reinsurance Company-SSC (Quoted)	Saudi Arabia	20	-	-	Insurance

Notes to the interim condensed consolidated financial information (continued)

12 Investment in associates and joint ventures (continued)

Movement in the carrying amount of investment in associates and joint ventures is as follows:

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Carrying amount at the beginning of the period/year	**29,183,734**	51,661,172	51,661,172
Additions	**10,825,611**	-	-
Share of results	**611,423**	(1,113,532)	(859,510)
Impairment of investment in associates and joint ventures	-	(18,506,000)	-
Foreign exchange translation adjustments	**(388,630)**	(351,040)	(358,250)
Share of other comprehensive loss of associates	**(610,286)**	(2,506,866)	(2,637,370)
Carrying amount at the end of period/year	**39,621,852**	29,183,734	47,806,042
Fair value	**5,985,311**	7,462,206	10,260,533

The parent company previously held 25% equity interest in Neova which was classified as available for sale investment as the parent company did not exercise significant influence. The shares in Neova were transferred to Takaful as part of parent company's contribution to its share capital increase, resulting in parent company's acquiring 90.98% equity shares of Takaful. Takaful previously held 10% equity interest in Neova before the capital increase and now holds 35% . Takaful's additional acquisition of 25% equity interest from the parent company for a total consideration of KD9,687,913 resulted in recognition of goodwill amounting to KD7,291,365.

Also during the period the group acquired 42.43% interest in Abwab Capital Limited for a total consideration of KD179,079. The acquisition of Abwab resulted in a goodwill amounting to KD37,706.

The identifiable assets and liabilities of Neova Sigorta Insurance Company and Abwab Capital Limited at the date of acquisition were as follows:

	Neova KD	Abwab KD
Total assets	**50,265,537**	**411,850**
Total liabilities	**(40,679,346)**	**(78,660)**
Net assets	**9,586,191**	**333,190**
Percentage of net assets acquired	**25%**	**42.43%**
Share of net assets acquired	**2,396,548**	**141,373**
Less: purchase consideration	**(9,687,913)**	**(179,079)**
Goodwill	**7,291,365**	**37,706**

The total consideration paid by the group to acquire the additional shares in Neova was based on fair valuation performed by an independent valuer using Discounted Cash Flow methodology; therefore, management believes there is no impairment of the goodwill as at reporting date.

Group's investment in Waqaya Takaful Insurance and Reinsurance Company-SSC is carried at KD1 since the group's subsidiary provided full impairment loss against this investment in 2014.

Notes to the interim condensed consolidated financial information (continued)

13 Properties under development

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Properties in Dubai – UAE	**155,488,462**	140,137,143	131,607,478
Properties in South Africa	**7,769,070**	5,344,841	5,395,898
Properties in Lebanon	**12,946,980**	12,769,619	12,758,008
	176,204,512	158,251,603	149,761,384

14 Capital work in progress

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Crescent Palm Jumeirah	**46,510,200**	45,133,824	-
Construction pilling and enabling works	**874,680**	528,721	487,912
	47,384,880	45,662,545	487,912

15 Payables and other credit balances

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Accrued expenses (a – below)	**4,783,882**	7,092,149	7,661,922
Accounts payable (b - below)	**24,735,734**	24,181,126	31,001,144
Dividends payable	**512,511**	515,320	515,920
Obligations against purchase of land*	**-**	1,201,284	-
Kuwait Foundation for the Advancement of Science	**2,448,681**	2,448,681	2,448,592
National Labour Support Tax	**7,630,213**	7,618,757	7,618,757
Zakat provision	**643,930**	639,348	637,454
Provision for employees' end of service benefits and leave	**2,655,784**	2,311,229	2,116,809
Deferred income	**1,951,592**	2,128,126	1,598,478
Accrued retention payable	**890,123**	-	-
Accrued construction costs	**4,208,993**	733,722	560,131
Redeemable preference shares	**3,026,771**	2,889,252	2,822,769
Refundable deposits on cancellation and resale of units	**2,091,124**	1,521,039	1,557,917
Land transfer fee payable	**2,727,076**	1,054,704	1,064,169
Provision for loans receivable	**1,556,000**	1,556,000	1,556,000
Other payables	**13,492,921**	7,315,177	7,546,175
	73,355,335	63,205,914	68,706,237

a. Accrued expenses includes provision amounting to KD1,726,757 against legal cases filed against the UAE subsidiary (Note 21)

b. Accounts payable includes KD13,223,523 (equivalent AED160,460,181) payable to main contractor, Dubai Contracting Company (DCC) of which an amount of KD12,246,514 (equivalent of AED148,604,698) was paid to DCC in two instalments date 3 July 2015 and 15 July 2015.

c. During the period the group settled its obligations against purchase of land amounting to KD1,201,284, as a result of the settlement the title deeds of the land were transferred to the group.

