Interim Condensed Consolidated Financial Information and Review Report

International Financial Advisors – KPSC and Subsidiaries

Kuwait

30 September 2018 (Unaudited)

Contents

Grant Thornton
Al-Qatami, Al-Aiban & Partners
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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 interim condensed consolidated statement of financial position of International Financial Advisors – KPSC ("the Parent Company") and its subsidiaries ("the Group") as at 30 September 2018 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.

Emphasis of matters
We draw attention to following:

a) Note 4 to the interim condensed consolidated financial information which indicates that the Group incurred a loss of KD14,503,660 for the nine-month period ended 30 September 2018 and, as of that date, the Group's current liabilities exceeded its current assets by KD40,326,987.

b) Notes 4 and 10 to the interim condensed consolidated financial information which indicate that the Parent Company is currently actively working to renegotiate its outstanding loans that include certain past due instalments. During the period it settled KD12,708,684, being part of one of the outstanding loans due to a foreign bank. Negotiations for the balance and another loan due to the foreign bank aggregating to KD35,785,645 (including interest), and for the loan due to a local bank amounting to KD8,555,000 are currently in progress.

These events or conditions may indicate that a material uncertainty exists that may affect the Group's ability to continue as a going concern. Our conclusion is not modified in respect of these matters.

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Report on review of interim condensed consolidated financial information of International Financial Advisors – KPSC (continued)

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the nine-month period ended 30 September 2018 that might have had a material effect on the business or financial position of the Parent Company, except for the matter referred to in Note 1 with respect to the vacant position of chief executive officer.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the nine-month period ended 30 September 2018, except for the matter referred to in Note 1 with respect to cancellation of securities activities licence with the Capital Markets Authority.

Anwar Y. Al-Qatami, F.C.C.A.
(Licence No. 50-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
21 November 2018

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 30 Sept. 2018 (Unaudited) KD	Three months ended (Restated) 30 Sept. 2017* (Unaudited) KD	Nine months ended 30 Sept. 2018 (Unaudited) KD	Nine months ended (Restated) 30 Sept. 2017* (Unaudited) KD
Continuing operations					
Revenue					
Interest income		**10,109**	9,489	**29,527**	27,598
Management and consultancy fees		**16,589**	16,120	**31,742**	45,614
Dividend income		**-**	221,215	**3,106**	223,767
Net (loss)/gain from investments at fair value through profit or loss		**(1,377)**	4,265	**(5,641)**	(8,949)
Gain on sale of available for sale investments		**-**	625,003	**-**	876,928
Share of results of associates		**321,462**	757,399	**1,179,426**	2,277,790
Loss on sale of shares in associates		**-**	(523,318)	**-**	(596,054)
Loss on disposal of subsidiary	5.2	**(7,089,828)**	-	**(7,089,828)**	-
Other income		**22,719**	(30,343)	**302,282**	(191,473)
		(6,720,326)	1,079,830	**(5,549,386)**	2,655,221
Expenses and other charges					
Staff costs		**(112,471)**	(116,049)	**(304,707)**	(456,026)
Operating expenses and other charges		**(246,372)**	(236,087)	**(559,870)**	(704,706)
Impairment of available for sale investments		**-**	-	**-**	(36,945)
Impairment of associate		**(251,000)**	-	**(251,000)**	-
Depreciation		**(108)**	(5,442)	**(108)**	(7,172)
Finance costs		**(800,702)**	(805,758)	**(2,325,289)**	(2,360,601)
		(1,410,653)	(1,163,336)	**(3,440,974)**	(3,565,450)
Loss for the period from continuing operations		**(8,130,979)**	(83,506)	**(8,990,360)**	(910,229)
Discontinued operations					
(Loss)/profit from discontinued operations	5.2	**(3,492,159)**	2,630,628	**(5,513,300)**	4,413,509
(Loss)/profit for the period		**(11,623,138)**	2,547,122	**(14,503,660)**	3,503,280
Attributable to :					
Owners of the Parent Company		**(9,268,818)**	1,388,294	**(11,321,797)**	1,455,802
Non-controlling interests		**(2,354,320)**	1,158,828	**(3,181,863)**	2,047,478
		(11,623,138)	2,547,122	**(14,503,660)**	3,503,280
Basic and diluted (loss)/earnings per share attributable to the owners of the Parent Company	6				
- From continuing operations		**(12.09) Fils**	(0.21) Fils	**(13.47) Fils**	(1.67) Fils
- From discontinued operations		**(1.68) Fils**	2.27 Fils	**(3.36) Fils**	3.83 Fils
		(13.77) Fils	2.06 Fils	**(16.83) Fils**	2.16 Fils

* Amount shown here do not correspond with the previously reported interim condensed consolidated financial information for the nine-month period ended 30 September 2017 as a result of adjustments made for discontinued operations as detailed in Note 5.2.

The notes set out on pages 9 to 31 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. 2018 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD	**30 Sept. 2018 (Unaudited) KD**	30 Sept. 2017 (Unaudited) KD
(Loss)/profit for the period	**(11,623,138)**	2,547,122	**(14,503,660)**	3,503,280
Other comprehensive (loss) / income:				
Items that will not be reclassified subsequently to profit or loss:				
Investments at fair value through other comprehensive income:				
- Net change in fair value arising during the period	**(2,353,106)**	-	**(3,075,313)**	-
	(2,353,106)	-	**(3,075,313)**	-
Items that may be reclassified subsequently to the statement of profit or loss:				
Available for sale investments:				
-Net change in fair value arising during the period	**-**	(42,169)	**-**	(56,091)
-Transferred to interim condensed consolidated statement of profit or loss on sale	**-**	(369,460)	**-**	(1,361,621)
-Transferred to interim condensed consolidated statement of profit or loss on impairment	**-**	-	**-**	84,182
Share of other comprehensive (loss)/income of associates	**(436,109)**	1,059,626	**(3,423,600)**	1,602,155
Exchange differences arising on translation of foreign operations	**1,950,064**	(334,478)	**2,743,055**	765,932
	1,513,955	313,519	**(680,545)**	1,034,557
Total other comprehensive (loss)/income	**(839,151)**	313,519	**(3,755,858)**	1,034,557
Total comprehensive (loss)/income for the period	**(12,462,289)**	2,860,641	**(18,259,518)**	4,537,837
Attributable to:				
Owners of the Parent Company	**(9,212,937)**	1,951,192	**(14,530,031)**	2,401,340
Non-controlling interests	**(3,249,352)**	909,449	**(3,729,487)**	2,136,497
	(12,462,289)	2,860,641	**(18,259,518)**	4,537,837

