

Interim Condensed Consolidated Financial Information and Review Report

International Financial Advisors – KPSC and Subsidiaries

Kuwait

30 September 2016 (Unaudited)

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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 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 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. 1 of 2016, and its Executive Regulations, 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 nine month period ended 30 September 2016 that might have had a material effect on the business or financial position of the parent company.

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23 November 2016

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended		Nine months ended	
		30 Sept. 2016 (Unaudited) KD	(Restated) 30 Sept. 2015 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	(Restated) 30 Sept. 2015 (Unaudited) KD
Revenue					
Interest income		46,220	40,091	217,870	242,576
Management fees and similar income		290,798	39,345	324,809	81,927
Dividend income		242,431	115,009	282,340	161,409
Net income from hoteliers and related services	7	4,450,016	4,406,371	15,491,398	15,835,841
Net loss from investments at fair value through profit or loss		(4,563)	(231,280)	(32,744)	(336,556)
Share of results of associates	13	32,408	375,732	784,870	611,423
Net gain/(loss) on sale of shares in investment in associates	13	917,235	-	(605,231)	-
Gain on sale of subsidiaries	8	-	-	4,466,125	-
Gain on sale of available for sale investments		-	-	-	6,754,606
Change in fair value of investment properties		-	-	-	32,105
Gain on sale of property, plant and equipment	9	1,601,206	-	1,601,206	-
Other income/(loss)		405,036	203,924	776,804	(120,492)
		7,980,787	4,949,192	23,307,447	23,262,839
Expenses and other charges					
Staff costs		(1,580,188)	(1,895,236)	(4,591,561)	(4,654,149)
Operating expenses and other charges		(3,068,228)	(2,892,030)	(12,305,407)	(10,286,086)
Impairment of available for sale investments		(8,590)	(77,622)	(169,461)	(205,975)
Depreciation		(991,631)	(1,280,602)	(3,143,210)	(3,945,100)
Interest and similar expenses		(2,834,596)	(2,943,204)	(8,909,240)	(9,103,952)
		(8,483,233)	(9,088,694)	(29,118,879)	(28,195,262)
Loss before provisions for National Labour Support Tax, Zakat and taxation on overseas subsidiaries		(502,446)	(4,139,502)	(5,811,432)	(4,932,423)
Reversal of provision for NLST		-	11,456	-	-
Reversal of provision for Zakat		-	4,582	-	-
Taxation on overseas subsidiaries		175,245	14,836	276,047	(189,742)
Loss for the period		(327,201)	(4,108,628)	(5,535,385)	(5,122,165)
Loss for the period attributable to :					
Owners of the parent company		(488,458)	(2,356,476)	(4,646,008)	(1,551,370)
Non-controlling interests		161,257	(1,752,152)	(889,377)	(3,570,795)
Loss for the period		(327,201)	(4,108,628)	(5,535,385)	(5,122,165)
Basic and diluted loss per share attributable to the owners of the parent company	10	(0.73) Fils	(3.50) Fils	(6.90) Fils	(2.31) Fils

The notes set out on pages 9 to 30 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. 2016 (Unaudited) KD	(Restated) 30 Sept. 2015 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	(Restated) 30 Sept. 2015 (Unaudited) KD
Loss for the period	(327,201)	(4,108,628)	(5,535,385)	(5,122,165)
Other comprehensive (loss)/income:				
<i>Items that will be reclassified subsequently to the statement of profit or loss</i>				
Available for sale investments:				
-Net change in fair value arising during the period	(3,628)	109,106	(22,732)	26,068
-Transferred to interim condensed consolidated statement of profit or loss on sale	-	-	-	(6,807,631)
-Transferred to interim condensed consolidated statement of profit or loss on impairment	8,590	77,622	169,461	205,975
Share of other comprehensive income/(loss) of associates	106,681	64,219	715,652	(610,286)
Exchange differences arising on translation of foreign operations	(667,087)	623,187	(955,067)	988,114
Total other comprehensive (loss)/income	(555,444)	874,134	(92,686)	(6,197,760)
Total comprehensive loss for the period	(882,645)	(3,234,494)	(5,628,071)	(11,319,925)
Total comprehensive loss for the period attributable to:				
Owners of the parent company	(821,535)	(2,323,957)	(4,035,642)	(8,222,710)
Non-controlling interests	(61,110)	(910,537)	(1,592,429)	(3,097,215)
	(882,645)	(3,234,494)	(5,628,071)	(11,319,925)

