Interim Condensed Consolidated Financial Information and Review Report

International Financial Advisors – KPSC and Subsidiaries

Kuwait

31 March 2016 (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 31 March 2016 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 three month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of 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. 1 of 2016, and the Executive Regulations of Law No. 25 of 2012, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, 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 three month period ended 31 March 2016 that might have had a material effect on the business or financial position of the parent company.

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Kuwait
13 June 2016

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
Revenue			
Interest income		**128,427**	127,700
Management fees and similar income		**16,815**	21,182
Dividend income		**800**	-
Net income from hoteliers and related services	7	**5,097,551**	4,367,743
Net loss from investments		**(14,628)**	(18,072)
Share of results of associates	12	**247,444**	14,927
Loss on sale of shares in investment in associate	12	**(1,027,829)**	-
Other income		**250,075**	59,465
		4,698,655	4,572,945
Expenses and other charges			
Staff costs		**(1,580,321)**	(939,769)
Other operating expenses and charges		**(5,610,443)**	(3,570,037)
Impairment of available for sale investments		**(90,290)**	(106,899)
Depreciation		**(1,204,756)**	(1,401,474)
Interest and similar expenses		**(2,641,348)**	(3,274,820)
		(11,127,158)	(9,292,999)
Loss before taxation on overseas subsidiaries		**(6,428,503)**	(4,720,054)
Taxation on overseas subsidiaries		**45,223**	(180,102)
Loss for the period		**(6,383,280)**	(4,900,156)
Loss for the period attributable to :			
Owners of the parent company		**(4,410,588)**	(3,144,518)
Non-controlling interests		**(1,972,692)**	(1,755,638)
Loss for the period		**(6,383,280)**	(4,900,156)
Basic and diluted loss per share attributable to the owners of the parent company	8	**(6.55) Fils**	(4.67) Fils

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

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

	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
Loss for the period	**(6,383,280)**	(4,900,156)
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	**(44,002)**	(8,701)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	**90,290**	106,899
Share of other comprehensive income/(loss) of associates	**885,921**	(759,928)
Exchange differences arising on translation of foreign operations	**(475,258)**	167,065
Total other comprehensive income/(loss)	**456,951**	(494,665)
Total comprehensive loss for the period	**(5,926,329)**	(5,394,821)
Total comprehensive loss for the period attributable to:		
Owners of the parent company	**(3,390,975)**	(3,689,176)
Non-controlling interests	**(2,535,354)**	(1,705,645)
	(5,926,329)	(5,394,821)

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

Interim condensed consolidated statement of financial position

	Notes	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	(Restated) 31 March 2015 (Unaudited) KD
Assets				
Cash and cash equivalents	9	**13,114,136**	13,923,394	7,640,285
Investments at fair value through profit or loss		**300,974**	532,087	1,025,644
Receivables and other debit balances	10	**18,780,159**	20,006,220	19,558,259
Due from related parties	11	**295,557**	2,016,963	2,148,623
Trading properties		**7,191,726**	7,486,446	7,983,142
Available for sale investments		**25,969,730**	26,000,708	35,053,736
Investment properties		**10,326,011**	10,341,992	10,857,007
Investment in associates	12	**42,868,945**	42,645,744	28,318,699
Goodwill		**40,172,940**	40,224,898	40,759,693
Properties under development	13	**74,378,714**	80,506,538	65,768,716
Capital work in progress		**46,891,897**	46,700,561	45,738,704
Property, plant and equipment		**108,783,628**	109,452,749	120,178,935
Total assets		**389,074,417**	399,838,300	385,031,443
Liabilities and equity				
Liabilities				
Due to bank	9	**1,302,003**	1,292,668	1,273,789
Payables and other credit balances	14	**70,725,787**	68,673,380	64,892,484
Due to related parties	11	**32,016,088**	27,638,183	26,105,605
Borrowings	15	**190,167,962**	190,483,464	175,531,195
Advances received from customers	16	**11,159,660**	22,224,779	29,814,566
Total liabilities		**305,371,500**	310,312,474	297,617,639
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	17	**(32,757,404)**	(32,757,404)	(32,757,404)
Treasury shares reserve	17	**104,935**	104,935	104,935
Statutory and voluntary reserves		**32,757,404**	32,757,404	61,426,066
Fair value reserve		**7,413,751**	6,481,542	14,818,246
Foreign currency translation reserve		**(5,148,950)**	(5,236,354)	(4,844,438)
Accumulated losses		**(35,098,340)**	(30,687,752)	(63,061,846)
Total equity attributable to the owners of the parent company		**51,244,457**	54,635,432	59,658,620
Non-controlling interests		**32,458,460**	34,890,394	27,755,184
Total equity		**83,702,917**	89,525,826	87,413,804
Total liabilities and equity		**389,074,417**	399,838,300	385,031,443