Interim condensed consolidated statement of financial position

	Note	**30 Sept. 2018 (Unaudited) KD**	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Assets				
Cash and cash equivalents	7	**669,139**	12,190,584	10,260,455
Investments at fair value through profit or loss		**51,204**	95,304	77,589
Receivables and other assets		**2,622,337**	21,172,332	20,289,429
Due from related parties	15	**18,127,103**	1,927,648	2,796,637
Trading properties		**-**	9,410,633	9,707,059
Investments at fair value through other comprehensive income	3.1	**9,746,179**	-	-
Available for sale investments		**-**	15,117,502	22,912,449
Investment properties		**2,021,611**	6,542,067	11,346,003
Investment in associates	8	**86,460,483**	38,832,258	39,000,462
Goodwill		**-**	38,550,102	40,216,405
Properties under development		**-**	81,785,579	79,794,021
Capital work in progress		**-**	46,643,792	46,821,475
Property, plant and equipment		**13,061**	104,544,237	103,618,818
Total assets		**119,711,117**	376,812,038	386,840,802
Liabilities and equity				
Liabilities				
Payables and other liabilities	9	**22,442,512**	73,530,205	72,562,183
Due to related parties	15	**3,675,555**	25,136,045	23,214,136
Borrowings	10	**62,782,145**	195,245,229	197,733,519
Advances received from customers		**-**	3,537,737	4,798,783
Total liabilities		**88,900,212**	297,449,216	298,308,621
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	11	**(32,757,404)**	(32,757,404)	(32,757,404)
Treasury shares reserve	11	**104,935**	104,935	104,935
Statutory and voluntary reserves		**32,757,404**	32,757,404	32,757,404
Fair value reserve		**2,034,548**	7,958,281	6,676,900
Foreign currency translation reserve		**(3,059,500)**	(6,294,013)	(6,980,734)
Accumulated losses		**(53,482,553)**	(41,641,742)	(31,922,331)
Equity attributable to owners of the Parent Company		**29,570,491**	44,100,522	51,851,831
Non-controlling interests		**1,240,414**	35,262,300	36,680,350
Total equity		**30,810,905**	79,362,822	88,532,181
Total liabilities and equity		**119,711,117**	376,812,038	386,840,802

Saleh Saleh Al-Selmi
Chairman

The notes set out on pages 9 to 31 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	Total
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory and voluntary reserves KD	Fair value reserve KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub – total KD	KD	KD
Balance at 1 January 2018 (audited)	72,000,000	11,973,061	(32,757,404)	104,935	32,757,404	7,958,281	(6,294,013)	(41,641,742)	44,100,522	35,262,300	79,362,822
Share of adjustments arising on adoption of IFRS 9 by an associate	-	-	-	-	-	(55,674)	-	55,674	-	-	-
Balance at 1 January 2018 (Restated)	72,000,000	11,973,061	(32,757,404)	104,935	32,757,404	7,902,607	(6,294,013)	(41,586,068)	44,100,522	35,262,300	79,362,822
Decrease in non-controlling interests on disposal of subsidiary (Note 5.1)	-	-	-	-	-	-	-	-	-	(5,703,705)	(5,703,705)
De-recognition of non-controlling interests on disposal of subsidiary (Note 5.2)	-	-	-	-	-	-	-	-	-	(25,046,171)	(25,046,171)
Increase in non-controlling interest due to capital increase of subsidiary	-	-	-	-	-	-	-	-	-	457,477	457,477
Transactions with owners	-	-	-	-	-	-	-	-	-	(30,292,399)	(30,292,399)
Loss for the period	-	-	-	-	-	-	-	(11,321,797)	(11,321,797)	(3,181,863)	(14,503,660)
Other comprehensive (loss)/income	-	-	-	-	-	(6,442,747)	3,234,513	-	(3,208,234)	(547,624)	(3,755,858)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(6,442,747)	3,234,513	(11,321,797)	(14,530,031)	(3,729,487)	(18,259,518)
Realised loss on investments at FVOCI	-	-	-	-	-	574,688	-	(574,688)	-	-	-
Balance at 30 September 2018 (unaudited)	72,000,000	11,973,061	(32,757,404)	104,935	32,757,404	2,034,548	(3,059,500)	(53,482,553)	29,570,491	1,240,414	30,810,905

The notes set out on pages 9 to 31 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	Total
	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	KD	KD
Balance at 1 January 2017 (audited)	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	-	-	-	-	-	-	-	-	-	6,112	6,112
Transactions with owners	-	-	-	-	-	-	-	-	-	6,112	6,112
Profit for the period	-	-	-	-	-	-	-	1,455,802	1,455,802	2,047,478	3,503,280
Other comprehensive income	-	-	-	-	-	268,625	676,913	-	945,538	89,019	1,034,557
Total comprehensive income for the period	-	-	-	-	-	268,625	676,913	1,455,802	2,401,340	2,136,497	4,537,837
Balance at 30 September 2017 (unaudited)	72,000,000	11,973,061	(32,757,404)	104,935	32,757,404	6,676,900	(6,980,734)	(31,922,331)	51,851,831	36,680,350	88,532,181

