

Interim Condensed Consolidated Financial Information and Review Report

International Financial Advisors – KPSC and Subsidiaries

Kuwait

30 June 2017 (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 June 2017 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 six-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.

Going Concern

We draw attention to Note (2.2) to the interim condensed consolidated financial information and the fundamental accounting concept, which indicates that as of 30 June 2017, the Group’s current liabilities exceeded its current assets by KD37,626,870 and to Note (16) to the interim condensed consolidated financial information which states that the management of the Parent Company is currently working on renewing its loans due to a foreign bank of which instalments were due at the end of the current financial period. Rescheduling procedures for these loans is still underway up to the date of issuance of these interim condensed consolidated financial information.

Although these matters are considered material and may affect the Group’s ability to continue as a going concern, the interim condensed consolidated financial information has been prepared on the basis of going concern concept stated in note (2.2) to the interim condensed consolidated financial information. Our opinion is unqualified regarding this matter.

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.



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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 as amended, 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 six month period ended 30 June 2017 that might have had a material effect on the business or the interim condensed consolidated financial position of the parent company.

A handwritten signature in blue ink, consisting of a large, stylized 'A' followed by the name 'Anwar' in Arabic script.

Anwar Y. Al-Qatami, F.C.C.A.

(Licence No. 50-A)

of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait

10 August 2017

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended		Six months ended	
		30 June 2017 (Unaudited) KD	30 June 2016 (Unaudited) KD	30 June 2017 (Unaudited) KD	30 June 2016 (Unaudited) KD
Revenue					
Interest income		40,288	43,223	241,617	171,650
Management fees and similar income		83,312	17,196	163,041	34,011
Dividend income		-	39,109	2,552	39,909
Net income from hoteliers and related services	6	8,742,297	5,943,831	15,225,389	11,041,382
Net loss from investments at fair value through profit or loss		(30,834)	(13,553)	(13,214)	(28,181)
Net gain from available for sale investments		136,643	-	281,010	-
Share of results of associates	13	755,623	505,018	1,303,295	752,462
Loss on sale of shares in investment in associate	13	(72,736)	(494,637)	(72,736)	(1,522,466)
Gain on sale of subsidiary	7	-	4,466,125	-	4,466,125
Other (loss) / Income	8	(147,783)	121,693	1,594,211	371,768
		9,506,810	10,628,005	18,725,165	15,326,660
Expenses and other charges					
Staff costs		(1,281,987)	(1,431,052)	(2,638,645)	(3,011,373)
Operating expenses and other charges		(3,757,598)	(3,626,736)	(7,810,747)	(9,237,179)
Impairment of available for sale investments		(2,521)	(70,581)	(84,182)	(160,871)
Reversal of provision no longer required	22-a	-	-	1,229,249	-
Depreciation		(899,397)	(946,823)	(2,188,808)	(2,151,579)
Interest and similar expenses		(3,389,197)	(3,433,296)	(6,790,338)	(6,074,644)
		(9,330,700)	(9,508,488)	(18,283,471)	(20,635,646)
Profit / (loss) before taxation on overseas subsidiaries		176,110	1,119,517	441,694	(5,308,986)
Taxation on overseas subsidiaries		5,251	55,579	514,464	100,802
Profit / (loss) for the period		181,361	1,175,096	956,158	(5,208,184)
Profit / (loss) for the period attributable to :					
Owners of the parent company		(168,218)	253,038	67,508	(4,157,550)
Non-controlling interests		349,579	922,058	888,650	(1,050,634)
Profit / (loss) for the period		181,361	1,175,096	956,158	(5,208,184)
Basic and diluted (loss) / earnings per share attributable to the owners of the parent company	9	(0.25) Fils	0.38 Fils	0.10 Fils	(6.18) Fils

