Interim Condensed Consolidated Financial Information and Review Report

International Financial Advisors – KPSC and Subsidiaries

Kuwait

31 March 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 31 March 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 three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.

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 KD2,914,266 for the three-month period ended 31 March 2018 and, as of that date, the group's current liabilities exceeded its current assets by KD61,889,425.

b) Notes 4 and 10 to the interim condensed consolidated financial information which indicate that the parent company is currently actively working to renegotiate loans that include certain past due instalments of its outstanding loans and signed a preliminary agreement during the period to restructure loan amounting to KD42,990,792 due to a foreign bank. Negotiations with the other bank 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 three-month period ended 31 March 2018 that might have had a material effect on the business or financial position of the group, 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, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2018, except for the matter referred to in Note 1 with respect to expiry of securities activities licence with CMA.

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

Kuwait
15 May 2018

Interim condensed consolidated statement of profit or loss

	Note	**Three months ended 31 March 2018 (Unaudited)**	Three months ended 31 March 2017 (Unaudited)
		KD	KD
Revenue	5	**18,999,673**	13,061,925
Cost of revenue		**(13,061,725)**	(6,578,833)
		5,937,948	6,483,092
Interest income		**9,622**	201,329
Management and consultancy fees		**166,067**	79,729
Dividend income		**3,106**	2,552
Net (loss)/gain from investments		**(2,402)**	17,620
Share of results of associates		**363,661**	547,672
Gain on sale of available for sale investments		**-**	144,367
Other income		**726,861**	1,741,994
		7,204,863	9,218,355
Expenses and other charges			
Staff costs		**(1,234,431)**	(1,356,658)
Other operating expenses and charges		**(4,764,156)**	(4,053,149)
Impairment of available for sale investments		**-**	(81,661)
Reversal of provision no longer required		**-**	1,229,249
Depreciation		**(1,000,775)**	(1,289,411)
Finance costs		**(2,948,136)**	(3,401,141)
		(9,947,498)	(8,952,771)
(Loss)/profit before taxation on overseas subsidiaries		**(2,742,635)**	265,584
Taxation on overseas subsidiaries		**(171,631)**	509,213
(Loss)/profit for the period		**(2,914,266)**	774,797
Attributable to :			
Owners of the parent company		**(1,984,428)**	235,726
Non-controlling interests		**(929,838)**	539,071
		(2,914,266)	774,797
Basic and diluted (loss)/earnings per share attributable to the owners of the parent company	6	**(2.95) Fils**	0.35 Fils

The notes set out on pages 9 to 27 form an integral part of this interim condensed consolidated financial information.

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

	Three months ended 31 March 2018 (Unaudited) KD	Three months ended 31 March 2017 (Unaudited) KD
(Loss)/profit for the period	**(2,914,266)**	774,797
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	**(36,518)**	-
	(36,518)	-
Items that will be reclassified subsequently to the statement of profit or loss:		
Available for sale investments:		
- Net change in fair value arising during the period	**-**	(34,669)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	**-**	81,661
Share of other comprehensive income of associates	**(1,587,445)**	318,345
Exchange differences arising on translation of foreign operations	**798,984**	681,865
	(788,461)	1,047,202
Total other comprehensive (loss)/income	**(824,979)**	1,047,202
Total comprehensive (loss)/Income for the period	**(3,739,245)**	1,821,999
Attributable to:		
Owners of the parent company	**(3,032,996)**	1,068,555
Non-controlling interests	**(706,249)**	753,444
	(3,739,245)	1,821,999