The notes set out on pages 9 to 31 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2018 (Unaudited) KD	Nine months ended 30 Sept. 2017 (Unaudited) KD
OPERATING ACTIVITIES			
Loss for the period from continuing operations		**(8,990,360)**	(910,229)
Adjustments:			
Gain from available for sale investments		**-**	(876,928)
Impairment of available for sale investments		**-**	36,945
Dividend income		**(3,106)**	(223,767)
Interest income		**(29,527)**	(27,598)
Finance costs		**2,325,289**	2,360,601
Depreciation		**108**	7,172
Share of results of associates		**(1,179,426)**	(2,277,790)
Impairment of associate		**251,000**	-
Gain on disposal of subsidiary		**7,089,828**	-
Loss on sale of shares in associates		**-**	596,054
		(536,194)	(1,315,540)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		**44,100**	169,403
Receivables and other assets		**406,211**	(852,953)
Due from related parties		**(2,371,797)**	1,170,735
Trading properties		**-**	-
Payables and other liabilities		**(1,367,033)**	374,792
Due to related parties		**2,407,491**	511,749
Advances received from customers		**-**	-
Cash generated (used in)/from operating activities		**(1,417,222)**	58,186
Dividend income received		**3,106**	223,767
Interest income received		**29,527**	27,598
Finance costs paid		**-**	(1,213,670)
Net cash used in continuing operations		**(1,384,589)**	(904,119)
Net cash from/(used in) discontinued operations		**(5,727,978)**	317,282
Net cash used in operating activities		**(7,112,567)**	(586,837)
INVESTING ACTIVITIES			
Proceed from sale of shares in associates		**-**	181,582
Dividend received from associates		**347,811**	-
Net cash outflow on deconsolidation of subsidiary		**(5,760,047)**	-
Proceeds from sale of available for sale investments		**1,013,263**	2,018,417
Net cash from/(used in) investing activities		**(4,398,973)**	2,199,999
FINANCING ACTIVITIES			
Net movement in borrowings		**(9,905)**	-
Net cash used in financing activities		**(9,905)**	-
(Decrease)/increase in cash and cash equivalents		**(11,521,445)**	1,613,162
Cash and cash equivalents at the beginning of the period	7	**11,844,138**	8,300,847
Cash and cash equivalents at the end of the period	7	**322,693**	9,914,009

* Amount shown here do not correspond with the previously reported interim condensed consolidated financial information for the nine-month period ended 30 September 2017 as a result of adjustments made for discontinued operations as detailed in Note 5.2.

The notes set out on pages 9 to 31 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 for its financing activities and Capital Market Authority as an investment company and its shares are listed in Boursa Kuwait and Dubai Financial Market. The Parent Company and its subsidiaries are together referred to as "the Group".

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.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities of the Parent Company (continued)

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.

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

The Parent Company has not yet appointed a chief executive officer which is a requirement of the companies law. The Parent Company intends to appoint a chief executive officer as soon as practically possible.

The Securities Activities Licence issued by the Capital Markets Authority ("CMA") expired on 29 March 2018 under which the Parent Company carried out certain investment activities. Management did not renew the licence. Accordingly, the CMA notified the Parent Company on 6 May 2018 that it is no longer considered a licenced entity under the CMA regulations. Consequently, the Parent Company is currently in the process of disposing the portfolios under management (Note 17).

Furthermore, the Parent Company is subject to the supervision of the Central Bank of Kuwait ("CBK"). On 13 November 2018, the CBK notified the Parent Company that its name will be removed from the CBK register only after the holding of shareholders general assembly to change its activities.

This interim condensed consolidated financial information for the nine-month period ended 30 September 2018 was authorised for issue by the Parent Company's board of directors on 21 November 2018.

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the nine-month period ended 30 September 2018 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting polices used in the preparation of these interim condensed consolidated financial statements information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2017, except for the changes described in Note 3.

The annual consolidated financial statements for the year ended 31 December 2017 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 requirements for collective impairment provision, which have been replaced by the CBK's requirements for a minimum general provision.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

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.

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

Operating results for the nine months ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018. For more details, refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2017.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

The financial year end of Radeem Real Estate Company – SAL and Dana Real Estate Company - SAL (subsidiaries) is 31 December, but for the purpose of consolidating those subsidiaries in to the Group's interim condensed consolidated financial information, the consolidated financial information/management accounts for the period ended 30 June 2018 were used after appropriate adjustments have been made for the effects of significant transactions or events for the period ended 30 September 2018.

The Group has consolidated the financial information of the other subsidiaries using interim condensed financial information and management accounts as at 30 September 2018.

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 2018 which have been adopted by the Group. Information on these new standards is presented below:

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IAS 40 Investment Property – Amendments	1 January 2018
Annual Improvements to IFRSs 2014-2016 Cycle	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

IFRS 9 Financial Instruments

The IASB published 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.

The main areas of impact are as follows:

- the classification and measurement of the financial assets are 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 is recognised on the 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 is no longer possible to measure equity investments at cost less impairment and all such investments are instead measured at fair value. Changes in fair value are presented in profit or loss unless an irrevocable designation is made to present them in other comprehensive income.
- if the fair value option continues to be elected for certain financial liabilities, fair value movements are presented in other comprehensive income to the extent those changes relate to own credit risk.

IFRS 9 contains nine principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and Fair value through profit or loss (FVTPL). The standard eliminated IAS 39 categories of held to maturity, loans and receivables and available for sale.

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 9 Financial Instruments (continued)
Further, the gains and losses on subsequent measurement of debt type financial instruments measured at Fair Value Through Other Comprehensive Income (FVOCI) are now recognised in equity and will be recycled to profit or loss on derecognition or reclassification.