The notes set out on pages 9 to 30 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	(Restated) 30 September 2015 (Unaudited) KD
Assets				
Cash and cash equivalents	11	12,105,881	13,923,394	8,163,322
Investments at fair value through profit or loss		268,559	532,087	659,059
Receivables and other debit balances		18,814,887	20,006,220	21,886,797
Due from related parties	12	1,717,948	2,016,963	2,118,184
Trading properties		7,214,845	7,486,446	7,901,847
Available for sale investments		25,918,127	26,000,708	27,931,378
Investment properties		10,464,331	10,341,992	10,523,588
Investment in associates	13	40,589,544	42,645,744	39,621,852
Goodwill		40,173,218	40,224,898	40,838,977
Properties under development	14	78,726,387	80,506,538	65,552,579
Capital work in progress		46,592,451	46,700,561	47,384,880
Property, plant and equipment		103,837,108	109,452,749	121,364,522
Total assets		386,423,286	399,838,300	393,946,985
Liabilities and equity				
Liabilities				
Due to bank	11	-	1,292,668	1,370,110
Payables and other credit balances	15	66,241,070	68,673,380	76,301,831
Due to related parties	12	28,762,284	27,638,183	28,560,198
Borrowings	16	195,648,251	190,483,464	179,979,012
Advances received from customers	17	11,807,302	22,224,779	22,765,896
Total liabilities		302,458,907	310,312,474	308,977,047
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	18	(32,757,404)	(32,757,404)	(32,757,404)
Treasury shares reserve	18	104,935	104,935	104,935
Statutory and voluntary reserves		32,757,404	32,757,404	32,757,404
Fair value reserve		7,343,923	6,481,542	8,294,102
Foreign currency translation reserve		(5,488,369)	(5,236,354)	(4,446,976)
Accumulated losses		(35,333,760)	(30,687,752)	(33,013,771)
Total equity attributable to the owners of the parent company		50,599,790	54,635,432	54,911,351
Non-controlling interests		33,364,589	34,890,394	30,058,587
Total equity		83,964,379	89,525,826	84,969,938
Total liabilities and equity		386,423,286	399,838,300	393,946,985

Saleh Saleh Al-Selmi
Chairman

Talal Jassim Al-Bahar
Vice Chairman

The notes set out on pages 9 to 30 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									Non-controlling interests KD	Total KD
	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		
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	-	-	-	-	-	-	-	-	-	66,624	66,624
Transactions with owners	-	-	-	-	-	-	-	-	-	66,624	66,624
Loss for the period	-	-	-	-	-	-	-	(4,646,008)	(4,646,008)	(889,377)	(5,535,385)
Other comprehensive income/(loss)											
Available for sale investments:											
- Net change in fair value arising during the period	-	-	-	-	-	(22,732)	-	-	(22,732)	-	(22,732)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	-	-	-	-	-	169,461	-	-	169,461	-	169,461
Share of other comprehensive income of associates	-	-	-	-	-	715,652	-	-	715,652	-	715,652
Exchange difference arising on translation of foreign operation	-	-	-	-	-	-	(252,015)	-	(252,015)	(703,052)	(955,067)
Total other comprehensive income/(loss)	-	-	-	-	-	862,381	(252,015)	-	610,366	(703,052)	(92,686)
Total comprehensive income/(loss) for the period	-	-	-	-	-	862,381	(252,015)	(4,646,008)	(4,035,642)	(1,592,429)	(5,628,071)
Balance at 30 September 2016	72,000,000	11,973,061	(32,757,404)	104,935	32,757,404	7,343,923	(5,488,369)	(35,333,760)	50,599,790	33,364,589	83,964,379

The notes set out on pages 9 to 30 form an integral part of this interim condensed consolidated financial information.

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

	Equity attributable to the owners of the parent company									Non-controlling interests KD	Total KD
	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		
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 of IFRS 15 (note 5)	-	-	-	-	-	-	-	5,537,526	5,537,526	4,117,415	9,654,941
Balance at 1 January 2015 (restated)	72,000,000	11,973,061	(32,757,404)	104,935	61,426,066	15,479,976	(4,961,510)	(59,975,887)	63,289,237	28,150,722	91,439,959
Write off of accumulated losses	-	-	-	-	(28,668,662)	-	-	28,668,662	-	-	-
Acquisition of non-controlling interest in 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	-	-	-	-	-	-	-	(1,551,370)	(1,551,370)	(3,570,795)	(5,122,165)
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	-	-	-	-	-	-	514,534	-	514,534	473,580	988,114
Total other comprehensive (loss)/income	-	-	-	-	-	(7,185,874)	514,534	-	(6,671,340)	473,580	(6,197,760)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(7,185,874)	514,534	(1,551,370)	(8,222,710)	(3,097,215)	(11,319,925)
Balance at 30 September 2015 (restated)	72,000,000	11,973,061	(32,757,404)	104,935	32,757,404	8,294,102	(4,446,976)	(33,013,771)	54,911,351	30,058,587	84,969,938