Notes to the interim condensed consolidated financial information (continued)

16 Due to related parties

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
IFA Zimbali H & R (Pty) Ltd	**1,582,375**	1,173,767	925,164
Al Tilal Investment Co. – WLL	**1,286,965**	1,303,409	1,235,856
Kuwait Real Estate Company – KPSC	**12,334,511**	8,443,876	7,445,013
Al Rana General Trading Co. – WLL	**3,041,142**	1,600,518	1,567,348
Kuwait Holding Co. – KSCC	**2,052,650**	2,053,275	2,053,614
United Investment Portugal Company	**375,801**	375,801	375,801
AIM Consulting Services Co. – WLL	**102,585**	105,958	119,343
International Resorts Company – KPSC	**151,950**	143,487	132,017
Al Dahiya Investment Co. – WLL	**5,621,665**	5,439,142	5,435,727
The Palm Golden Mile (JV)	**-**	-	1,768,351
EFG Hermes-KSCC	**-**	3,956,080	-
Kuwait Invest Real Estate-KSCC	**435,040**	603,019	-
IFA Properties Brokerage – LLC	**487,075**	-	-
Other related parties	**1,088,439**	854,045	979,570
	28,560,198	26,052,377	22,037,804

During the period the group sold its investment in Kuwait Invest Real Estate which was classified as asset classified as held for sale (note 10) amounting to KD5,487,720 to a EFG Hermes – KSSC against a payable balance of KD3,956,080. The deference of KD1,357,432 was received in cash by the group.

Amount due to related parties are non-interest bearing, unsecured and repayable on demand.

Notes to the interim condensed consolidated financial information (continued)

17 Borrowings

The loan balances and bank facilities of the group are represented at the date of the interim condensed consolidated statement of financial position by the following:

	Currency	Period due From	Period due To	Effective interest rates	Purpose	Assets pledged	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
1	USD	28-12-2005	28-12-2019	2.87%	Financing the group's investments	Shares of parent company and IFA H& R shares	**36,351,000**	35,266,800	34,672,200
2	EUR	15-06-2007	28-12-2019	2.68%	Financing the group's investments	Shares of IFA H& R and an AFS investments	**6,754,622**	7,054,242	7,290,120
3	KD	26-06-2013	30-06-2019	4.75%	Repayment of indebtedness	Local portfolio with 120% coverage	***23,000,000**	23,000,000	23,000,000
4	KD	05-01-2013	31-12-2019	3.75%	Local equity financing	Financial portfolio with 200% coverage	**8,555,000**	8,555,000	8,555,000
5	AED	01-05-2007	30-06-2018	7% - 12%	Projects financing	Properties located in Palm Jumeirah, U.A.E and collections deposited in account opened in a foreign bank	**84,358,390**	80,042,196	77,830,903
6	Rand	23/05/2007	21/05/2017	2% - 8.5%	Financing the group's investments	Mortgage of certain property, plant and equipment and certain trading properties in South Africa subsidiaries	**11,959,294**	12,193,868	11,321,500
7	USD	01/01/2010	31/12/2016	9%	Acquisition of properties	Land included in properties under development	**3,979,260**	2,977,299	5,222,743
8	EUR	15/09/2011	15/03/2024	6.5%	Acquisition of properties	Investment properties owned by the subsidiary	**4,416,300**	5,021,760	5,772,646
9	GBP	01/08/2008	31/07/2018	4.5%	Financing the group's investments	Assets of Yotel Airports Limited	**605,146**	288,005	316,732
							179,979,012	174,399,170	173,981,844

*The group was due to pay an amount of KD 2.5 M to a local bank upon maturity of an instalment on 30 June 2015. During the period the group entered in reschedule agreement with related bank to extend the maturity date of this instalment to 31 December 2015.

Notes to the interim condensed consolidated financial information (continued)

17 Borrowings (continued)

The borrowings are pledged against certain group's assets as follow:

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Investments at fair value through statement of profit or loss	**138,187**	86,315	178,305
Trading properties	**3,699,388**	4,023,921	3,931,044
Available for sale investments	**7,666,457**	8,379,535	6,180,092
Investment in associate	**2,513,426**	3,133,623	4,308,731
Investment properties	**7,842,094**	8,209,604	9,217,543
Properties under development	**51,863,799**	52,836,912	46,697,572
Property, plant and equipment	**98,378,751**	95,295,566	90,744,120
Investment in subsidiary	**59,955,011**	60,778,583	67,464,226
	232,057,113	232,744,059	228,721,633

18 Advances received from customers

These balances represent amounts collected in advance from customers of a subsidiary company of the group on the sale of residential flats currently under construction by the group. Advances from those customers are transferred to income upon completion of the construction of the sold unit and handing it over to the customer.