However, gains or losses on subsequent measurement of equity type financial assets measured at FVOCI are now recognised in equity and not recycled to profit or loss on derecognition. Dividend income on these assets continues to be recognised in profit or loss.

Based on the analysis of the Group's financial assets and liabilities as at 1 January 2018 and of the circumstances that existed at that date, management of the Group have determined the impact of implementation of IFRS 9 on the interim condensed consolidated financial information as follows:

Classification and measurement:
Equity investments are to be measured at FVTPL as well as FVTOCI as certain existing investments in equity instruments qualify for designation as FVTOCI category. The gains and losses on FVTOCI investments will no longer be recycled to statement of profit or loss on subsequent measurement or on derecognition. Further, these investments are no longer subject to impairment test.

Accounts receivable are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Management analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

	IAS 39		IFRS 9	
	Classification	Carrying amount KD	Classification	Carrying amount KD
Financial assets				
Cash and bank balances	Loans and receivables	12,190,584	Amortised cost	12,190,584
Receivables and other assets	Loans and receivables	16,009,844	Amortised cost	16,009,844
Due from related parties	Loans and receivables	1,927,648	Amortised cost	1,927,648
Local quoted securities	FVTPL	41,808	FVTPL	41,808
Local unquoted securities	FVTPL	53,496	FVTPL	53,496
Local quoted securities	AFS	40,151	FVTOCI	40,151
Foreign quoted securities	AFS	14,082	FVTOCI	14,082
Local unquoted securities	AFS	6,342,692	FVTOCI	6,342,692
Foreign unquoted securities	AFS	8,693,742	FVTOCI	8,693,742
Managed funds	AFS	26,835	FVTOCI	26,835
Total financial assets		45,340,882		45,340,882

There is no impact on the financial liabilities of the Group and will continue to be measured at amortised cost.

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 9 Financial Instruments (continued)

Impairment:
IFRS 9 requires the Group to record expected credit losses (ECL) on all of its financial assets measured at amortised cost. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. Under IFRS 9, the Group measures ECL as follows:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

The Group has applied simplified approach to impairment for financial assets at amortised cost as required or permitted under the standard. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Management has reviewed its financial assets at amortised cost for any additional impairment and concluded that no additional impairment is required.

Summary of impact on application of IFRS 9:
As allowed by the transition provisions of IFRS 9, the Group elected not to restate comparative information for prior periods with respect to classification and measurement, and including impairment requirements. The information presented for the comparative periods does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

Reclassification to the opening statement of financial position are detailed below:

	31 Dec. 2017 KD	Reclassification KD	1 Jan. 2018 KD
Assets			
Available for sale investments	15,117,502	(15,117,502)	-
Investments at fair value through other comprehensive income	-	15,117,502	15,117,502
Equity			
Fair value reserve	7,958,281	(55,674)	7,902,607
Accumulated losses	(41,641,742)	55,674	(41,586,068)

IFRS 40 Investment Property - Amendments
The Amendments to IAS 40 clarifies that transfers to, or from, investment property are required when, and only when, there is a change in use of property supported by evidence. The amendments also re-characterise the list of circumstances appearing in paragraph 57(a)–(d) as a non-exhaustive list of examples of evidence that a change in use has occurred. The Board has also clarified that a change in management's intent, by itself, does not provide sufficient evidence that a change in use has occurred. Evidence of a change in use must be observable.

Adoption of these amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

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

Annual Improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 28 - Clarifies that a qualifying entity is able to choose between applying the equity method or measuring an investment in an associate or joint venture at fair value through profit or loss, separately for each associate or joint venture at initial recognition of the associate or joint venture. Amendment is effective for annual periods beginning on or after 1 January 2018.

Adoption of these amendments did not have a significant impact on the Group's interim condensed financial information.

IFRIC 22 Foreign Currency Transactions and Advance Consideration
The Interpretations looks at what exchange rate to use for translation when payments are made or received in advance of the related asset, expense or income. A diversity was observed in practice in circumstances in which an entity recognises a non-monetary liability arising from advance consideration. The diversity resulted from the fact that some entities were recognising revenue using the spot exchange rate at the date of the receipt of the advance consideration while others were using the spot exchange rate at the date that revenue was recognized. IFRIC 22 addresses this issue by clarifying that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Adoption of these amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's interim condensed consolidated financial information is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's interim condensed consolidated financial information.

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture - Amendments	No stated date
IFRS 16 Leases	1 January 2019
IFRIC 23 Uncertainty over income tax treatments	1 January 2019

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

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

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

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

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management does not anticipate that the application of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

IFRS 16 Leases

IFRS 16 will replace IAS 17 and nine related Interpretations. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact, management is in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices
- assessing their current disclosures for finance and operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use asset
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions
- assessing the additional disclosures that will be required.

IFRIC 23 Uncertainty over income tax treatments

The Interpretation clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

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)

IFRIC 23 Uncertainty over income tax treatments (continued)
An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specified item of income in a tax return is an uncertain treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

Management does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

4 Fundamental accounting concept

As at 30 September 2018, the Group's current liabilities exceeded its current assets by KD40,326,987. However, management of the Parent Company confirms that this situation is temporary as it is working on restructuring the Group's asset based investments and re-negotiating the payments terms and dates for all its outstanding loans.

As stated in Note 10, instalments of KD25,650,608 (including interest) are past due on borrowings granted to the Parent Company by certain banks. During the period, Parent Company settled KD12,708,684 from one of the outstanding foreign bank loans. The Parent Company is also currently negotiating with the foreign and local banks to restructure the remaining outstanding loans. Accordingly, due to the active negotiations currently in progress with these banks, management of the Parent Company believes the provisions of the loan agreements will not be applied to the entire outstanding borrowings as a result of non-payment of such instalments, and therefore, this matter will not be a reason, in any way, for the Group's inability to continue as a going concern.