The notes set out on pages 9 to 30 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Nine months ended 30 Sept. 2016 (Unaudited) KD	(Restated) Nine months ended 30 Sept. 2015 (Unaudited) KD
OPERATING ACTIVITIES		
Loss for the period	(5,535,385)	(5,122,165)
Adjustments:		
Gain on sale of available for sale investments	-	(6,754,606)
Impairment of available for sale investments	169,461	205,975
Dividend income	(283,340)	(161,409)
Change in fair value of investment properties	-	(32,105)
Interest income	(217,870)	(242,576)
Interest and similar expenses	8,909,240	9,103,952
Depreciation	3,143,210	3,945,100
Share of results of associates	(784,870)	(611,423)
Loss on sale of shares in investment in associates	605,125	-
Gain on sale of property, plant and equipment	(1,601,206)	-
Gain on sale of subsidiaries	(4,466,125)	-
	(61,760)	330,743
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	263,528	455,562
Receivables and other debit balances	1,191,333	(2,579,084)
Due from related parties	299,015	1,015,817
Trading properties	271,601	(3,877,926)
Payables and other credit balances	(1,093,565)	9,456,846
Due to related parties	1,124,101	10,768,397
Advances received from customers	(10,417,477)	7,983,249
Cash (used in)/ from operating activities	(8,423,224)	23,553,604
Dividend income received	283,340	161,409
Interest and similar income received	217,870	242,576
Interest and similar expenses paid	(7,570,495)	(8,163,542)
Net cash (used in)/ from operating activities	(15,492,509)	15,794,047
INVESTING ACTIVITIES		
Proceeds from sale of asset held for sale	-	1,357,432
Net change in investment in associates	(273,552)	(179,079)
Proceeds from sale of shares in investment in associates	2,214,110	-
Proceeds from sale of subsidiaries	3,269,662	-
Net change in properties under development	1,780,151	(9,000,296)
Net change in capital work in progress	108,110	(216,796)
Net change in property, plant and equipment	2,472,431	(1,335,966)
Purchase of available for sale investments	-	(88,834)
Proceeds from redemption of available for sale investments	229,310	-
Net cash from/(used in) investing activities	9,800,222	(9,463,539)

The notes set out on pages 9 to 30 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows (continued)

	Note	Nine months ended 30 Sept. 2016 (Unaudited) KD	(Restated) Nine months ended 30 Sept. 2015 (Unaudited) KD
FINANCING ACTIVITIES			
Proceeds from bank loans		8,392,815	13,766,800
Repayment of bank loans		(1,998,124)	(12,266,214)
Change in non-controlling interests		103,420	3,377,334
Investment made by non-controlling interest		-	1,472,627
Net cash from financing activities		6,498,111	6,350,547
Increase in cash and cash equivalents		805,824	12,681,055
Foreign currency adjustment		(1,330,669)	(11,367,833)
Cash and cash equivalents at beginning of the period	11	12,630,726	5,479,990
Cash and cash equivalents at end of the period	11	12,105,881	6,793,212
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 30 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 following activities:

1. Invest in various economic sectors through the incorporation or participation in the incorporation of various companies or institutions practicing similar or complementary activities to the company’s objectives for its account and for the account of third parties inside or outside the State of Kuwait.
2. Manage local or foreign various companies and institutions and market the investment services and products owned by them or by third parties inside or outside the State of Kuwait.
3. Own and acquire the right of disposal of whatever it deems necessary thereto of movable and immovable property or any parts thereof or any franchising rights the company deems they are necessary or appropriate to the nature of its activity or to the development of its funds, excluding trading in goods for its account.
4. Conduct all business related to securities trading for its account and for the account of third parties inside or outside the State of Kuwait, including sale, purchase and marketing of securities of shares and sukuk and other securities issued by local and foreign government and private companies, institutions and bodies and practice the related financial mediation and brokerage activities.
5. Manage the funds of individuals and local or foreign public and private companies, institutions and bodies and invest these funds in various economic sectors through investment and real estate portfolios inside or outside the State of Kuwait.
6. Provide economic advice related to investment and hold courses, issue brochures of various investment activities for individuals, local and foreign companies and institutions.
7. Prepare and provide technical, economic and assessment studies and consultations and prepare feasibility studies for various investment activities and other studies, examining the technical, financial and administrative aspects related to these activities for its account or for the account of third parties inside or outside the State of Kuwait.
8. Establish and manage the collective investment systems and local and foreign investment funds of all kinds and contribute to their establishment for the account of the company and for the account of third parties in accordance with the regulating laws, rules and conditions specified by the competent regulatory authorities; put its stakes or units to subscription so that the company’s contributions to the share capital of the collective investment system or the investment fund shall not be less than the minimum limit specified by the regulatory authorities; sell or purchase stakes or units in the local or foreign collective investment systems or investment funds for its account and for the account of third parties or market same, provided the necessary approvals are obtained from the competent regulatory authorities; act as investment custodian, investment monitor and investment advisor in general for the investment funds inside or outside the State of Kuwait in accordance with the regulating laws.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities of the parent company (continued)