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Balance at the beginning of the period/year	**132,256,127**	123,996,415	123,996,415
Advances received during the period/year	**8,558,570**	5,774,711	3,605,329
Revenue recognised during the period/year	**(575,321)**	(40,422)	(173,315)
Foreign currency adjustment	**4,653,866**	2,525,423	1,599,564
Balance at end of the period/year	**144,893,242**	132,256,127	129,027,993

19 Treasury shares

	30 Sept. 2015 (Unaudited)	31 Dec. 2014 (Audited)	30 Sept. 2014 (Unaudited)
Number of shares	**47,110,564**	47,110,564	47,111,000
Percentage of issued shares	**6.54%**	6.54%	6.54%
Cost (KD)	**32,757,404**	32,757,404	32,757,404
Market value (KD)	**1,790,201**	1,884,423	3,015,104

Treasury share reserve is not available for distribution. Reserves of the parent company equivalent to the cost of treasury shares have been earmarked as non-distributable. Treasury shares carried at cost amounting to KD32,743,499 (31 December 2014: KD32,743,499 and 30 September 2014: KD32,743,499) are pledged as security against group's borrowings.

Notes to the interim condensed consolidated financial information (continued)

20 Capital commitments

Capital expenditure commitments
At 30 September 2015, the group was committed to invest in the additional anticipated funding required to build several real estate projects in Dubai – UAE , Beirut –Lebanon, and South Africa. The group's share in the estimated funding commitments on these projects is as follows:

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Estimated and contracted commitment outstanding on account of revenue projects	**20,188,264**	27,001,086	15,573,000

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 Contingent liabilities

Certain customers have initiated legal proceeding against UAE subsidiary for the delay in completion of its projects and cancellation of units. Since these litigations are in the preliminary stage, the probable outcome cannot be estimated reliably. However, on prudence basis, the management has sufficiently provided provision amounting to KD1,726,757 included in accrued expenses (note 15-a) for the expected loss that could result from this litigation in consultation with group's legal advisor.

Notes to the interim condensed consolidated financial information (continued)

22 Segmental analysis

The group activities are concentrated in four main segments: asset management, treasury and investments, real estate and others. The segments' results are reported to the higher management in the group. In addition, the segments revenue, assets are reported based on the geographic locations which the group operates in. The following is the segments information, which conforms with the internal reporting presented to management.

	Asset Management		Treasury and Investments		Real Estate		Others		Total	
	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	**30 Sept. 2015 (Unaudited) KD**	30 Sept. 2014 (Unaudited) KD	**30 Sept. 2015 (Unaudited) KD**	30 Sept. 2014 (Unaudited) KD	**30 Sept. 2015 (Unaudited) KD**	30 Sept. 2014 (Unaudited) KD	**30 Sept. 2015 (Unaudited) KD**	30 Sept. 2014 (Unaudited) KD
Segment income	**81,927**	160,040	**7,433,458**	1,552,180	**12,554,074**	15,069,371	**104,436**	(1,027,451)	**20,173,895**	15,754,140
Segment (loss)/profit for the period	**(3,863,173)**	(3,424,110)	**(1,876,469)**	(7,875,686)	**12,554,074**	15,069,371	**(14,816,497)**	(16,097,569)	**(8,002,065)**	(12,327,994)
Depreciation									**3,945,100**	3,584,150
Impairment									**205,975**	1,086,559
Interest and similar expenses									**9,103,952**	8,341,307
Total segmental assets	**121,364,523**	121,841,651	**117,214,587**	136,692,970	**237,812,368**	216,821,026	-	-	**476,391,478**	475,355,647
Total segmental liabilities	**-**	-	**(181,349,123)**	(174,975,615)	**(144,893,243)**	(129,027,993)	-	-	**(326,242,366)**	(304,003,608)
Net segmental assets	**121,364,523**	121,841,651	**(64,134,536)**	(38,282,645)	**92,919,125**	87,793,033	-	-	**150,149,112**	171,352,039
Unallocated assets									**23,905,402**	28,305,218
Unallocated liabilities									**101,915,531**	(90,744,041)
Net Assets									**72,138,983**	108,913,216

Notes to the interim condensed consolidated financial information (continued)

23 Annual general assembly

The Annual General Assembly of the Shareholders held on 21 September 2015 approved the consolidated financial statements of the group for the year ended 31 December 2014 and approved the directors' proposal not to distribute any dividend for the year ended 31 December 2014.