Saleh Saleh Al-Selmi
Chairman

Talal Jassim Al-Bahar
Vice Chairman

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

Interim condensed consolidated statement of changes in equity (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 2016	72,000,000	11,973,061	(32,757,404)	104,935	32,757,404	6,481,542	(5,236,354)	(30,687,752)	54,635,432	34,890,394	89,525,826
Net change in non-controlling interests	-	-	-	-	-	-	-	-	-	103,420	103,420
Transactions with owners	-	-	-	-	-	-	-	-	-	103,420	103,420
Loss for the period	-	-	-	-	-	-	-	(4,410,588)	(4,410,588)	(1,972,692)	(6,383,280)
Other comprehensive income/(loss)											
Available for sale investments:											
- Net change in fair value arising during the period	-	-	-	-	-	(44,002)	-	-	(44,002)	-	(44,002)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	-	-	-	-	-	90,290	-	-	90,290	-	90,290
Share of other comprehensive income of associates	-	-	-	-	-	885,921	-	-	885,921	-	885,921
Exchange difference arising on translation of foreign operation	-	-	-	-	-	-	87,404	-	87,404	(562,662)	(475,258)
Total other comprehensive income/(loss)	-	-	-	-	-	932,209	87,404	-	1,019,613	(562,662)	456,951
Total comprehensive income/(loss) for the period	-	-	-	-	-	932,209	87,404	(4,410,588)	(3,390,975)	(2,535,354)	(5,926,329)
Balance at 31 March 2016	**72,000,000**	**11,973,061**	**(32,757,404)**	**104,935**	**32,757,404**	**7,413,751**	**(5,148,950)**	**(35,098,340)**	**51,244,457**	**32,458,460**	**83,702,917**

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 2015 (previously reported)	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
Effect of adoption IFRS15 (note 5)	-	-	-	-	-	-	-	5,537,526	5,537,526	4,117,415	9,654,941
Balance at 1 January 2015 (restated)	-	-	-	-	-	-	-	(59,975,887)	63,289,237	28,150,722	91,439,959
Acquisition of non-controlling interest in subsidiaries	-	-	-	-	-	-	-	58,559	58,559	(58,559)	-
Investment made by non-controlling interests	-	-	-	-	-	-	-	-	-	1,472,627	1,472,627
Net change in non-controlling interests	-	-	-	-	-	-	-	-	-	(103,961)	(103,961)
Transactions with owners	-	-	-	-	-	-	-	58,559	58,559	1,310,107	1,368,666
Loss for the period	-	-	-	-	-	-	-	(3,144,518)	(3,144,518)	(1,755,638)	(4,900,156)
Other comprehensive (loss)/income											
Available for sale investments:											
- Net change in fair value arising during the period	-	-	-	-	-	(8,701)	-	-	(8,701)	-	(8,701)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	-	-	-	-	-	106,899	-	-	106,899	-	106,899
Share of other comprehensive loss of associates	-	-	-	-	-	(759,928)	-	-	(759,928)	-	(759,928)
Exchange difference arising on translation of foreign operation	-	-	-	-	-	-	117,072	-	117,072	49,993	167,065
Total other comprehensive (loss)/income	-	-	-	-	-	(661,730)	117,072	-	(544,658)	49,993	(494,665)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(661,730)	117,072	(3,144,518)	(3,689,176)	(1,705,645)	(5,394,821)
Balance at 31 March 2015 (restated)	**72,000,000**	**11,973,061**	**(32,757,404)**	**104,935**	**61,426,066**	**14,818,246**	**(4,844,438)**	**(63,061,846)**	**59,658,620**	**27,755,184**	**87,413,804**