9. Invest funds for its account and for the account of third parties in the various aspects of investment inside or outside the State of Kuwait and acquire movable and immovable assets.
10. Act as the issuance manager for the securities issued by the local and foreign government and private companies, institutions and bodies and act as the subscription agent, listing advisor, investment custodian and monitor, including publications management and commitments of subscription operations management, receiving applications and covering subscription thereto.
11. Perform all advisory services that help develop and strengthen the ability of financial and monetary market in the State of Kuwait and meet its requirements within the limits of the law and the decisions or instructions issued by the competent regulatory authorities (after obtaining the necessary approvals from those authorities).
12. Mediate in financing operations, structure and manage the financing arrangements of the local and international companies, institutions, bodies and projects in the various economic sectors in accordance with the rules and conditions specified by the competent regulatory authorities.
13. Carry out all the works related to the activities for the arrangement and management of consolidation, acquisition and separation operations for the local and foreign government and private companies, institutions and bodies.
14. Lending, borrowing and issuance of financial guarantees in the scope of achieving the company's objectives.
15. Do brokerage in selling foreign currencies against commission by doing mediation between the sellers and buyers of foreign currencies including the requirements of providing the services of dealers in foreign exchange markets, such as giving advice and doing the necessary contacts by telex, telephone and other means of communication.
16. During commencement of its objectives, the company is prohibited to open current or saving accounts or accept deposits or open documentary credits or represent foreign banks for third parties.
17. Deal and trade in the foreign exchange market and precious metals market inside and outside the State of Kuwait for the company's account only, without prejudice to the prohibition established under the Ministerial Resolution promulgated for organizing CBK's supervision on investment companies.
18. Act as financial, economic and administrative advisors for the companies and institutions operating in Kuwait and Middle East countries.
19. Sell and purchase securities of the companies similar to the company's account inside or outside the State of Kuwait.
20. Manage investment for third parties and manage third parties' portfolios and do financial mediation, provided this does not include brokerage in the shares listed on Kuwait Stock Exchange.
21. Acquire movables and properties necessary to start the company's activities within the limits permitted by the Law.
22. Utilize the surplus funds available with the company by investing same in financial portfolios managed by specialized companies and authorities.

The company may have interest or participate in any way with the companies, institutions and authorities which practice similar activities or which assist it in achieving its objectives inside or outside the State of Kuwait. The company may also open branches inside or outside the State of Kuwait in such a way that does not conflict with the Companies Law and the instructions of the regulatory authorities.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities of the parent company (continued)

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. The executive regulations of Law No. 1 of 2016 issued on 12 July 2016.

This interim condensed consolidated financial information for the nine month period ended 30 September 2016 was authorised for issue by the parent company's board of directors on 23 November 2016.

2 Basis of preparation

2.1 This interim condensed consolidated financial information of the group for the nine-month period ended 30 September 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 nine months ended 30 September 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.

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.

2.2 Fundamental Accounting Concept

Although the Group's current liabilities exceeded its current assets by KD94,933,321 as at 30 September, 2016, management confirms that this situation is temporary as they are working on restructuring the Group's asset based investments and re-negotiating the loan installment payments terms and dates. Accordingly, management believe that they do not have any going concern issue that may relate to its inability to meet its obligations.

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 2016. Information on these new standards is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
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 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.

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

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

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

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

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 an Investor and its Associate or Joint Venture – Amendments (continued)

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.

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.

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 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 interim condensed financial information.

(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 consolidated interim 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.

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

IFRS 9 Financial Instruments: Classification and Measurement

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.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments: Classification and Measurement (continued)

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 investments 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.

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.

Notes to the interim condensed consolidated financial information (continued)

5 Effect of adoption of IFRS 15 (continued)

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 30 September 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 KD	1 Jan. 2015 KD
Assets			
Properties under development	158,251,603	(96,583,628)	61,667,975
Trading properties	4,023,921	4,080,984	8,104,905
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	63,205,915	2,708,569	65,914,484
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

Adjustments made to the interim condensed consolidated statement of profit or loss and to the statement interim condensed consolidated statement of profit or loss and other comprehensive income for the three month and nine month ended 30 September 2015 and to the interim condensed consolidated statement of financial position as of 30 September 2015 consequent to the adoption of IFRS 15 is as follow:

Interim condensed consolidated statement of profit or loss	Three month ended 30 September 2015 as previously reported KD	Nine month ended 30 September 2015 as previously reported KD	Adjustments for the three month ended 30 September 2015 KD	Adjustments for the nine month ended 30 September 2015 KD	Three month ended 30 September 2015 as restated KD	Nine month ended 30 September 2015 as restated KD
Net income from hotels and related services	2,631,487	12,746,897	1,774,884	3,088,944	4,406,371	15,835,841
Operating expenses and other charges	(2,788,856)	(10,077,042)	(103,174)	(209,044)	(2,892,030)	(10,286,086)
Loss for the period attributable to the owners of the parent company	(3,815,119)	(3,203,117)	1,458,643	1,651,747	(2,356,476)	(1,551,370)
Non-controlling interests	(1,965,219)	(4,798,948)	213,067	1,228,153	(1,752,152)	(3,570,795)
Loss per share attributable to the owners of the parent company	(5.56) Fils	(4.76) Fils	2.06 Fils	2.45 Fils	(3.50) Fils	(2.31) Fils

Notes to the interim condensed consolidated financial information (continued)