Furthermore, management believes that as the Group's total assets approximately represent twice the outstanding borrowings balance of the Group, it is adequate to repay these borrowings in full and maintain shareholders' equity. Accordingly, this interim condensed consolidated financial information has been prepared under a going concern basis.

5 Disposal of subsidiaries

5.1 Vacation Club Venture Co. Ltd

At the beginning of the period, the Group had a controlling interest constituting 59% of the shares in Vacation Club Venture Co. Ltd "VCV" (UAE sub-subsidiary). During April 2018, the Group disposed of the controlling interest in VCV, constituting 23.77% of VCV's total shares, to a related party for a consideration of KD3,579,335 (equivalent to AED43,681,120). The consideration due was set off against the amount due to the related party. The Group accounted for its retained 35.23% interest in VCV as an investment in associate, by virtue of its significant influence. The retained interest is re-measured at fair value, immediately following the disposal of the controlling interest.

Notes to the interim condensed consolidated financial information (continued)

5 Disposal of subsidiaries and loss of control (continued)

5.1 Vacation Club Venture Co. Ltd (continued)

The net assets of VCV at the date of disposal were as follows:

	KD
Assets	
Property and equipment	137,779
Trade and other receivables	10,632,936
Cash and cash equivalents	3,348,949
Total assets	**14,119,664**
Liabilities and equity	
Trade and other payables	38,619
Amount due to a related party	457,747
Non-controlling interest	5,703,705
Total liabilities and equity	**6,200,071**
Net assets as at date of disposal attributable to the Group	**7,919,593**

	KD
Fair value of consideration received	
- Settlement of balance due to related party	3,579,335
- Fair value of retained interest in VCV classified to investments in associate (Note 8)	5,305,004
	8,884,339
Less: Total carrying value disposed at the date of disposal	(7,919,593)
Gain on disposal of subsidiary	**964,746**

5.2 IFA Hotels and Resorts - KPSC

At the beginning of the period, the Group owned 57.39% of the shares in IFA Hotels and Resorts - KPSC "IFA HR" (subsidiary). During the period, the Parent Company transferred 63,543,420 shares in IFA HR, constituting 10.45% of IFA HR's total shares, to a foreign bank for a consideration of KD12,708,684 (equivalent to USD42,026,071) as part settlement of foreign loans (Note 10). Consequently, the Group reclassified its remaining interest of 46.94% in IFA HR as an associate since management believes the Group has lost the power to control the investee. The retained interest is re-measured at fair value, immediately following the partial disposal. As a result, a loss of KD7,089,828 was recognised through profit or loss in the interim condensed consolidated financial information of 30 September 2018.

Notes to the interim condensed consolidated financial information (continued)

5 Disposal of subsidiaries and loss of control (continued)

5.2 IFA Hotels and Resorts - KPSC (continued)

At the date of disposal, the carrying amounts of IFA HR's net assets disposed of and its operating results up to the date of disposal were as follows:

	KD
Assets	
Cash and cash equivalents	5,760,047
Receivables and other assets	31,746,726
Due from related parties	1,235,050
Trading properties	5,496,600
Investments at fair value through other comprehensive income	2,527,282
Investment properties	4,052,547
Investment in associates	9,849,356
Properties under development	76,657,524
Goodwill	192,958
Capital work in progress	46,760,755
Property, plant and equipment	105,986,675
Total assets	**290,265,520**
Liabilities and equity	
Payables and other liabilities	56,398,132
Due to related parties	47,075,661
Borrowings	120,777,775
Advances received from customers	7,957,696
Foreign currency translation reserve	(5,217,083)
Fair value reserve	(315,922)
Non-controlling interests	25,046,171
Total liabilities and equity	**251,722,430**
Net assets as at date of disposal attributable to the Group	**38,543,090**
Net assets disposed	38,543,090
Carrying value of related goodwill	38,352,105
Total carrying value disposed	**76,895,195**

	KD
Fair value of consideration received	
- Part settlement of loans (Note 10)	12,708,684
- Fair value of retained interest in IFA HR classified to investments in associate (Note 8)	57,096,683
	69,805,367
Less: Total carrying value disposed at the date of disposal	(76,895,195)
Loss on disposal of subsidiary	**(7,089,828)**

Notes to the interim condensed consolidated financial information (continued)

5 Disposal of subsidiaries and loss of control (continued)

5.2 IFA Hotels and Resorts - KPSC (continued)

	Nine months ended	
	30 Sept. 2018 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD
Revenue		
Revenue	**5,4474,507**	46,047,080
Cost of revenue	**(36,982,097)**	(26,213,860)
	17,492,410	19,833,220
Interest income	**88,772**	259,775
Management and consultancy fees	**294,538**	202,297
Gain from disposal of investment property	**1,813**	-
Net gain from available for sale investments	**-**	29,085
Share of results of associates	**(19,593)**	(378,475)
Loss on sale of shares in associate	**-**	6,309,919
Net gain on disposal of subsidiary (Note 5.1)	**964,746**	-
Other Income	**848,594**	1,908,521
	19,671,280	28,164,342
Expenses and other charges		
Staff costs	**3,154,080**	3,431,368
Operating expenses and other charges	**11,978,418**	10,771,184
Impairment of available for sale investments	**-**	47,237
Reversal of provision no longer required	**-**	(1,229,249)
Depreciation	**2,923,558**	3,077,668
Finance costs	**7,017,684**	8,236,311
	25,073,740	24,334,519
(Loss)/profit before taxation on overseas subsidiaries	**(5,402,460)**	3,829,823
Taxation on overseas subsidiaries	**(110,840)**	583,686
(Loss)/profit for the year from discontinued operations	**(5,513,300)**	4,413,509