The notes set out on pages 9 to 27 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	**31 March 2018 (Unaudited) KD**	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Assets				
Cash and cash equivalents	7	**8,572,960**	12,190,584	6,773,446
Investments at fair value through profit or loss		**92,905**	95,304	264,610
Receivables and other assets		**24,184,275**	21,172,332	19,581,838
Due from related parties		**1,279,387**	1,927,648	1,028,405
Trading properties		**10,130,604**	9,410,633	9,461,310
Investments at fair value through other comprehensive income	3.1	**16,640,296**	-	-
Available for sale investments		**-**	15,117,502	22,729,192
Investment properties		**6,631,347**	6,542,067	10,826,803
Investment in associates	8	**38,193,285**	38,832,258	41,898,321
Goodwill		**38,531,877**	38,550,102	40,213,181
Properties under development		**81,004,940**	81,785,579	79,052,610
Capital work in progress		**46,590,672**	46,643,792	47,329,476
Property, plant and equipment		**104,825,502**	104,544,237	105,065,459
Total assets		**376,678,050**	376,812,038	384,224,651
Liabilities and equity				
Liabilities				
Payables and other liabilities	9	**72,450,388**	73,530,205	67,008,720
Due to related parties		**30,912,389**	25,136,045	25,422,603
Borrowings	10	**196,693,838**	195,245,229	192,339,553
Advances received from customers		**997,858**	3,537,737	13,556,837
Total liabilities		**301,054,473**	297,449,216	298,327,713
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		**6,354,698**	7,958,281	6,773,612
Foreign currency translation reserve		**(5,738,998)**	(6,294,013)	(7,190,162)
Accumulated losses		**(43,626,170)**	(41,641,742)	(33,142,407)
Equity attributable to owners of the parent company		**41,067,526**	44,100,522	50,519,039
Non-controlling interests		**34,556,051**	35,262,300	35,377,899
Total equity		**75,623,577**	79,362,822	85,896,938
Total liabilities and equity		**376,678,050**	376,812,038	384,224,651

Saleh Saleh Al-Selmi
Chairman

Talal Jassim Al-Bahar
Vice Chairman

The notes set out on pages 9 to 27 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 reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub – total KD	Non-controlling interests KD	Total 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**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,984,428)**	**(1,984,428)**	**(929,838)**	**(2,914,266)**
Other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**(1,603,583)**	**555,015**	**-**	**(1,048,568)**	**223,589**	**(824,979)**
Total comprehensive (loss)/income for the period	**-**	**-**	**-**	**-**	**-**	**(1,603,583)**	**555,015**	**(1,984,428)**	**(3,032,996)**	**(706,249)**	**(3,739,245)**
Balance at 31 March 2018 (unaudited)	**72,000,000**	**11,973,061**	**(32,757,404)**	**104,935**	**32,757,404**	**6,354,698**	**(5,738,998)**	**(43,626,170)**	**41,067,526**	**34,556,051**	**75,623,577**

The notes set out on pages 9 to 27 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										
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory and voluntary reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub – total KD	Non-controlling interests KD	Total 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	-	-	-	-	-	-	-	-	-	86,707	86,707
Transactions with owners	-	-	-	-	-	-	-	-	-	86,707	86,707
Profit for the period	-	-	-	-	-	-	-	235,726	235,726	539,071	774,797
Other comprehensive income						365,337	467,485		832,822	214,380	1,047,202
Total comprehensive income for the period	-	-	-	-	-	365,337	467,485	235,726	1,068,548	753,451	1,821,999
Balance at 31 March 2017 (unaudited)	72,000,000	11,973,061	(32,757,404)	104,935	32,757,404	6,773,612	(7,190,162)	(33,142,407)	50,519,039	35,377,899	85,896,938