5 Effect of adoption of IFRS 15 (continued)

Interim condensed consolidated statement of profit or loss and other comprehensive income	Three month ended 30 September 2015 as previously reported KD	Nine month ended 30 September 2015 as previously reported KD	Adjustments for the three month ended 30 September 2015 KD	Adjustments for the nine month ended 30 September 2015 KD	Three month ended 30 September 2015 as restated KD	Nine month ended 30 September 2015 as restated KD
Loss for the period	(5,780,338)	(8,002,065)	1,671,710	2,879,900	(4,108,628)	(5,122,165)
Exchange differences arising on translation of foreign operations	577,103	692,000	46,084	296,114	623,187	988,114
Total comprehensive loss:						
Attributable to the owners of the parent company	(3,309,186)	(10,044,291)	985,229	1,821,581	(2,323,957)	(8,222,710)
Non-controlling interests	(1,643,102)	(4,451,648)	732,565	1,354,433	(910,537)	(3,097,215)
Interim condensed consolidated statement of financial position						
			As of 30 September 2015 as previously reported KD	Adjustments KD	As of 30 September 2015 as restated KD	
Assets						
Receivables and other debit balances			21,787,218	99,579	21,886,797	
Trading properties			3,699,388	4,202,459	7,901,847	
Properties under development			176,204,512	(110,651,933)	65,552,579	
Liabilities						
Payables and other credit balances			73,355,335	2,946,496	76,301,831	
Advances received from customers			144,893,242	(122,127,346)	22,765,896	
Equity						
Total equity attributable to the owners of the parent company			47,552,244	7,359,107	54,911,351	
Non-controlling interests			24,586,739	5,471,848	30,058,587	

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 interim condensed consolidated financial information for the period ended 30 June 2016 have been used after appropriate adjustments have been made for the effects of significant transactions on period ended 30 September 2016.

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 30 September 2016.

Notes to the interim condensed consolidated financial information (continued)

7 Net income from hoteliers and related services

	Three months ended		Nine months ended	
	30 Sept. 2016 (Unaudited) KD	(Restated) 30 Sept. 2015 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	(Restated) 30 Sept. 2015 (Unaudited) KD
Income:				
Sale of properties	2,085,880	9,862,452	5,311,062	15,617,433
Hotel operations	5,699,035	6,442,218	21,284,590	21,765,241
Beach club operations	506,093	604,274	1,626,271	1,727,133
Management fees	226,267	386,943	364,416	1,322,289
Residential service income	800,424	987,944	2,209,191	2,832,788
Rental income	151,095	85,600	755,068	707,946
	9,468,794	18,369,431	31,550,598	43,972,830
Direct costs	(5,018,778)	(13,963,060)	(16,059,200)	(28,136,989)
	4,450,016	4,406,371	15,491,398	15,835,841

8 Gain on sale of subsidiaries

During the period, the group has disposed of 100% of its shareholding in The Palm Residence FZE and Al Shalal Beach Club FZE (UAE sub-subsidiaries) to a related party for a total consideration of KD 6,086,918 (equivalent to AED 74,000,000) resulting in a gain of KD 4,466,125 (equivalent to AED 54,303,034) which is recognised in interim condensed consolidated statement of profit or loss for the period. The group received an amount of KD3,269,662 (equivalent to AED 39,750,000) and the remaining balance is shown under due from related party (Al Rana General Trading Co. – WLL). The management is currently in process to finalise the legal formalities to transfer the title deed of ownership in these subsidiaries to the buyer.

The details of the disposal of subsidiaries are as follows:

	KD
Property, plant and equipment	1,661,397
Trading properties	36,079
Receivables and other debit balances	494,232
Cash and cash equivalents	94,029
Payables and other credit balances	(664,944)
Net assets disposed at the date of disposal	1,620,793
Gain on disposal recognised is as follows:	
	KD
Sales consideration	6,086,918
Net assets disposed at the date of disposal	(1,620,793)
Gain on sale of subsidiaries	4,466,125

9 Gain on sale of property, plant and equipment

During the period, the group sold offices and parking bays in Trunk Residence FZE (UAE sub-subsidiary) with net book value of KD1,604,674 (equivalent to AED19,531,467) for total consideration of KD3,205,880 (equivalent to AED39,001,000) resulting in a gain on sale of KD1,601,206 (equivalent to AED19,469,533) which is recognised in interim condensed consolidated statement of profit or loss for the period.

Notes to the interim condensed consolidated financial information (continued)

10 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. 2016 (Unaudited)	(Restated) 30 Sept. 2015 (Unaudited)	30 Sept. 2016 (Unaudited)	(Restated) 30 Sept. 2015 (Unaudited)
Loss for the period attributable to the owners of the parent company (KD)	(488,458)	(2,356,476)	(4,646,008)	(1,551,370)
weighted average number of shares in issue during the period (excluding treasury shares)	672,889,436	672,889,436	672,889,436	672,889,436
Basic and diluted loss per share attributable to the owners of the parent company	(0.73) Fils	(3.50) Fils	(6.90) Fils	(2.31) Fils

Loss per share attributable to the owners of the parent company for the three-month and nine-month ended 30 September 2015 has been restated to reflect the effect of adoption of IFRS 15 (note 5).

11 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. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Cash and bank balances	12,105,881	13,923,394	8,163,322
Less: Due to bank	-	(1,292,668)	(1,370,110)
Cash and cash equivalent for interim condensed consolidated statement of cash flows	12,105,881	12,630,726	6,793,212

During the period, the group transferred an amount of KD1,000,000 from bank overdraft to borrowings in agreement with the concerned bank (note 16).