Cash flows generated from discontinued operations for the reporting periods under review are as follows:

	Nine months ended	
	30 Sept. 2018 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD
Operating activities	**(7,942,593)**	10,936,072
Investing activities	**1,438,301**	(12,516,677)
Financing activities	**776,314**	1,897,887
	(5,727,978)	317,282

Notes to the interim condensed consolidated financial information (continued)

6 Basic and diluted (loss)/earnings per share attributable to the Owners of the Parent Company

Basic and diluted (loss)/earnings per share attributable to the Owners of the Parent Company is calculated by dividing the (loss)/profit 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. 2018 (Unaudited)	30 Sept. 2017 (Unaudited)	**30 Sept. 2018 (Unaudited)**	30 Sept. 2017 (Unaudited)
(Loss)/profit for the period attributable to the Owners of the Parent Company				
- From continuing operations (KD)	**(8,136,181)**	(138,709)	**(9,062,949)**	(1,119,665)
- From discontinued operations (KD)	**(1,132,637)**	1,527,003	**(2,258,848)**	2,575,467
	(9,268,818)	1,388,294	**(11,321,797)**	1,455,802
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 (loss)/earnings per share attributable to the owners of the Parent Company (Fils)				
- From continuing operations	**(12.09)**	(0.21)	**(13.47)**	(1.67)
- From discontinued operations	**(1.68)**	2.27	**(3.36)**	3.83
Total - Fils	**(13.77)**	2.06	**(16.83)**	2.16

7 Cash and cash equivalents

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Cash and cash equivalents as per interim condensed consolidated statement of financial position	**669,139**	12,190,584	10,260,455
Less: Restricted balance	**(346,446)**	(346,446)	(346,446)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	**322,693**	11,844,138	9,914,009

Notes to the interim condensed consolidated financial information (continued)

8 Investment in associates

The movement in associates during the period/year is as follows:

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Carrying value at the beginning of the period/year	**38,832,258**	41,103,181	41,103,181
Additions (a)	**62,401,687**	20,536	3,505
Disposals	-	(6,814,579)	(5,322,370)
Transferred to investment at fair value through other comprehensive income	**(7,480)**	-	-
Transferred to available for sale investments	-	-	(1,220,526)
Share of results of associates	**1,159,833**	2,229,926	1,899,315
Dilution gain	-	38,234	38,234
Dividend received	**(347,811)**	-	-
Impairment (b)	**(251,000)**	(1,442,811)	-
Reversal of impairment	-	1,493,527	-
Share of other comprehensive income	**(3,423,600)**	2,319,177	1,602,155
De-recognition on disposal of subsidiary (Note 5.2)	**(9,849,356)**	-	-
Foreign exchange translation adjustment	**(2,054,048)**	(114,933)	896,968
	86,460,483	38,832,258	39,000,462

(a) Additions include amounts of KD5,305,004 and KD57,096,683 arising from reclassifying the residual interest of VCV and IFA HR, respectively to investment in associates (Note 5). As a result, the Group recognised provisional goodwill of KD29,505,549 for IFA HR,(associate), and will be adjusted retrospectively (if required) when the final Purchase Price Allocation is completed during the one year measurement period from the acquisition date.

(b) The Group assessed the fair value of its investment in Neova Sigorta Insurance Company. Accordingly, the Group recognised an impairment loss of KD251,000 (31 December 2017: KD1,442,811 and 30 September 2017: Nil).

9 Payables and other liabilities

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Accounts payable and accruals	**6,871,049**	31,511,585	30,344,662
Construction related payables and accruals	**263,390**	12,066,332	10,375,000
Dividend payable	**31,721**	565,642	565,642
Provisions for KFAS, NLST and Zakat	**7,308,140**	11,120,128	11,063,492
Provision for employees' end of service benefits and leave	**822,445**	2,366,188	2,549,118
Provision for loans receivable	**1,556,000**	1,556,000	1,556,000
Due to policyholders	**3,131,039**	3,334,117	3,421,050
Other liabilities	**2,458,728**	11,010,213	12,687,219
	22,442,512	73,530,205	72,562,183

Notes to the interim condensed consolidated financial information (continued)

10 Borrowings

The loan balances and bank facilities of the Group at the date of the interim condensed consolidated statement of financial position represent the following:

	Currency	Period due From	Period due To	Effective interest rates	Purpose	Assets pledged	**30 Sept. 2018 (Unaudited) KD**	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
1	USD	28-12-2005	28-12-2019	3.82%	Financing the Group's investments	Shares of Parent Company and IFA H& R shares	**23,209,558**	35,746,040	36,222,000
2	EUR	15-06-2007	28-12-2019	2.5%	Financing the Group's investments	Shares of IFA H& R and certain investments at FVTOCI	**7,017,587**	7,244,752	7,132,111
3	KD	26-06-2011	31 -12- 2023	4.75%	Repayment of indebtedness	Local portfolio with 62% 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 82% coverage	**8,555,000**	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	-	106,989,160	107,575,544
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	-	10,215,165	10,660,224
7	EUR	15-09-2011	15-03-2024	6.5%	Acquisition of properties	Investment properties owned by the subsidiary	-	2,495,112	3,588,640
							62,782,145	195,245,229	197,733,519

The Group was unable to settle certain instalments of KD25,650,608 (including interest) due in accordance with contractual terms and conditions to certain foreign and local banks. Accordingly, loans amounting to KD30,227,145 and KD8,555,000 related to foreign and local banks respectively became due.

During the period, the Parent Company settled KD12,708,684 being part of one of the loans due to a foreign bank by way of transferring 63,543,420 shares of one the Group's subsidiaries, IFA Hotels and Resorts Co. – KPSC (Note 4 and 5.2). Management of the Parent Company is currently negotiating with the foreign and local banks to restructure the other due loans.