Also the General Assembly Meeting of the Shareholders held on same date approved to set off part of the accumulated losses of the group amounting to KD 28,668,662 through utilisation of the voluntary reserve with the same amount.

24 Related parties transactions

Related parties represent 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 transactions between the group and other related parties are disclosed below.

During the period, the group entities entered into the following transactions with related parties that are not members of the group:

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties	**2,118,184**	3,134,001	11,698,553
Due to related parties	**28,560,198**	26,052,377	22,037,804
Due to policyholders (included in payables and other credit balances)	**2,913,654**	-	-
Transactions included in the interim condensed consolidated statement of profit or loss:			
Interest income	**19,230**	25,284	11,262
Interest and similar expenses	**194,665**	284,109	178,592
Gain on sale of subsidiaries	-	1,856,935	1,856,935
Gain on sale of available for sale investments	**6,754,606**	-	-
Advisory income	-	371,875	371,875
Key management compensation of the group			
Short-term employee benefits	**790,036**	1,059,714	768,122

25 Fiduciary accounts

The group manages portfolios on behalf of others, mutual funds and maintains cash balances and securities in fiduciary accounts, which are not reflected in the interim condensed consolidated statement of financial position. Assets under management at 30 September 2015 amounted to KD41,015,000 (31 December 2014: KD52,082,306 and 30 September 2014: KD64,799,606) The group earned management fee of KD 63,556 (30 September 2014: KD76,876) from these activities.

Notes to the interim condensed consolidated financial information (continued)

26 Financial risk management

All aspects of the group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2014.

27 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 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 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 on a recurring basis in the interim condensed consolidated financial position are grouped into the fair value hierarchy as follows:

30 September 2015 (unaudited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Assets:				
Investments at fair value through profit or loss				
Investments held for trading:				
Local:				
Quoted securities	567,792	-	-	567,792
Unquoted securities	-	-	71,272	71,272
Foreign:				
Quoted securities	19,995	-	-	19,995
Available for sale investments				
Quoted securities	448,150	-	-	448,150
Managed funds	-	639,782	-	639,782
Unquoted securities	-	-	19,013,488	19,013,488
	1,035,937	639,782	19,084,760	20,760,479

Notes to the interim condensed consolidated financial information (continued)

27 Fair value measurement (continued)

31 December 2014 (Audited)	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss				
Investments held for trading:				
Local:				
Quoted securities	763,510	-	-	763,510
Unquoted securities	-	-	232,156	232,156
Foreign:				
Quoted securities	118,955	-	-	118,955
Available for sale investments				
Quoted securities	649,817	-	-	649,817
Managed funds	-	578,037	-	578,037
Unquoted securities	-	-	25,998,322	25,998,322
	1,532,282	578,037	26,230,478	28,340,797

30 September 2014 (unaudited)

	Level 1	Level 2	Level 3	Total
Assets:				
Investments at fair value through profit or loss				
Investments held for trading:				
Local:				
Quoted securities	873,211	-	-	873,211
Unquoted securities	-	-	232,156	232,156
Foreign:				
Quoted securities	213,387	-	-	213,387
Available for sale investments				
Quoted securities	871,093	-	-	871,093
Managed funds	-	631,043	-	631,043
Unquoted securities	-	-	17,198,552	17,198,552
Net fair value	1,957,691	631,043	17,430,708	20,019,442

There have been no significant transfers between levels 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.

Notes to the interim condensed consolidated financial information (continued)

27 Fair value measurement (continued)

Level 3 fair value measurements

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

	Investments at fair value through profit or loss		
	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Opening balance	**232,156**	232,156	232,156
Transferred from level 1	**136**	-	-
Gains or losses recognised in:			
- Interim condensed consolidated statement of profit or loss	**(161,020)**	-	-
Closing balance	**71,272**	232,156	232,156

	Available for sale Investments		
	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Opening balance	**25,998,322**	17,663,070	17,663,070
Additions	**2,657,098**	624,232	1,524,791
Disposals	**(9,682,646)**	(2,459,079)	(1,000,827)
Gains or losses recognised in:			
- Other comprehensive income/(loss)	**40,714**	10,170,099	(988,482)
Closing balance	**19,013,488**	25,998,322	17,198,552

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

For financial instruments carried at amrotised cost, fair values are not materially different from their carrying values and are used only for disclosure purpose. Fair value of such financial instruments are classified under level 3 determined based on discounted cash flow basis, with most significant inputs being the discount rate that reflects the credit risk of counter parties.

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