The notes set out on pages 9 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		Six months ended	
	30 June 2017 (Unaudited) KD	30 June 2016 (Unaudited) KD	30 June 2017 (Unaudited) KD	30 June 2016 (Unaudited) KD
Profit / (loss) for the period	181,361	1,175,096	956,158	(5,208,184)
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	20,747	24,898	(13,922)	(19,104)
-Transferred to interim condensed consolidated statement of profit or loss on sale	(992,161)	-	(992,161)	-
-Transferred to interim condensed consolidated statement of profit or loss on impairment	2,521	70,581	84,182	160,871
Share of other comprehensive income / (loss) of associates	224,184	(276,950)	542,529	608,971
Exchange differences arising on translation of foreign operations	418,545	187,278	1,100,410	(287,980)
Total other comprehensive (loss) / income	(326,164)	5,807	721,038	462,758
Total comprehensive (loss)/income for the period	(144,803)	1,180,903	1,677,196	(4,745,426)
Total comprehensive (loss) / income for the period attributable to:				
Owners of the parent company	(618,407)	176,868	450,148	(3,214,107)
Non-controlling interests	473,604	1,004,035	1,227,048	(1,531,319)
	(144,803)	1,180,903	1,677,196	(4,745,426)

The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Assets				
Cash and cash equivalents	10	5,289,436	8,647,293	10,038,605
Investments at fair value through profit or loss		186,866	246,992	273,103
Receivables and other debit balances		20,078,110	17,249,063	20,121,353
Due from related parties	11	1,011,298	487,027	3,293,859
Trading properties	12	9,762,339	7,511,097	7,219,966
Available for sale investments		20,751,886	22,669,789	25,921,771
Investment properties		10,901,278	10,826,813	10,628,206
Investment in associates	13	43,195,070	41,103,181	41,948,999
Goodwill		40,216,744	40,174,557	40,173,284
Properties under development	14	80,074,657	70,748,732	75,994,308
Capital work in progress		47,202,652	46,560,974	46,593,085
Property, plant and equipment		104,491,428	103,529,030	107,289,849
Total assets		383,161,764	369,754,548	389,496,388
Liabilities and equity				
Liabilities				
Payables and other credit balances	15	71,711,617	62,652,236	69,665,444
Due to related parties	11	30,746,487	21,448,538	32,277,074
Borrowings	16	189,589,569	194,304,431	190,669,210
Advances received from customers	17	5,400,415	7,361,111	12,035,996
Total liabilities		297,448,088	285,766,316	304,647,724
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		6,028,903	6,408,275	7,232,280
Foreign currency translation reserve		(6,895,635)	(7,657,647)	(5,043,649)
Accumulated losses		(33,310,625)	(33,378,133)	(34,845,302)
Total equity attributable to the owners of the parent company		49,900,639	49,450,491	51,421,325
Non-controlling interests		35,813,037	34,537,741	33,427,339
Total equity		85,713,676	83,988,232	84,848,664
Total liabilities and equity		383,161,764	369,754,548	389,496,388


Saleh Saleh Al-Selmi
Chairman


Talal Jassim Al-Bahar
Vice Chairman

The notes set out on pages 9 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 2017	72,000,000	11,973,061	(32,757,404)	104,935	32,757,404	6,408,275	(7,657,647)	(33,378,133)	49,450,491	34,537,741	83,988,232
Net change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-	-	-	48,248	48,248
Profit for the period	-	-	-	-	-	-	-	67,508	67,508	888,650	956,158
Other comprehensive Income / (loss)											
Available for sale investments:											
- Net change in fair value arising during the period	-	-	-	-	-	(13,922)	-	-	(13,922)	-	(13,922)
- Transferred to consolidated statement of profit or loss on sale	-	-	-	-	-	(992,161)	-	-	(992,161)	-	(992,161)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	-	-	-	-	-	84,182	-	-	84,182	-	84,182
Share of other comprehensive Income of associates	-	-	-	-	-	542,529	-	-	542,529	-	542,529
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	762,012	-	762,012	338,398	1,100,410
Total other comprehensive (loss) / income	-	-	-	-	-	(379,372)	762,012	-	382,640	338,398	721,038
Total comprehensive (loss) / Income for the period	-	-	-	-	-	(379,372)	762,012	67,508	450,148	1,227,048	1,677,196
Balance at 30 June 2017	72,000,000	11,973,061	(32,757,404)	104,935	32,757,404	6,028,903	(6,895,635)	(33,310,625)	49,900,639	35,813,037	85,713,676