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

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2016 (Unaudited) KD	(Restated) Three months ended 31 March 2015 (Unaudited) KD
OPERATING ACTIVITIES			
Loss for the period		**(6,383,280)**	(4,900,156)
Adjustments:			
Impairment of available for sale investments		**90,290**	106,899
Dividend income		**(800)**	-
Interest income		**(128,427)**	(127,700)
Interest and similar expenses		**2,641,348**	3,274,820
Depreciation		**1,204,756**	1,401,474
Share of results of associates		**(247,444)**	(14,927)
Loss on sale of shares in investment in associate		**1,027,829**	
Foreign exchange loss on non-operating liabilities		**-**	24,520
		(1,795,728)	(235,070)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		**231,113**	88,977
Receivables and other debit balances		**1,226,061**	(253,317)
Due from related parties		**1,721,406**	985,378
Trading properties		**294,720**	(3,959,221)
Payables and other credit balances		**(217,689)**	1,686,570
Due to related parties		**4,377,905**	4,183,516
Advances received from customers		**(10,128,960)**	2,327,907
Cash (used in)/from operations		**(4,291,172)**	4,824,740
Dividend income received		**800**	-
Interest income received		**128,427**	127,700
Interest and similar expenses paid		**(371,252)**	(3,811,480)
Net cash (used in)/from operating activities		**(4,533,197)**	1,140,960
INVESTING ACTIVITIES			
Proceeds from sale of asset classified as held for sale		**-**	1,357,432
Net change in investment in associates		**-**	(1,464)
Proceeds from sale of shares in investment in associate		**311,643**	-
Net movement in properties under development		**6,127,824**	1,402,051
Net change in capital work in progress		**(191,336)**	(76,159)
Net change in property, plant and equipment		**(535,635)**	(2,175,678)
Purchase of available for sale investments		**-**	(1,589)
Net cash from investing activities		**5,712,496**	504,593
FINANCING ACTIVITIES			
Proceeds from banks loans		**987,247**	516,437
Repayment of bank loans		**(563,792)**	(504,135)
Change in non-controlling interests		**103,420**	(53,967)
Investment made by non-controlling interests		**-**	1,472,627
Net cash from financing activities		**526,875**	1,430,962
Increase in cash and cash equivalents		**1,706,174**	3,076,515
Foreign currency adjustment		**(2,524,767)**	(2,190,009)
Cash and cash equivalents at beginning of the period	9	**12,630,726**	5,479,990
Cash and cash equivalents at end of the period	9	**11,812,133**	6,366,496
Non-controlling transaction			
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 8 to 26 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.

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

This interim condensed consolidated financial information for the three month period ended 31 March 2016 was authorised for issue by the parent company's board of directors on 13 June 2016.

2 Basis of preparation

This interim condensed consolidated financial information of the group for the three-month period ended 31 March 2016 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 2015 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 three months ended 31 March 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For more details refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2015.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

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 2015 except for adoption of relevant new standards, amendments to certain standards and interpretations discussed below.

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 2016. Information on these new standards is presented below:

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments	1 January 2016
IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture - Amendments	No stated date
IAS 1 'Disclosure Initiative – Amendments	1 January 2016
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments	1 January 2016
IAS 27 Equity Method in Separate Financial Statements - Amendments	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016

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

The Amendments are aimed at clarifying the following aspects:

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

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

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the group (continued)

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

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

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations).

- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

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

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed.

IAS 1 Disclosure Initiative – Amendments

The Amendments to IAS 1 make the following changes:

- *Materiality*: The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.

- *Statement of financial position and statement of profit or loss and other comprehensive income*: The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

- *Notes*: The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

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

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the group (continued)

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

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

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

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

IAS 27 Equity Method in Separate Financial Statements - Amendments

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

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

Annual Improvements to IFRSs 2012–2014 Cycle

(i) *Amendments to IFRS 7* - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

(ii) *Amendments to IAS 34* - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

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

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 pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the group's interim condensed consolidated financial information is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 16 Leases	1 January 2019

IFRS 9 Financial Instruments

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

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

- the classification and measurement of the group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.

- an expected credit loss-based impairment will need to be recognised on the group's trade receivables and investments in debt-type assets currently classified as available for sale and held-to-maturity, unless classified as at fair value through profit or loss in accordance with the new criteria.

- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the group makes an irrevocable designation to present them in other comprehensive income. This will affect the group's investment amounting to KD 1,953,565 if still held on 1 January 2018.
- if the group continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the group's own credit risk.

IFRS 16 Leases

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

The group's management has yet to assess the impact of this new standard on the group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

4 Judgments and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, 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 judgments 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 2015.

5 Effect of adoption of IFRS 15

IFRS 15 'Revenue from Contracts with Customers' was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018, with early adoption permitted. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, which is currently found across several standards and interpretations within IFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The group has reviewed the impact of IFRS 15 on its revenue from operations and has elected to early adopt it with effect from 1 January 2015, as the group considers it better reflects the real estate business performance of the group. The group has opted for modified retrospective application of the standard as permitted by IFRS 15 upon early adoption. Accordingly, the standard has been applied to the period ended 31 March 2015 (the initial application period). Modified retrospective application requires the recognition of the cumulative impact of adoption on all contracts that are not yet complete as at 1 January 2015 in the form of an adjustment to the opening balance of retained earnings as at that date.

Adjustments to the opening balances of the interim condensed consolidated statement of financial position are detailed below:

	31 Dec. 2014 KD	Adjustments/ reclassification KD	1 Jan. 2015 KD
Assets			
Properties under development	158,251,603	(96,583,628)	61,667,975
Trading properties	4,023,921	4,080,980	8,104,901
Receivables and other debit balances	19,304,942	96,690	19,401,632
Liabilities			
Advances received from customers	132,256,127	(104,769,468)	27,486,659
Payables and other credit balances	63,205,914	2,708,569	65,914,483
Equity			
Accumulated losses attributable to the owners of the parent company	(65,513,413)	5,537,526	(59,975,887)
Non-controlling interests	24,033,307	4,117,415	28,150,722

Notes to the consolidated financial statements (continued)

6 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 consolidated financial statements for the year ended 31 December 2015 have been used after appropriate adjustments have been made for the effects of significant transactions on period ended 31 March 2016. Therefore, there is no impact of IFRS 15 on the interim condensed consolidated statement of profit or loss for the three month period ended 31 March 2015.

The group has consolidated the financial information of other subsidiaries by using interim condensed financial information and management accounts provided by these companies as at 31 March 2016.

7 Net income from hoteliers and related services

	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
Income:		
Sale of properties	**385,737**	815,427
Hotel operations	**8,051,415**	7,423,773
Beach club operations	**683,812**	596,337
Management fees	**-**	746,211
Residential service income	**603,056**	936,992
Rental	**499,139**	539,470
	10,223,159	11,058,210
Direct costs	**(5,125,608)**	(6,690,467)
	5,097,551	4,367,743

8 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 31 March 2016 (Unaudited)	Three months ended 31 March 2015 (Unaudited)
Loss for the period attributable to the owners of the parent company (KD)	**(4,410,588)**	(3,144,518)
Weighted average number of shares in issue during the period (excluding treasury shares)	**672,889,436**	672,889,436
Basic and diluted loss per share attributable to the owners of the parent company	**(6.55) Fils**	(4.67) Fils

Notes to the interim condensed consolidated financial information (continued)

9 Cash and cash equivalents

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

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Cash and bank balances	**13,114,136**	13,923,394	7,081,897
Fixed deposits	**-**	-	558,388
	13,114,136	13,923,394	7,640,285
Less: Due to bank	**(1,302,003)**	(1,292,668)	(1,273,789)
Cash and cash equivalent for interim condensed consolidated statement of cash flows	**11,812,133**	12,630,726	6,366,496

The group's fixed deposits yield interest at an average rate of nil% (31 December 2015: nil% and 31 March 2015: 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 KD1,302,003 as at end of the period (31 December 2015: KD1,292,668 and 31 March 2015: KD1,273,789) and it carries interest at 4% (31 December 2015 and 31 March 2015: 4%) per annum and is secured by way of certain managed portfolio.