Notes to the interim condensed consolidated financial information (continued)

12 Due from /to related parties

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Due from			
IFA Hotels and Resorts FZE	-	1,669,508	-
Al Rana General Trading Co. – WLL	2,072,335	-	-
International Resorts Company – KPSC	8,665	-	-
Al Wafir Marketing Services Company – KSC (Closed)	-	-	53,346
Marasi Al Ofuq General Trading Co. – WLL	-	-	1,551,746
Al Deera Holding Company – KPSC	531,852	1,207,120	1,201,120
Other related parties	591,446	626,685	798,322
	3,204,298	3,503,313	3,604,534
Provision for doubtful debts	(1,486,350)	(1,486,350)	(1,486,350)
	1,717,948	2,016,963	2,118,184
Due to			
IFA Zimbali H & R (Pty) Ltd	1,350,578	1,479,000	1,582,375
Al Tilal Investment Co. – WLL	1,339,301	1,300,125	1,286,965
Kuwait Real Estate Company – KPSC	10,921,945	12,329,731	12,334,511
Al Rana General Trading Co. – WLL	-	833,132	3,041,142
Kuwait Holding Co. – KSCC	3,926,579	2,052,622	2,052,650
United Investment Portugal Company	121,263	366,146	375,801
Aim Consulting Services Co. – WLL	36,127	35,171	102,585
International Resorts Company – KPSC	-	169,211	151,950
Al Dahiya Investment Co. – WLL	5,867,517	5,683,486	5,621,665
Al Wafir Marketing Services Company - KSCC	3,578,356	1,294,835	-
IFA Properties Brokerage – LLC	366,146	414,976	487,075
Fiarmount Zimbali H & R (Pty) Ltd	-	469,299	-
Kuwait Invest Real Estate - KSCC	435,040	435,040	435,040
Other related parties	819,432	775,409	1,088,439
	28,762,284	27,638,183	28,560,198

Due from related parties include balance amounting to KD Nil (31 December 2015: KD459,268 and 30 September 2015: KD Nil) carries interest at the rate of Nil% (31 December 2015: 8% and 30 September 2015: Nil%) per annum and has no specific repayment date. The remaining balances of KD3,204,298 (31 December 2015: KD3,044,045 and 30 September 2015: KD3,604,534) are non interest bearing and have no specific repayment terms.

Amount due from Al Rana General Trading Company-WLL includes an amount of KD2,817,256 which represents the remaining balance of total amount due on sale of subsidiaries (note 8).

Due to related parties include balance amounting to KD7,439,726 (31 December 2015: KD8,204,640 and 30 September 2015: KD9,512,477) carries interest rate ranging from 2.5% to 4.25% (31 December 2015 and 30 September 2015: 4.25%) per annum and has no specific repayment date. The remaining balances of KD21,322,558 (31 December 2015: KD19,433,543 and 30 September 2015: KD19,047,721) are non interest bearing and have no specific repayment terms.

Notes to the interim condensed consolidated financial information (continued)

13 Investment in associates

Name of associate	Principal Activities	Place of incorporation	Percentage of ownership %		
			30 Sept. 2016 (Unaudited)	31 Dec 2015 (Unaudited)	30 Sept. 2015 (Unaudited)
Arzan Financial Group For Financing and Investment – KPSC(Quoted) – below	Financing	Kuwait	17.53	19.36	19.36
Neova Sigorta Insurance Company("Neova")	Insurance	Turkey	35	35	35
Yotel Investment Limited – UK - below	Investment	UK	43.26	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	42.43
Weqaya Takaful Insurance and Reinsurance Company-SSC (Quoted)	Insurance	Saudi Arabia	20	20	20

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

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Carrying value at the beginning of the period/year	42,645,744	29,183,734	29,183,734
Additions	273,552	10,991,176	10,825,611
Reclassification of remaining 50% interest held in subsidiary	-	8,889,001	-
Share of results of associates	784,870	(1,616,102)	611,423
Net loss on sale of shares in associates - below	(605,231)	-	-
Proceeds from sale of shares in associates - below	(2,214,110)	-	-
Impairment of partners' loan – note 22	-	(2,500,000)	-
Impairment of investment in associate	-	(38,808)	-
Share of other comprehensive income/(loss)	715,652	(993,608)	(610,286)
Foreign exchange translation adjustment	(1,010,933)	(1,269,649)	(388,630)
Carrying amount at the end of period/year	40,589,544	42,645,744	39,621,852
Fair value	4,293,289	5,985,311	5,985,311

During the period, the group sold 1.83% from the equity holding in Arzan for total consideration of KD462,894 resulting in a loss of KD1,522,466 which is recognised in interim condensed consolidated statement of profit or loss for the period. Also the group sold 6.74% from the equity holding in Yotel Investment Limited to related party for total consideration of KD1,751,216 resulting in a gain of KD917,235 which is recognised in interim condensed consolidated statement of profit or loss for the period.