The notes set out on pages 9 to 26 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										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	Non- controlling interests 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	-	-	-	-	-	-	-	-	-	68,264	68,264
Transactions with owners	-	-	-	-	-	-	-	-	-	68,264	68,264
Loss for the period	-	-	-	-	-	-	-	(4,157,550)	(4,157,550)	(1,050,634)	(5,208,184)
Other comprehensive Income / (loss)											
Available for sale investments:											
- Net change in fair value arising during the period	-	-	-	-	-	(19,104)	-	-	(19,104)	-	(19,104)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	-	-	-	-	-	160,871	-	-	160,871	-	160,871
Share of other comprehensive income of associates	-	-	-	-	-	608,971	-	-	608,971	-	608,971
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	192,705	-	192,705	(480,685)	(287,980)
Total other comprehensive income / (loss)	-	-	-	-	-	750,738	192,705	-	943,443	(480,685)	462,758
Total comprehensive income / (loss) for the period	-	-	-	-	-	750,738	192,705	(4,157,550)	(3,214,107)	(1,531,319)	(4,745,426)
Balance at 30 June 2016	72,000,000	11,973,061	(32,757,404)	104,935	32,757,404	7,232,280	(5,043,649)	(34,845,302)	51,421,325	33,427,339	84,848,664

The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2017 (Unaudited) KD	Six months ended 30 June 2016 (Unaudited) KD
OPERATING ACTIVITIES			
Profit / (loss) for the period		956,158	(5,208,184)
Adjustments:			
Gain on sale of available for sale investments		(281,010)	-
Impairment of available for sale investments		84,182	160,871
Dividend income		(2,552)	(39,909)
Interest income		(241,617)	(171,650)
Interest and similar expenses		6,790,338	6,074,644
Depreciation		2,188,808	2,151,579
Share of results of associates		(1,303,295)	(752,462)
Reversal of provision no longer required		(1,229,249)	
Loss on sale of shares in investment in associate		72,736	1,522,466
Gain on sale of subsidiary		-	(4,466,125)
		7,034,499	(728,770)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		60,126	258,984
Receivables and other debit balances		(2,829,047)	(115,133)
Due from related parties		704,978	(4,094,152)
Trading properties		(2,251,242)	266,480
Payables and other credit balances		8,564,440	(1,278,030)
Due to related parties		9,525,650	4,638,891
Advances received from customers		(2,192,376)	(9,128,339)
Cash generated from / (used in) operating activities		18,617,028	(10,180,069)
Dividend income received		2,552	39,909
Interest income received		241,617	171,650
Interest and similar expenses paid		(6,295,397)	(720,820)
Net cash generated from / (used in) operating activities		12,565,800	(10,689,330)
INVESTING ACTIVITIES			
Net change in investment in associates		446,350	(273,552)
Proceeds from sale of shares in investment in associate		23,443	462,894
Proceeds from sale of subsidiary		-	3,269,662
Net change in properties under development		(8,201,222)	4,512,230
Net change in capital work in progress		-	107,476
Net change in property, plant and equipment		(3,151,206)	11,321
Proceeds from sale of available for sale investments		1,265,081	-
Net cash (used in) / generated from investing activities		(9,617,554)	8,090,031
FINANCING ACTIVITIES			
Proceeds from banks loans		1,851,523	2,671,956
Repayment of bank loans		(8,395,592)	(1,345,430)
Change in non-controlling interests		48,248	68,264
Net cash (used in) / generated from financing activities		(6,495,821)	1,394,790
Decrease in cash and cash equivalents		(3,547,575)	(1,204,509)
Foreign currency adjustment		189,718	(1,387,612)
Cash and cash equivalents at the beginning of the period	10	8,300,847	12,284,280
Cash and cash equivalents at the end of the period	10	4,942,990	9,692,159

The notes set out on pages 9 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 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 sukuks 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 were issued on 12 July 2016.

This interim condensed consolidated financial information for the six-month period ended 30 June 2017 was authorised for issue by the parent company's board of directors on

2 Basis of preparation

2.1 This interim condensed consolidated financial information of the group for the six-month period ended 30 June 2017 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 2016 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 six months ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017. For more details refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2016.

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 2016 except for adoption of relevant new standards, amendments to certain standards and interpretations discussed below.

2.2 Fundamental Accounting Concept

The group's current liabilities exceeded its current assets by KD37,626,870 as at 30 June 2017, management confirms that this situation is temporary as they are working on restructuring the group's asset based investments and re-negotiating the loan instalment payments terms and dates.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

2.2 Fundamental Accounting Concept (continued)

The management of the parent company and its subsidiary: IFA Hotels and Resorts, has begun serious negotiations with its lenders to restructure all its debts as appropriate with its current and future requirements to complete the existing projects and provide the necessary liquidity to finance its activities and achieve the best return on its assets either by sale or operation. The balances of borrowings due on the Parent Company directly amounted to K.D 75,529,992 as at the end of the period. The balances of borrowings due on the above subsidiary amounted to K.D 114,059,577 and all of the subsidiary's borrowings are regular.