10 Receivables and other debit balances

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	(Restated) 31 March 2015 (Unaudited) KD
Financial assets			
Trade receivables	**5,450,302**	7,089,791	7,039,576
Advances and prepayments	**125,359**	125,386	179,657
Kuwait Clearing Company receivables	**72,727**	79,056	105,269
Staff receivables	**78,405**	76,008	67,970
Non financial assets			
Prepaid expenses	**2,554,385**	2,256,131	1,892,475
Advances to contractors	**2,176,609**	2,255,437	2,385,165
Other miscellaneous receivables	**8,322,372**	8,124,411	7,888,147
	18,780,159	20,006,220	19,558,259

The net carrying value of receivables and other debit balances is considered a reasonable approximates of fair values.

Receivables and other debit balances include an amount of KD nil (31 December 2015 and 31 March 2015: KD 96,690) recognised at the beginning of the period/year upon the early adoption of IFRS 15 (note 5).

Notes to the interim condensed consolidated financial information (continued)

11 Due from /to related parties

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Due from			
IFA Hotels and Resorts FZE	-	1,669,508	-
Al Wafir Marketing Services Company – KSC (Closed)	-	-	89,371
Marasi Al Ofuq General Trading Co. – WLL	-	-	1,551,746
Al Deera Holding Company – KPSC	**1,206,495**	1,207,120	1,201,050
Other related parties	**575,412**	626,685	792,806
	1,781,907	3,503,313	3,634,973
Provision for doubtful debts	**(1,486,350)**	(1,486,350)	(1,486,350)
	295,557	2,016,963	2,148,623
Due to			
IFA Zimbali H & R (Pty) Ltd	**1,345,271**	1,479,000	1,147,628
Al Tilal Investment Co. – WLL	**1,313,335**	1,300,125	1,261,177
Kuwait Real Estate Company – KPSC	**12,390,143**	12,329,731	11,718,358
Al Rana General Trading Co. – WLL	**829,414**	833,132	2,219,055
Kuwait Holding Co. – KSCC	**3,927,111**	2,052,622	2,053,240
United Investment Portugal Company	**366,146**	366,146	375,801
Aim Consulting Services Co. – WLL	**75,160**	35,171	93,642
International Resorts Company – KPSC	**170,718**	169,211	144,981
Al Dahiya Investment Co. – WLL	**5,745,542**	5,683,486	5,500,528
Al Wafir Marketing Services Company - KSCC	**3,628,650**	1,294,835	-
IFA Properties Brokerage – LLC	**582,781**	414,976	331,218
Fiarmount Zimbali H & R (Pty) Ltd	**441,245**	469,299	-
Kuwait Invest Real Estate - KSCC	**435,040**	435,040	435,040
Other related parties	**765,532**	775,409	824,937
	32,016,088	27,638,183	26,105,605

Due from related parties include balance amounting to KD nil (31 December 2015: KD459,268 and 31 March 2015: KD nil) carries interest at the rate of nil%(31 December 2015: 8% and 31 March 2015: nil%) per annum and has no specific repayment date. The remaining balances of KD295,557 (31 December 2015: KD1,557,695 and 31 March 2015: KD 2,148,623) are non interest bearing and have no specific repayment terms.

Due to related parties include balance amounting to KD8,204,640 (31 December 2015: KD9,015,571 and 31 March 2015: KD9,419,882) carries interest rate of 4.25%(31 December 2015 and 31 March 2015: 4.25%) per annum and has no specific repayment date. The remaining balances of KD23,811,448 (31 December 2015: KD18,622,612 and 31 March 2015: KD16,685,723) are non interest bearing and have no specific repayment terms.

Notes to the interim condensed consolidated financial information (continued)

12 Investment in associates

Name of associate	Principal Activities	Place of incorporation	Percentage of ownership %		
			31 March 2016 (Unaudited)	31 Dec 2015 (Unaudited)	31 March 2015 (Unaudited)
Arzan Financial Group For Financing and Investment – KPSC(Quoted) – below	Financing	Kuwait	**18.13**	19.36	19.36
Neova Sigorta Insurance Company("Neova")	Insurance	Turkey	**35**	35	-
Yotel Investment Limited – UK	Investment	UK	**50**	50	-
Legend & IFA Developments (Pty) Ltd	Property development	South Africa	**50**	50	50
IFA Investments (Switzerland) SA	Investments	Switzerland	**25**	25	-
Zamzam Religious Tourism Co. – KSCC	Hajj & Umrah	Kuwait	**20**	20	20
Abwab Capital Limited	Investments	UAE	**42.43**	42.43	-
Weqaya Takaful Insurance and Reinsurance Company-SSC (Quoted)*	Insurance	Saudi Arabia	**20**	20	-