Notes to the interim condensed consolidated financial information (continued)

14 Properties under development

	30 Sept. 2016 (Unaudited)	31 Dec. 2015 (Audited)	(Restated) 30 Sept. 2015 (Unaudited)
	KD	KD	KD
Properties in Dubai – UAE	60,010,687	62,451,641	47,476,915
Properties in South Africa	8,098,153	7,427,143	7,450,029
Properties in Lebanon	10,617,547	10,627,754	10,625,635
	78,726,387	80,506,538	65,552,579

15 Payables and other credit balances

	30 Sept. 2016 (Unaudited)	31 Dec. 2015 (Audited)	(Restated) 30 Sept. 2015 (Unaudited)
	KD	KD	KD
Accrued expenses	7,167,054	4,546,205	4,783,882
Accounts payable	16,241,399	20,843,886	24,735,734
Dividend payable	568,953	512,511	512,511
Kuwait Foundation for the Advancement of Science	2,471,586	2,448,681	2,448,681
National Labour Support Tax	7,746,853	7,661,108	7,630,213
Zakat Provision	690,187	656,268	643,930
Deferred tax	1,556,000	1,085,620	1,214,903
Provision for employees' end of service benefits and leave	2,847,734	2,726,617	2,655,784
Deferred income	2,248,851	1,955,794	1,951,592
Accrued retention payable	4,014,237	2,822,797	890,123
Accrued construction costs	1,698,936	2,255,715	4,208,993
Redeemable preference shares	3,021,230	3,029,147	3,026,771
Refundable deposits on cancellation and resale of units	1,446,786	1,627,298	2,091,124
Land transfer fee payable	348,384	2,560,857	2,727,076
Provision for loans receivable	1,556,000	1,556,000	1,556,000
Amount due to policyholders	3,136,433	3,068,470	2,913,654
Other payables(a – below)	9,480,447	9,316,406	12,310,860
	66,241,070	68,673,380	76,301,831

- a. Other payables include post dated cheques amounting to KD4,532,290 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 KD2,259,338 (note 17) have been issued in respect of refunds of deposits received from customers and their maturities are as per court order.

Notes to the interim condensed consolidated financial information (continued)

16 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		Effective interest rates	Purpose	Assets pledged	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
		From	To						
1	USD	28-12-2005	28-12-2019	3.33%	Financing the group's investments	Shares of parent company and IFA H& R shares	36,231,000	36,489,000	36,351,000
2	EUR	15-06-2007	28-12-2019	2.5%	Financing the group's investments	Shares of IFA H& R and certain AFS investments	6,784,254	6,616,976	6,754,622
3	KD*	26-06-2014	31 -12- 2023	4.25%	Repayment of indebtedness	Local portfolio with 120% coverage	24,000,000	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	100,636,001	96,481,704	84,358,390
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	12,637,353	12,284,463	11,959,294
7	USD	01-01-2010	31-12-2016	8.6%	Acquisition of properties	Land included in properties under development	2,850,390	2,857,938	3,979,260
8	EUR	15-09-2011	15-03-2024	6.5%	Acquisition of properties	Investment properties owned by the subsidiary	3,954,253	4,198,383	4,416,300
9	GBP	01-08-2008	31-07-2018	4.5%	Financing the group's investments	Assets of Yotel Airports Limited	-	-	605,146
							195,648,251	190,483,464	179,979,012

*During the period, the group entered in to restructure agreement for its bank facility with concerned bank and reached to agreement to transfer an amount of KD1,000,000 from overdraft facility to above loan balance borrowings (note 11).

Notes to the interim condensed consolidated financial information (continued)

16 Borrowings (continued)

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

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Investments at fair value through profit or loss	122,839	116,434	138,187
Trading properties	2,942,976	3,187,417	3,699,388
Available for sale investments	6,755,705	6,755,705	7,666,457
Investment in associate	1,991,156	2,448,143	2,513,426
Investment properties	7,775,446	7,642,994	7,842,094
Properties under development	36,157,534	42,333,666	51,863,799
Property, plant and equipment	80,423,184	80,423,184	98,378,751
Investment in subsidiary	61,611,439	62,402,154	59,955,011
	197,780,279	205,309,697	232,057,113

17 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. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	(Restated) 30 Sept. 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 (note 5)	-	(104,769,468)	(104,769,468)
	22,224,779	27,486,659	27,486,659
Advances received during the period/year	7,629,085	7,065,872	8,558,570
Recognised as revenue during the period/year	(11,638,394)	(16,249,041)	(17,933,199)
Deposits transferred to other payables (note 15)	(3,469,746)	-	-
Deposits transferred upon cancellation	(1,877,041)	-	-
Foreign currency adjustment	(1,061,381)	3,921,289	4,653,866
	11,807,302	22,224,779	22,765,896

18 Treasury shares

	30 Sept. 2016 (Unaudited)	31 Dec. 2015 (Audited)	30 Sept. 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)	1,389,762	1,366,206	1,790,201

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 30 September 2015: KD32,743,499) are pledged as security against group's borrowings.