Notes to the interim condensed consolidated financial information (continued)

10 Borrowings (continued)

b) The Group's borrowings are pledged against the following assets of the Group:

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Restricted cash and bank balances	**346,446**	346,446	346,446
Investments at fair value through profit or loss	**16,523**	20,832	20,553
Trading properties	**-**	5,219,114	5,422,236
Investments at fair value through other comprehensive income	**2,658,569**	-	-
Available for sale investments	**-**	5,822,770	5,923,107
Investment in associate	**28,901,862**	1,803,732	2,083,296
Investment properties	**-**	4,525,838	7,991,154
Properties under development	**-**	34,033,854	34,383,737
Property, plant and equipment	**-**	87,686,963	88,684,265
Investment in subsidiary	**373**	57,761,225	91,810,015
Total assets pledged	**31,923,773**	197,220,774	236,664,809

11 Treasury shares

	30 Sept. 2018 (Unaudited)	31 Dec. 2017 (Audited)	30 Sept. 2017 (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)	**1,130,654**	1,361,495	1,460,427

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 2017 and 30 September 2017: KD32,743,499) are pledged as security against the Group's borrowings.

12 Capital commitments

Capital expenditure commitments

The Group had capital commitments, through its associate, towards its share of funding required to construct 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 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Estimated and contracted capital expenditure for construction of properties under development and trading properties	**4,899,373**	18,330,255	21,103,703
Finance guarantees	**14,947**	23,425	-
Post-dated cheques issued	**3,713,636**	1,881,239	1,687,208
	8,627,956	20,234,919	22,790,911

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)

13 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. 2018 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD	**30 Sept. 2018 (Unaudited) KD**	30 Sept. 2017 (Unaudited) KD	**30 Sept. 2018 (Unaudited) KD**	30 Sept. 2017 (Unaudited) KD	**30 Sept. 2018 (Unaudited) KD**	30 Sept. 2017 (Unaudited) KD	**30 Sept. 2018 (Unaudited) KD**	30 Sept. 2017 (Unaudited) KD
Nine months ended:										
Segment revenue:										
From continuing operations	**31,742**	45,614	**(5,883,410)**	2,801,080	**-**	-	**302,282**	(191,473)	**(5,549,386)**	2,655,221
From discontinued operations	**294,538**	202,297	**1,033,925**	6,220,304	**17,494,223**	19,833,220	**848,594**	1,908,521	**19,671,280**	28,164,342
	326,280	247,911	**(4,849,485)**	9,021,384	**17,494,223**	19,833,220	**1,150,876**	1,717,048	**14,121,894**	30,819,563
Segment profit/(loss):										
From continuing operations	**31,742**	45,614	**(8,459,807)**	396,362	**-**	-	**(562,295)**	(1,352,205)	**(8,990,360)**	(910,229)
From discontinued operations	**294,538**	202,297	**1,033,925**	6,220,304	**(7,690,357)**	(3,917,613)	**848,594**	1,908,521	**(5,513,300)**	4,413,509
Profit/(loss) for the period	**326,280**	247,911	**(7,425,882)**	6,616,666	**(7,690,357)**	(3,917,613)	**286,299**	556,316	**(14,503,660)**	**3,503,280**
Depreciation									**2,923,666**	3,084,840
Impairment									**251,000**	84,182
Finance costs									**9,342,973**	10,596,912

Notes to the interim condensed consolidated financial information (continued)

13 Segmental analysis (continued)

	Asset Management		Treasury and Investments		Real Estate		Others		Total	
	30 Sept. 2018 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD	**30 Sept. 2018 (Unaudited) KD**	30 Sept. 2017 (Unaudited) KD	**30 Sept. 2018 (Unaudited) KD**	30 Sept. 2017 (Unaudited) KD	**30 Sept. 2018 (Unaudited) KD**	30 Sept. 2017 (Unaudited) KD	**30 Sept. 2018 (Unaudited) KD**	30 Sept. 2017 (Unaudited) KD
As at 30 September:										
Total segmental assets	-	-	**96,927,005**	112,467,360	**2,034,672**	251,287,376	-	-	**98,961,677**	363,754,736
Total segmental liabilities	-	-	**(62,782,145)**	(75,909,111)	-	(126,623,191)	-	-	**(62,782,145)**	(202,532,302)
Net segmental assets	-	-	**34,144,860**	36,558,249	**2,034,672**	124,664,185	-	-	**36,179,532**	161,222,434
Unallocated assets									**20,749,440**	23,086,066
Unallocated liabilities									**(26,118,067)**	(95,776,319)
Net Assets									**30,810,905**	88,532,181

Notes to the interim condensed consolidated financial information (continued)

14 Annual General Assembly of the Shareholders

The Annual General Assembly of the shareholders held on 13 May 2018 approved the consolidated financial statements of the Group for the year ended 31 December 2017 and the board of directors' proposal not to distribute dividends for the year ended 31 December 2017.

15 Related party balances and 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. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties: *			
- Due from associate	**16,362,909**	-	-
- Due from other related parties	**1,764,194**	1,927,648	2,796,637
	18,127,103	1,927,648	2,796,637
Due to related parties:			
- Due to associate	**69,598**	383,636	275,954
- Due to other related parties	**3,605,957**	24,752,409	22,938,182
	3,675,555	25,136,045	23,214,136

	Three months ended		Nine months ended	
	30 Sept. 2018 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD	**30 Sept. 2018 (Unaudited) KD**	30 Sept. 2017 (Unaudited) KD
Transactions included in interim condensed consolidated statement of profit or loss:				
Management and consultancy fees	**68,750**	68,750	**206,250**	214,416
Dividend income	-	222,767	**1,906**	222,767
Net gain from available for sale investments	-	6	-	63,879
Finance costs	**109,209**	81,051	**503,737**	252,530
Net gain on disposal of subsidiary	-	-	**388,679**	-
Reversal of provisions no longer required from related parties	-	-	-	1,229,249
Key management compensation of the Group				
Short-term employee benefits	**240,267**	225,258	**591,089**	437,709

* Due from related parties are stated net of a provision of KD Nil (31 December 2017: KD481,912, 30 September 2017: KD257,101).