Although some of the instalments are due on the Borrowings of the parent company in favour of a foreign bank as stated in note 16, the management of the parent company is fully convinced that, due to the active negotiations which currently happening with this foreign bank, the provisions of claim of full borrowings due thereto will not be applied as a result of not repayment of those instalments. So this matter, in any way, will not be the reason for the group's inability to continue as a going concern. The management of the parent company and its subsidiary confirm that the carrying value of the group's assets, which approximately represent twice of outstanding borrowings balances on the group, is enough to repay these borrowings in full and achieve shareholders' full equity.

Noting that, the carrying value of those assets is less than the estimated market value on that date. Therefore, the group's management has no doubts about the group's ability to continue as a going concern.

3 Changes in accounting policies

The interim condensed consolidated financial information have been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended 31 December 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has adopted new accounting pronouncements which have become effective for the first time in 2017, none of which had any significant impact on the Group's results or its interim condensed consolidated financial position. These are:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 7 Statement of Cash Flows- Amendments	1 January 2017
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses - Amendments	1 January 2017
Annual Improvements to IFRSs 2014-2016 Cycle	1 January 2017

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 2016.

Notes to the interim condensed consolidated financial information (continued)

5 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 that subsidiary in to the group's interim condensed consolidated financial information, the condensed consolidated financial information for the period ended 31 March 2017 have been used after appropriate adjustments have been made for the effects of significant transactions on period ended 30 June 2017.

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 June 2017.

6 Net income from hoteliers and related services

	Three months ended		Six months ended	
	30 June 2017 (Unaudited) KD	30 June 2016 (Unaudited) KD	30 June 2017 (Unaudited) KD	30 June 2016 (Unaudited) KD
Income:				
Sale of properties	11,712,965	2,839,445	15,348,505	3,225,182
Hotel operations	7,604,406	7,534,140	15,392,674	15,585,555
Beach club operations	-	436,366	2,341	1,120,178
Management fees	53,705	138,149	511,915	138,149
Residential service income	661,982	805,711	1,514,528	1,408,767
Rental	264,563	104,834	589,583	603,973
	20,297,621	11,858,645	33,359,546	22,081,804
Direct costs	(11,555,324)	(5,914,814)	(18,134,157)	(11,040,422)
	8,742,297	5,943,831	15,225,389	11,041,382

7 Sale of subsidiary

During the previous 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 KD6,086,918 (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 the interim condensed consolidated statement of profit or loss.

The details of the disposal of subsidiary 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 subsidiary	4,466,125

Notes to the interim condensed consolidated financial information (continued)

8 Other (Loss) / income

The other income consists of the following:

	Three months ended		Six months ended	
	30 June 2017 (Unaudited) KD	30 June 2016 (Unaudited) KD	30 June 2017 (Unaudited) KD	30 June 2016 (Unaudited) KD
Net income from ticket sales and related services	70,856	41,768	148,262	99,731
Net gain on bargain purchase (Below)	-	-	965,037	-
Foreign currency exchange loss	(200,853)	32,070	(200,853)	32,070
Other miscellaneous (loss) / income	(17,786)	47,855	681,765	239,967
	(147,783)	121,693	1,594,211	371,768

During the first quarter, a joint operation (50%) was held in Tongaat Hulett/IFA Resorts Developments (TIFAZ) through a subsidiary located in South Africa of IFA Hotels and Resorts Company – KPSC (subsidiary company). The South African subsidiary acquired the holding company which owns the remaining 50% of the joint operation, the Group effectively owns 100% of the joint operation and this transaction resulted in net gain on bargain purchase with an amount of KD 965,037 calculated as follows:

	KD
Fair value of identifiable assets and liabilities acquired	4,261,734
Less: Fair value of consideration	(3,296,697)
Net gain on bargain purchase	965,037