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

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Carrying value at the beginning of the period/year	**42,645,744**	29,183,734	29,183,734
Additions	**-**	10,991,176	-
Reclassification of remaining 50% interest held in subsidiary	**-**	8,889,001	-
Share of results of associates	**247,444**	(1,616,102)	14,927
Loss on sale of shares in associate	**(1,027,829)**	-	-
Proceeds from sale of shares in associate	**(311,643)**	-	-
Impairment of partners' loan	**-**	(2,500,000)	-
Impairment of investment in associate	**-**	(38,808)	-
Share of other comprehensive income/(loss)	**885,921**	(993,608)	(759,928)
Foreign exchange translation adjustment	**429,308**	(1,269,649)	(120,034)
Carrying amount at the end of period/year	**42,868,945**	42,645,744	28,318,699
Fair value	**4,512,781**	5,985,311	6,995,818

During the period, the group sold 1.1% from the total equity holding in Arzan for total consideration of KD311,643 resulting in a loss of KD1,027,829 which is recognised in interim condensed consolidated statement of profit or loss for the period.

Notes to the interim condensed consolidated financial information (continued)

13 Properties under development

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	(Restated) 31 March 2015 (Unaudited) KD
Properties in Dubai – UAE	**56,611,135**	62,451,641	49,655,893
Properties in South Africa	**7,090,626**	7,427,143	5,873,705
Properties in Lebanon	**10,676,953**	10,627,754	10,239,118
	74,378,714	80,506,538	65,768,716

Properties under development include an amount of KD nil (31 December 2015 and 31 March 2015: KD96,583,628) recognised at the beginning of the period/year upon the early adoption of IFRS 15 (note 5).

14 Payables and other credit balances

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	(Restated) 31 March 2015 (Unaudited) KD
Accrued expenses	**6,407,423**	4,546,205	3,608,805
Accounts payable	**17,292,250**	20,843,886	24,118,568
Dividends payable	**512,511**	512,511	515,320
Kuwait Foundation for the Advancement of Science	**2,471,310**	2,448,681	2,448,681
National Labour Support Tax	**7,725,279**	7,661,108	7,618,757
Zakat provision	**681,936**	656,268	639,348
Deferred tax	**1,176,329**	1,085,620	173,648
Provision for employees' end of service benefits and leave	**2,829,332**	2,726,617	2,482,138
Deferred income	**2,294,590**	1,955,794	1,797,512
Accrued retention payable	**3,216,058**	2,822,797	208,511
Accrued construction costs	**1,443,426**	2,255,715	1,123,243
Redeemable preference shares	**3,040,647**	3,029,147	2,939,280
Refundable deposits on cancellation and resale of units	**4,175,817**	1,627,298	3,456,366
Land transfer fee payable	**466,822**	2,560,857	2,847,315
Provision for loans receivable	**1,556,000**	1,556,000	1,556,000
Amount due to policyholders	**3,069,081**	3,068,470	-
Other payables(a – below)	**12,366,976**	9,316,406	9,358,992
	70,725,787	68,673,380	64,892,484

a. Other payables include post dated cheques amounting to KD5,472,098 issued against settlement of legal cases filed by unit holders in Balqis Residence FZE (UAE sub-subsidiary). Out of these, post dated cheques amounting to KD3,469,746 (note 16) have been issued in respect of refunds of deposits received from customers and their maturities are as per court order.

b. Payables and other credit balances include an amount of KD Nil (31 December 2015 and 31 March 2015: KD2,708,859) recognised at the beginning of the period/year upon the early adoption of IFRS15 (note 5).