Notes to the interim condensed consolidated financial information (continued)

19 Capital commitments

Capital expenditure commitments

At 30 September 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:

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Estimated and contracted commitment outstanding on account of revenue projects	38,036,197	16,051,125	20,188,264
Post dated cheques issued	1,182,632	755,803	-

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

- Sale of investment properties.
- Advances from customers.
- Share capital increase.
- Advances provided by the shareholders, related entities and joint ventures.
- 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)

20 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. 2016 (Unaudited) KD	(Restated) 30 Sept. 2015 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	(Restated) 30 Sept. 2015 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	(Restated) 30 Sept. 2015 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	(Restated) 30 Sept. 2015 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	(Restated) 30 Sept. 2015 (Unaudited) KD
Segment income/(loss)	324,809	81,927	5,113,230	7,433,458	15,491,398	15,643,018	2,378,010	104,436	23,307,447	23,262,839
Segment (loss)/profit for the period	(2,818,401)	(3,863,173)	(3,965,471)	(1,876,469)	15,491,398	15,643,018	(14,242,911)	(15,025,541)	(5,535,385)	(5,122,165)
Depreciation									3,143,210	3,945,100
Impairment									169,461	205,975
Interest and similar expenses									8,909,240	9,103,952
Total segmental assets	103,837,108	121,364,523	119,055,328	117,214,587	142,998,014	131,362,894	-	-	365,890,450	369,942,004
Total segmental liabilities	-	-	(195,648,251)	(181,349,123)	(11,807,302)	(22,765,897)	-	-	(207,455,553)	(204,115,020)
Net segmental assets	103,837,108	121,364,523	(76,592,923)	(64,134,536)	131,190,712	108,596,997	-	-	158,434,897	165,826,984
Unallocated assets									21,206,048	24,004,981
Unallocated liabilities									(95,676,567)	(104,862,027)
Net Assets									83,964,378	84,969,938

Notes to the interim condensed consolidated financial information (continued)

21 Annual General Assembly of the Shareholders

The Annual General Assembly of the Shareholders held on 17 July 2016 approved the consolidated financial statements of the group for the year ended 31 December 2015 and approved the directors' proposal not to distribute any dividend for the year ended 31 December 2015.

22 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.

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties	1,717,948	2,016,963	2,118,184
Due to related parties	<u>28,762,284</u>	<u>27,638,183</u>	<u>28,560,198</u>
Transactions included in the interim condensed consolidated statement of profit or loss:			
Interest income	-	35,718	19,230
Dividend income	239,415	-	-
Interest and similar expenses	263,483	295,500	194,665
Gain on sale of subsidiaries (note 8)	4,466,125	8,102,000	-
Gain on sale of shares in investment in associate (note 13)	917,235	-	-
Gain on sale of available for sale investments	-	6,754,606	6,754,606
Due from related party written off	-	1,551,746	-
Impairment of partners' loan provided to associate (note 13)	-	2,500,000	-
Key management compensation of the group			
Short-term employee benefits	<u>511,398</u>	<u>1,126,741</u>	<u>790,036</u>

On 30 September 2016, IFA Hotels and Resorts Company – KPSC (a subsidiary) has disposed 51% of its equity shareholding in IFA Hotels and Resorts Company – Lebanon (a sub-subsidiary) to a related party for a total consideration of KD 3,625,340 which will be settled with the amount due to a related party. Procedures for the transfer of the ownership shares of IFA Hotels and Resorts Company – Lebanon (a sub-subsidiary) to a related party have not yet been finalized and the transfer procedures are expected to be finalized during the fourth quarter of the current year. The financial impact of this transaction will appear in the fourth quarter of the current year.

23 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 2016 amounted to KD36,815,582 (31 December 2015: KD40,547,067 and 30 September 2015: KD41,015,000) the group earned management fee of KD50,548 (30 September 2015: KD63,556) from these activities.

Notes to the interim condensed consolidated financial information (continued)

24 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.

25 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 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	194,604	-	-	194,604
Unquoted securities	-	-	71,879	71,879
Foreign:				
Quoted securities	2,076	-	-	2,076
Available for sale investments				
Quoted securities	267,174	-	-	267,174
Managed funds	-	727,064	-	727,064
Unquoted securities	-	-	23,466,284	23,466,284
	463,854	727,064	23,538,163	24,729,081

Notes to the interim condensed consolidated financial information (continued)

24 Fair value measurement (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2015 (Audited)				
Assets:				
<i>Investments at fair value through profit or loss</i>				
Investments held for trading:				
Local:				
Quoted securities	458,144	-	-	458,144
Unquoted securities	-	-	71,272	71,272
Foreign:				
Quoted securities	2,671	-	-	2,671
<i>Available for sale investments</i>				
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
30 September 2015 (unaudited)				
<i>Investments at fair value through profit or loss</i>				
Investments held for trading:				
Local:				
Quoted securities	567,792	-	-	567,792
Unquoted securities	-	-	71,272	71,272
Foreign:				
Quoted securities	19,995	-	-	19,995
<i>Available for sale investments</i>				
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

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		
	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Opening balance	71,272	232,156	232,156
Transferred from level 1	-	136	136
Gains or losses recognised in:			
- Interim condensed consolidated statement of profit or loss	607	(161,020)	(161,020)
Closing balance	71,879	71,272	71,272

	Available for sale Investments		
	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Opening balance	22,986,781	25,998,322	25,998,322
Additions	-	2,657,098	2,657,098
Transferred to level 3 previously carried at cost	488,393	4,580,155	-
Disposals	-	(9,682,646)	(9,682,646)
Gains or losses recognised in:			
- Other comprehensive (loss)/income	(8,890)	(566,148)	40,714
Closing balance	23,466,284	22,986,781	19,013,488

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 amortised 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%.