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

Basic and diluted profit/(loss) per share attributable to the owners of the parent company is calculated by dividing the profit/(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		Six months ended	
	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)
Profit/(loss) for the period attributable to the owners of the parent company (KD)	(168,218)	253,038	67,508	(4,157,550)
weighted average number of shares outstanding during the period (excluding treasury shares)	672,889,436	672,889,436	672,889,436	672,889,436
Basic and diluted earnings/ (loss) per share attributable to the owners of the parent company	(0.25) Fils	0.38 Fils	0.10 Fils	(6.18) Fils

Notes to the interim condensed consolidated financial information (continued)

10 Cash and cash equivalents

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

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Cash and bank balances	5,289,436	8,647,293	10,038,605
Less: Restricted balance	5,289,436 (346,446)	8,647,293 (346,446)	10,038,605 (346,446)
Cash and cash equivalents of interim condensed consolidated statement of cash flows	4,942,990	8,300,847	9,692,159

11 Due from /to related parties

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Due from			
Al Rana General Trading Co. – WLL	-	-	2,848,738
International Resorts Company – KPSC	215,813	75,999	-
Aim Consulting Services Co. – WLL	7,398	44,392	-
Al Deera Holding Company – KPSC	508,111	509,015	1,207,165
Zimbali Lodge Company	5,230	614,198	-
Other related parties	531,848	729,773	724,306
	1,268,400	1,973,377	4,780,209
Provision for doubtful debts (note 22-a)	(257,102)	(1,486,350)	(1,486,350)
	1,011,298	487,027	3,293,859
Due to			
IFA Zimbali H & R (Pty) Ltd	1,662,450	2,106,277	1,374,253
Al Tilal Investment Co. – WLL	1,378,854	1,352,418	1,326,318
Kuwait Real Estate Company – KPSC	208,202	227,701	13,348,169
Al Rana General Trading Co. – WLL	9,455,809	2,890,902	-
Kuwait Holding Co. – KSCC	4,113,852	3,913,242	3,926,592
United Investment Portugal Company	366,146	366,146	366,146
Arzan financial Group for Financing and Investment – KPSC	270,892	53,857	41,489
International Resorts Company – KPSC	-	-	284,792
Al Dahiya Investment Co. – WLL	6,053,318	5,929,134	5,806,529
Al Wafir Marketing Services Company - KSCC	5,645,707	3,652,735	3,565,045
IFA Properties Brokerage – LLC	72,040	77,135	507,461
Fiarmount Zimbali H & R (Pty) Ltd	-	-	475,337
Kuwait Invest Real Estate - KSCC	435,040	435,040	435,040
Other related parties	1,084,177	443,951	819,903
	30,746,487	21,448,538	32,277,074

Notes to the interim condensed consolidated financial information (continued)

11 Due from /to related parties (continued)

Due from related parties are non-interest bearing and have no specific repayment terms.

Due to related parties include balance amounting to KD7,883,875(31 December 2016: KD7,720,393 and 30 June 2016: KD7,439,729) carries interest rate ranging from 2.5% to 4.25% (31 December 2016: 2.5% to 4.5% and 30 June 2016: 4.25%) per annum and has no specific repayment term. The remaining balances of KD 22,862,612(31 December 2016: KD13,728,145 and 30 June 2016: KD24,837,345) are non-interest bearing and have no specific repayment terms.

12 Trading properties

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Residential apartments in Dubai (UAE)	4,319,707	4,268,982	4,271,927
Properties in South Africa	5,442,632	3,242,115	2,948,039
	9,762,339	7,511,097	7,219,966

13 Investment in associates

Name of associate	Principal Activities	Place of Incorporation	Percentage of ownership %		
			30 June 2017 (Unaudited) %	31 Dec 2016 (audited) %	30 June 2016 (Unaudited) %
Arzan Financial Group For Financing and Investment – KPSC (Quoted) – below	Financing	Kuwait	17.45	17.53	17.53
Neova Sigorta Insurance Company("Neova")	Insurance	Turkey	35	35	35
Yotel Investment Limited – UK – below	Investment	UK	39.56	40.36	50
Legend & IFA Developments (Pty) Ltd	Property development	South Africa	50	50	50
IFA Investments (Switzerland) SA	Investments	Switzerland	25	25	25
Zamzam Religious Tourism Co. – KSCC	Hajj & Umrah	Kuwait	20	20	20
Abwab Capital Limited	Investments	UAE	45.96	45.96	42.43
Waqaya Takaful Insurance and Reinsurance Company-SSC (Quoted)	Insurance	Saudi Arabia	20	20	20

During the period the group has sold shares in both Arzan Financial Group for Financing and Investment and Yotel Investment Limited which resulted in net loss amounting KD72,736 recognized in the interim condensed consolidated statement of profit or loss for the period.