Notes to the interim condensed consolidated financial information (continued)

15 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	**31 March 2016 (Unaudited) KD**	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
1	USD	28-12-2005	28-12-2019	3.33%	Financing the group's investments	Shares of parent company and IFA H& R shares	**36,489,000**	36,489,000	35,266,800
2	EUR	15-06-2007	28-12-2019	2.5%	Financing the group's investments	Shares of IFA H& R and certain AFS investments	**6,616,976**	6,616,976	7,054,242
3	KD	26-06-2014	31 -12- 2023	4.25%	Repayment of indebtedness	Local portfolio with 120% coverage	**23,000,000**	23,000,000	23,000,000
4	KD	05-01-2014	31-12-2019	4%	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	6.75% - 18.8%	Projects financing	Properties located in Palm Jumeirah, U.A.E and collections deposited in account opened in a foreign bank	**96,421,979**	96,481,704	81,756,609
6	Rand	23-05-2007	21-05-2017	2.25% - 9.5%	Financing the group's investments	Mortgage of certain properties, plant and equipment and certain trading properties in South African subsidiaries	**12,103,392**	12,284,463	12,006,329
7	USD	01-01-2010	31-12-2016	8.6%	Acquisition of properties	Land included in properties under development	**2,868,787**	2,857,938	2,772,697
8	EUR	15-09-2011	15-03-2024	6.5%	Acquisition of properties	Investment properties owned by the subsidiary	**4,112,828**	4,198,383	4,859,277
9	GBP	01-08-2008	31-07-2018	4.5%	Financing the group's investments	Assets of Yotel Airports Limited	**-**	-	260,241
							190,167,962	190,483,464	175,531,195

Notes to the interim condensed consolidated financial information (continued)

15 Borrowings (continued)

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

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Investments at fair value through of profit or loss	**116,570**	116,434	157,856
Trading properties	**2,892,403**	3,187,417	3,901,162
Available for sale investments	**6,755,705**	6,755,705	7,659,674
Investment in associate	**2,033,798**	2,448,143	2,937,770
Investment properties	**7,642,994**	7,642,994	8,209,603
Properties under development	**41,251,897**	42,333,666	58,771,251
Property, plant and equipment	**80,423,184**	80,423,184	98,378,751
Investment in subsidiary	**57,508,254**	62,402,154	65,040,524
	198,624,805	205,309,697	245,056,591

16 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.

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	(Restated) 31 March 2015 (Unaudited) KD
Balance at the beginning of the period/year	**22,224,779**	132,256,127	132,256,127
Effect of adoption of IFRS 15	**-**	(104,769,468)	(104,769,468)
	22,224,779	27,486,659	27,486,659
Advances received during the period/year	**1,978,130**	7,065,872	340,236
Recognised as revenue during the period/year	**(8,637,344)**	(16,249,041)	(295,311)
Deposits transferred to other payables (note 14)	**(3,469,746)**	-	-
Foreign currency adjustment	**(936,159)**	3,921,289	2,282,982
	11,159,660	22,224,779	29,814,566

17 Treasury shares

	31 March 2016 (Unaudited)	31 Dec. 2015 (Audited)	31 March 2015 (Unaudited)
Number of shares	**47,110,564**	47,110,564	47,110,564
Percentage of issued shares	**6.54%**	6.54%	6.54%
Cost (KD)	**32,757,404**	32,757,404	32,757,404
Market value (KD)	**1,413,317**	1,366,206	1,554,649

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 2015 and 31 March 2015: KD32,743,499) are pledged as security against group's borrowings.

Notes to the interim condensed consolidated financial information (continued)

18 Capital commitments

Capital expenditure commitments
At 31 March 2016, 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:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Estimated and contracted commitment outstanding on account of revenue projects	**39,850,766**	16,051,125	27,001,086

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.

Notes to the interim condensed consolidated financial information (continued)

19 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	
	31 March 2016 (Unaudited) KD	31 March 2015 (Unaudited) KD	**31 March 2016 (Unaudited) KD**	31 March 2015 (Unaudited) KD	**31 March 2016 (Unaudited) KD**	31 March 2015 (Unaudited) KD	**31 March 2016 (Unaudited) KD**	31 March 2015 (Unaudited) KD	**31 March 2016 (Unaudited) KD**	31 March 2015 (Unaudited) KD
Segment income/(loss)	**16,815**	21,182	**(665,786)**	124,555	**5,097,551**	4,367,743	**250,075**	59,465	**4,698,655**	4,572,945
Segment (loss)/profit for the period	**(1,187,941)**	(1,380,292)	**(3,397,424)**	(3,257,164)	**5,097,551**	4,367,743	**(6,895,466)**	(4,630,443)	**(6,383,280)**	(4,900,156)
Depreciation									**1,204,756**	1,401,474
Impairment									**90,290**	106,899
Interest and similar expenses									**2,641,348**	3,274,820
Total segmental assets	**108,783,628**	120,178,935	**122,426,724**	112,798,057	**138,788,348**	130,444,259	-	-	**369,998,700**	363,421,251
Total segmental liabilities	-	-	**(191,469,965)**	(176,804,984)	**(11,159,660)**	(29,814,566)	-	-	**(202,629,625)**	(206,619,550)
Net segmental assets	**108,783,628**	120,178,935	**(69,043,241)**	(64,006,927)	**127,628,688**	100,629,693	-	-	**167,369,075**	156,801,701
Unallocated assets									**19,075,717**	21,610,192
Unallocated liabilities									**(102,741,875)**	(90,998,089)
Net Assets									**83,702,917**	87,413,804