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

Notes to the interim condensed consolidated financial information (continued)

15 Related party balances and transactions (continued)

Due to related parties include balance amounting to KD2,551,762 (31 December 2017: KD8,047,727 and 30 September 2017: KD7,964,848) and carries interest ranging from 2.5% to 4.75% (31 December 2017: 2.5% to 4.5% and 30 September 2017: 2.5% to 4.5%) per annum. The remaining balances of KD1,123,793 (31 December 2017: KD17,088,318 and 30 September 2017: KD15,249,291) are non-interest bearing and have no specific repayment terms. Shares in subsidiary with a market value of KD3,062,114 (31 December 2017: KD Nil and 30 September 2017: KD Nil) are pledged against due to related parties.

16 Fair value measurement

16.1 Fair value hierarchy

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 carrying amounts of the Group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position may also be categorized as follows:

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Financial assets:			
At amortised cost:			
• Cash and cash equivalents	**669,139**	12,190,584	10,260,455
• Receivables and other assets	**2,622,337**	16,009,844	15,148,776
• Due from related parties	**18,127,103**	1,927,648	2,796,637
	21,418,579	30,128,076	28,205,868
At fair value:			
• Investments at fair value through profit or loss	**51,204**	95,304	77,589
• Investments at fair value through other comprehensive income	**9,746,179**	-	-
	9,797,383	95,304	77,589
Available for sale investments:			
• At fair value	-	14,353,282	22,147,943
• At cost / cost less impairment	-	764,220	764,506
	-	15,117,502	22,912,449
	31,215,962	45,340,882	51,195,906

Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement (continued)

16.1 Fair value hierarchy (continued)

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Financial liabilities:			
At amortised costs:			
• Accounts payable and other liabilities	**22,442,512**	73,530,205	72,562,183
• Due to related parties	**3,675,555**	25,136,045	23,214,136
• Borrowings	**62,782,145**	195,245,229	197,733,519
	88,900,212	293,911,479	293,509,838

Management considers that the carrying amounts of receivables and financial liabilities, which are stated at amortised cost, approximate their fair values.

The level within which the 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 statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
30 September 2018 (unaudited)				
Investments at fair value through profit or loss				
Investments held for trading:				
Local quoted securities	**36,649**	-	-	**36,649**
Local unquoted securities	-	-	**14,555**	**14,555**
Investments at fair value through other comprehensive income				
Local quoted securities	**27,604**	-	-	**27,604**
Foreign quoted securities	**1,971**	-	-	**1,971**
Managed funds	-	**26,832**	-	**26,832**
Unquoted securities	-	-	**9,689,767**	**9,689,767**
	66,224	**26,832**	**9,704,322**	**9,797,378**
31 December 2017 (audited)				
Investments at fair value through profit or loss				
Investments held for trading:				
Local quoted securities	41,808	-	-	41,808
Local unquoted securities	-	-	53,496	53,496
Available for sale investments				
Local quoted securities	40,151	-	-	40,151
Foreign quoted securities	14,082	-	-	14,082
Managed funds	-	26,835	-	26,835
Unquoted securities	-	-	14,272,214	14,272,214
	96,041	26,835	14,325,710	14,448,586

Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement (continued)

16.1 Fair value hierarchy (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
30 September 2017 (unaudited)				
Investments at fair value through profit or loss				
Investments held for trading:				
Local shares:				
Quoted securities	44,653	-	-	44,653
Unquoted securities	-	-	31,597	31,597
Foreign shares:				
Quoted securities	1,339	-	-	1,339
Available for sale investments				
Quoted securities	64,922	-	-	64,922
Managed funds	-	27,058	-	27,058
Unquoted securities	-	-	22,055,963	22,055,963
	110,914	27,058	22,087,560	22,225,532

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:

	Investments at fair value through profit or loss		
	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Opening balance	**53,496**	31,597	31,597
Additions	-	50,000	-
Disposal	**(38,941)**	-	-
Gains or losses recognised in:			
- Interim condensed consolidated statement of profit or loss	-	(28,101)	-
Closing balance	**14,555**	53,496	31,597

Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement (continued)

16.1 Fair value hierarchy (continued)

	FVTOCI/Available for sale Investments		
	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Opening balance	**14,272,214**	20,932,631	20,925,861
Purchases	**1,531,020**	2,634,634	382,835
Disposals	**(1,003,305)**	(8,087,262)	(1,875,457)
Impairment	**-**	(1,557,693)	-
Transferred	**1,394**	-	2,602,878
Movement between level 3 and carried at cost	**764,220**	-	29,500
De-recognition on disposal of subsidiary (Note 5.2)	**(2,527,282)**	-	-
Gains or losses recognised in:			
- Other comprehensive (loss)/income	**(3,348,494)**	349,904	(9,654)
Closing balance	**9,689,767**	14,272,214	22,055,963

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%.

17 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 2018 amounted to KD4,141,000 (31 December 2017: KD29,088,883 and 30 September 2017: KD37,526,522). The Group earned management fee of KD15,153 (30 September 2017: KD45,614) from these activities.

18 Comparative information

Certain comparative figures have been reclassified to conform to the presentation in the current period, and such reclassification does not affect previously reported net assets, net equity and net results for the period or net increase in cash and cash equivalents.