Notes to the interim condensed consolidated financial information (continued)

13 Investment in associates (continued)

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

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Carrying value at the beginning of the period/year	41,103,181	42,645,744	42,645,744
Additions	-	275,952	273,552
Share of results of associate	1,303,295	3,203,176	752,462
Loss from sale of associates shares	(72,736)	(541,528)	(1,522,460)
Proceeds from sale of shares in investment in associate	(23,443)	(2,468,738)	(462,894)
Impairment of investment in associate	-	(30,759)	-
Share of other comprehensive income/	542,529	645,330	608,971
Foreign exchange translation adjustment	342,244	(2,625,996)	(346,370)
Carrying amount at the end of the period/year	43,195,070	41,103,181	41,948,999
Fair value	4,566,208	4,504,435	4,363,671

14 Properties under development

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Properties in Dubai – UAE	73,453,375	62,021,359	57,898,217
Properties in South Africa	6,621,282	8,727,373	7,487,608
Properties in Lebanon	-	-	10,608,483
	80,074,657	70,748,732	75,994,308

15 Payables and other credit balances

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Accrued expenses	9,093,988	8,599,047	8,771,946
Accounts payable	20,344,667	14,613,430	14,834,000
Dividend payable	565,642	568,781	568,953
Kuwait Foundation for the Advancement of Science	2,484,680	2,476,455	2,471,586
National Labour Support Tax	7,868,519	7,760,674	7,746,853
Zakat Provision	738,854	695,716	690,187
Deferred tax	1,617,839	1,157,846	1,064,659
Provision for employees' end of service benefits and leave	2,690,060	2,806,088	2,759,223
Deferred income	2,396,170	2,215,512	2,581,516
Accrued retention payable	5,086,020	4,787,460	3,479,382
Accrued construction costs	1,175,936	35,836	-
Redeemable preference shares	-	-	3,021,271
Refundable deposits on cancellation and resale of units	4,772,129	1,538,477	4,222,588
Land ownership transfer fee payable	232,003	330,465	410,902
Provision for loans receivable	1,556,000	1,556,000	1,556,000
Due to policyholders	3,448,561	3,871,789	3,134,289
Other payables(below – a)	7,640,549	9,638,660	12,352,089
	71,711,617	62,652,236	69,665,444

Notes to the interim condensed consolidated financial information (continued)

15 Payables and other credit balances (continued)

- a. Other payables include post-dated cheques amounting to KD635,000 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 KD605,851 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 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
		From	To						
1	USD	28-12-2005	28-12-2019	3.82%	Financing the group's investments	Shares of parent company and IFA H& R shares	36,360,000	36,759,000	36,255,000
2	EUR	15-06-2007	28-12-2019	2.5%	Financing the group's investments	Shares of IFA H& R and certain AFS investments	6,922,944	6,443,852	6,731,648
3	KD	26-06-2011	31-12-2023	4.75%	Repayment of indebtedness	Local portfolio with 120% coverage	24,000,000	24,000,000	24,000,000
4	KD	01-01-2010	31-12-2019	4.5%	Local equity financing	Financial portfolio with 200% coverage	8,247,048	8,555,000	8,555,000
5	AED	01-05-2007	31-12-2018	6.3% - 15.3%	Projects financing	Properties located in Palm Jumeirah, U.A.E and collections deposited in account opened in a foreign bank	99,041,904	101,080,876	95,497,556
6	Rand	23-05-2007	31-03-2027	2.25% - 9.5%	Financing the group's investments	Mortgage of certain properties, plant and equipment and certain trading properties in South African subsidiaries	11,643,757	13,714,020	12,736,983
7	USD	01-01-2010	31-12-2016	9%	Acquisition of properties	Land included in properties under development	-	-	2,850,390
8	EUR	15-09-2011	15-03-2024	6.5%	Acquisition of properties	Investment properties owned by the subsidiary	3,373,916	3,751,683	4,042,633
							189,589,569	194,304,431	190,669,210

a) Euro and US Dollar loan

Euro and US Dollar loan granted to the Group from a foreign bank amounted to KD 43,282,944. Instalments on both loans matured in accordance with the contractual terms and conditions. These instalments amounted to KD 15,551,479 and were not settled up to the date of interim condensed consolidated financial information.