Notes to the interim condensed consolidated financial information (continued)

20 Annual General Assembly

The directors did not propose dividend for the year ended 31 December 2015. The Annual General Assembly for the year ended 31 December 2015 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2015 have not yet been approved. The interim condensed consolidated financial information for the three month period ended 31 March 2016 do not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2015.

21 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.

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties	**295,557**	2,016,963	2,148,623
Due to related parties	**32,016,088**	27,638,183	26,105,605
Transactions included in the interim condensed consolidated statement of profit or loss:			
Interest income	**-**	35,718	7,768
Interest and similar expenses	**99,733**	295,500	89,093
Gain on sale of subsidiaries	**-**	8,102,000	-
Gain on sale of available for sale investments	**-**	6,754,606	-
Due from related party written off	**-**	1,551,746	-
Impairment of partners' loan	**-**	2,500,000	-
Key management compensation of the group			
Short-term employee benefits	**40,478**	1,126,741	183,623

22 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 31 March 2016 amounted to KD38,640,344 (31 December 2015: KD40,547,067 and 31 March 2015: KD50,702,418) the group earned management fee of KD16,815 (31 March 2015: KD21,182) from these activities.

Notes to the interim condensed consolidated financial information (continued)

23 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 2015.

24 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:

31 March 2016 (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	227,406	-	-	227,406
Unquoted securities	-	-	71,272	71,272
Foreign:				
Quoted securities	2,296	-	-	2,296
Available for sale investments				
Quoted securities	388,484	-	-	388,484
Managed funds	-	633,631	-	633,631
Unquoted securities	-	-	23,489,722	23,489,722
	618,186	633,631	23,560,994	24,812,811

Notes to the interim condensed consolidated financial information (continued)

24 Fair value measurement (continued)

31 December 2015 (Audited)	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	458,144	-	-	458,144
Unquoted securities	-	-	71,272	71,272
Foreign:				
Quoted securities	2,671	-	-	2,671
Available for sale investments				
Quoted securities	272,042	-	-	272,042
Foreign quoted securities	150,641	-	-	150,641
Managed funds	-	637,679	-	637,679
Unquoted securities	-	-	22,986,781	22,986,781
	883,498	637,679	23,058,053	24,579,230

31 March 2015 (unaudited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through profit or loss				
Investments held for trading:				
Local:				
Quoted securities	765,732	-	-	765,732
Unquoted securities	-	-	232,156	232,156
Foreign:				
Quoted securities	27,755	-	-	27,755
Available for sale investments				
Quoted securities	630,705	-	-	630,705
Managed funds	-	561,087	-	561,087
Unquoted securities	-	-	26,051,329	26,051,329
	1,424,192	561,087	26,283,485	28,268,764

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.

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:

Notes to the interim condensed consolidated financial information (continued)

24 Fair value measurement (continued)

Level 3 fair value measurements (continued)

	Investments at fair value through profit or loss		
	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Opening balance	**71,272**	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**	71,272	232,156

	Available for sale Investments		
	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Opening balance	**22,986,781**	25,998,322	25,998,322
Additions	**-**	2,657,098	53,007
Transferred to level 3 previously carried at cost	**488,393**	4,580,155	-
Disposals	**-**	(9,682,646)	-
Gains or losses recognised in:			
- Other comprehensive income/(loss)	**14,548**	(566,148)	-
Closing balance	**23,489,722**	22,986,781	26,051,329

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%.