The Parent Company's management is currently negotiating with the foreign bank to find the ways of rescheduling these loans and agree upon the final conditions of that rescheduling.

Notes to the interim condensed consolidated financial information (continued)

16 Borrowings (continued)

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

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Restricted balances	346,446	346,446	346,446
Investments at fair value through profit or loss	130,815	140,659	124,262
Trading properties	5,442,632	3,242,115	2,948,039
Available for sale investments	5,920,597	6,460,007	6,755,705
Investment in associate	2,128,251	2,089,081	2,023,798
Investment properties	7,512,614	7,438,139	7,949,234
Properties under development	34,383,737	34,620,504	41,251,897
Property, plant and equipment	88,585,929	88,052,061	80,423,184
Investment in subsidiary	67,387,511	58,402,509	63,536,796
Total assets pledged	211,838,532	200,791,521	205,359,361

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 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Balance at the beginning of the period/year	7,361,111	22,224,779	22,224,779
Advances received during the period/year	11,607,173	8,047,818	4,743,204
Recognised as revenue during the period/year	(13,011,057)	(15,850,250)	(10,401,797)
Deposits transferred to other payables	-	(3,469,746)	(3,469,746)
Deposits transferred upon cancellation	(788,492)	(1,922,393)	-
Arising from disposal of subsidiary	-	(658,064)	-
Foreign currency adjustment	231,680	(1,011,033)	(1,060,444)
	5,400,415	7,361,111	12,035,996

18 Treasury shares

	30 June 2017 (Unaudited)	31 Dec. 2016 (Audited)	30 June 2016 (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)	1,634,737	1,460,427	1,295,541

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 2016 and 30 June 2016: 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 June 2017, the group had capital commitments to settle all the funds necessary to pay the rest of its share of funding required to build several real estate projects in Dubai – UAE and South Africa. The group's share in the estimated funding commitments on these projects is as follows:

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Estimated and contracted of capital expenditure of contracts revenue	24,570,146	36,615,403	39,398,576

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.

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 high 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 segment information, which conforms with the internal reporting presented to management.

	Asset Management		Treasury and Investments		Real Estate		Others		Total	
	30 June 2017 (Unaudited) KD	30 June 2018 (Unaudited) KD	30 June 2017 (Unaudited) KD	30 June 2016 (Unaudited) KD	30 June 2017 (Unaudited) KD	30 June 2016 (Unaudited) KD	30 June 2017 (Unaudited) KD	30 June 2016 (Unaudited) KD	30 June 2017 (Unaudited) KD	30 June 2018 (Unaudited) KD
Segment income/(loss)	163,041	34,011	1,742,524	3,879,499	15,225,389	11,041,382	1,594,211	371,768	18,725,165	15,326,660
Segment (loss)/profit for the period	(2,025,767)	(2,117,568)	(5,131,996)	(2,356,016)	15,225,389	11,041,382	(7,625,932)	(11,876,784)	441,694	(5,308,986)
Unallocated expenses (NLST, Zakat and taxations)									514,464	100,802
profit/(Loss) for the period									956,158	(5,208,184)
Depreciation									2,188,808	2,151,579
Impairment									84,182	160,871
Interest and similar expenses									6,790,338	6,074,644
Total segmental assets	104,491,428	107,289,849	109,640,001	118,355,761	147,940,926	140,435,565	-	-	362,072,355	366,081,175
Total segmental liabilities	-	-	(189,589,569)	(190,933,831)	(5,400,415)	(12,035,996)	-	-	(194,989,984)	(202,969,827)
Net segmental assets	104,491,428	107,289,849	(79,949,568)	(72,578,070)	142,540,511	128,399,569	-	-	167,082,371	163,111,348
Unallocated assets									21,089,409	23,415,213
Unallocated liabilities									(102,458,104)	(101,677,897)
Net Assets									85,713,676	84,848,664

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 31 July 2017 approved the consolidated financial statements of the group for the year ended 31 December 2016 and approved the directors' proposal not to distribute any dividend for the year ended 31 December 2016.

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 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties – after provision	1,011,298	487,027	3,293,859
Due to related parties	<u>30,746,487</u>	<u>21,448,538</u>	<u>32,277,074</u>
Transactions included in the interim condensed consolidated statement of profit or loss:			
Gain on sale of available for sale investment	63,873	-	-
Fees and commission income	145,666	256,036	-
Dividend income	-	240,695	187,516
Interest and similar expenses	171,479	342,647	4,466,125
Gain on sale of subsidiary	-	4,610,795	-
Reversal of provisions no longer required from related parties (a-below)	1,229,249	-	-
Gain on sale of shares in associate	-	915,589	-
Key management compensation of the group			
Short-term employee benefits	<u>212,451</u>	<u>987,754</u>	<u>268,421</u>

- a) During the first Quarter, a review of the provisions for doubtful debts was conducted by the Provisioning Committee, formed by the parent company Board of Directors, to ensure that all provisioning has been made in 2013 in accordance with the provisioning requirements of the Central Bank of Kuwait regarding general and specific provisioning on loans receivables and also other provisions imposed by the Central Bank on the amounts due from related parties.

The Committee concluded that a Reversal of provision amounting to KD1,229,249 should be made because the outstanding balances have decreased from KD7,431,750 as of 2013 to KD1,285,507 as at 30 June 2017. Accordingly, the provision balance for doubtful amounts due from related parties will decrease to KD257,101 (Note 11) which is equivalent to 20% of the outstanding balances. The Board of Directors of the parent company has approved the reversal of the provision by an amount of KD1,229,249 and it has been recognized in the interim condensed consolidated statement of profit or loss for the first quarter in 2017.

Notes to the interim condensed consolidated financial information (continued)

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 June 2017 amounted to KD34,909,563 (31 December 2016: KD35,831,487 and 30 June 2016: KD38,186,144) the group earned management fee of KD29,494 (30 June 2016: KD34,011) from these activities.

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 2016.

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 six levels of a fair value hierarchy. The six 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 June 2017 (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 shares:				
Quoted securities	153,494	-	-	153,494
Unquoted securities	-	-	31,597	31,597
Foreign shares:				
Quoted securities	1,775	-	-	1,775
Available for sale investments				
Quoted securities	61,540	-	-	61,540
Managed funds	-	773,562	-	773,562
Unquoted securities	-	-	19,147,573	19,141,573
	216,809	773,562	19,179,170	20,169,541

Notes to the interim condensed consolidated financial information (continued)

25 Fair value measurement (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2016 (Audited)				
<i>Investments at fair value through profit or loss</i>				
<i>Investments held for trading:</i>				
Local shares:				
Quoted securities	213,430	-	-	213,430
Unquoted securities	-	-	31,597	31,597
Foreign shares:				
Quoted securities	1,965	-	-	1,965
<i>Available for sale investments</i>				
Quoted securities	171,499	-	-	171,499
Foreign quoted securities	44,617	-	-	44,617
Managed funds	-	730,216	-	730,216
Unquoted securities	-	-	20,932,631	20,932,631
	431,511	730,216	20,964,228	22,125,955
30 June 2016 (unaudited)				
<i>Investments at fair value through profit or loss</i>				
<i>Investments held for trading:</i>				
Local shares:				
Quoted securities	198,982	-	-	198,982
Unquoted securities	-	-	71,879	71,879
Foreign shares:				
Quoted securities	2,241	-	-	2,241
<i>Available for sale investments</i>				
Quoted securities	276,522	-	-	276,522
Managed funds	-	721,337	-	721,337
Unquoted securities	-	-	23,466,284	23,466,284
	477,745	721,337	23,538,163	24,737,245

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)

25 Fair value measurement (continued)

Level 3 fair value measurements (continued)

	Investments at fair value through profit or loss		
	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Opening balance	31,597	71,272	71,272
Gains or losses recognised in:			
- Interim condensed consolidated statement of profit or loss	-	(39,675)	607
Closing balance	31,597	31,597	71,879

	Available for sale Investments		
	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Opening balance	20,932,631	22,986,781	22,986,781
Transferred to level 3 previously carried at cost	-	572,739	-
Disposals	(1,876,185)	(1,131,559)	488,393
Gains or losses recognised in:			
- Other comprehensive income / (loss)	91,127	(1,495,330)	(8,890)
Closing balance	19,147,573	20,932,631	23,466,284

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%.