The notes set out on pages 9 to 27 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	**Three months ended 31 March 2018 (Unaudited) KD**	Three months ended 31 March 2017 (Unaudited) KD
OPERATING ACTIVITIES			
(Loss)/profit for the period		**(2,914,266)**	774,797
Adjustments:			
Gain on sale of available for sale investments		**-**	(144,367)
Impairment of available for sale investments		**-**	81,661
Dividend income		**(3,106)**	(2,552)
Interest income		**(9,622)**	(201,329)
Interest and similar expenses		**2,948,136**	3,401,141
Reversal of provision no longer required		**-**	(1,229,249)
Depreciation		**1,000,775**	1,289,411
Share of results of associates		**363,661**	(547,672)
		1,385,578	3,421,841
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		**2,399**	(17,618)
Receivables and other debit balances		**(3,011,943)**	(2,332,775)
Due from related parties		**(883,191)**	687,871
Trading properties		**(719,971)**	(1,950,213)
Payables and other credit balances		**(3,254,961)**	4,849,701
Due to related parties		**5,776,344**	4,201,766
Advances received from customers		**(2,539,879)**	5,968,181
Cash generated (used in)/from operations		**(3,245,624)**	14,828,754
Dividend income received		**3,106**	2,552
Interest income received		**9,622**	201,329
Interest and similar expenses paid		**(772,992)**	(3,898,354)
Net cash (used in)/from operating activities		**(4,005,888)**	11,134,281
INVESTING ACTIVITIES			
Net change in investment in associates		**(727,322)**	318,345
Net movement in properties under development		**1,511,018**	(7,395,811)
Net change in property, plant and equipment		**(723,856)**	(2,825,840)
Proceeds from sale of available for sale investments		**-**	175,733
Net cash from/(used in) investing activities		**59,840**	(9,727,573)
FINANCING ACTIVITIES			
Net movement in borrowings		**681,224**	(3,189,735)
Change in non-controlling interests		**-**	86,707
Net cash from/(used in) financing activities		**681,224**	(3,103,028)
Decrease in cash and cash equivalents		**(3,264,824)**	(1,696,320)
Foreign currency adjustment		**(352,800)**	(177,527)
Cash and cash equivalents at beginning of the period	7	**11,844,138**	8,300,847
Cash and cash equivalents at end of the period	7	**8,226,514**	6,427,000

The notes set out on pages 9 to 27 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.

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 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 CMA expired on 29 March 2018 under which the parent company carried out certain investment activities. Management does not intend to renew the licence until the proposal of the board of directors to change the legal status of the parent company to a Holding company is presented to the shareholders for their approval.

This interim condensed consolidated financial information for the three-month period ended 31 March 2018 was authorised for issue by the parent company's board of directors on ………………...

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 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 three months ended 31 March 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.

The financial year end of IFA Hotels and Resorts Company – KPSC, 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 statements for the year ended 31 December 2017 have been used after appropriate adjustments have been made for the effects of significant transactions or events for the three-month period ended 31 March 2018.

The group has consolidated the financial information of the other subsidiaries using interim condensed financial information and management accounts as at 31 March 2018.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

3.1 New and amended standards adopted by the group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 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 three 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.

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:

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)

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.

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

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)
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

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.

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.

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)

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

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.

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 (continued)

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 three 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.

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.

Notes to the interim condensed consolidated financial information (continued)

4 Fundamental accounting concept

As at 31 March 2018, the group's current liabilities exceeded its current assets by KD61,899,425. However, management confirms that this situation is temporary as it is working on restructuring the group's asset based investments and re-negotiating the loan instalments payments terms and dates.

The parent company and its subsidiary, IFA Hotels and Resorts, are currently negotiating with lenders to restructure all debts in line with current and future requirements to complete the existing projects and provide the necessary liquidity to finance the group's activities and achieve the best return on the assets either by sale or operations. Out of the total borrowings amounting to KD196,693,838 as of the reporting date, the parent company's direct borrowings amount to KD75,545,792. The remaining borrowing balance of KD121,148,046 obtained by the group's subsidiary "IFA Hotels and Resorts - KPSC" is regular.

As stated in note 10, instalments of KD24,728,584 (including interest) are past due on borrowings granted to the parent company by certain banks. However, management of the parent company successfully signed a preliminary agreement, during the period, to settle part of the total outstanding loan of KD42,990,792 due to a foreign bank and to reschedule the remaining balance. The parent company is also currently negotiating with local banks to restructure the 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 of the group believes that as the group's assets approximately represent twice the outstanding borrowings balance of the group, it is adequate to repay these borrowings in full and maintain shareholders' equity, noting that the carrying value of the assets is less than the estimated market value on that date. Accordingly, this interim condensed consolidated financial information has been prepared under a going concern basis.

5 Revenue

	Three months ended 31 March 2018 (Unaudited) KD	Three months ended 31 March 2017 (Unaudited) KD
Revenue from projects under development	**9,283,330**	3,635,540
Revenue from hotel operations	**7,537,815**	7,788,268
Revenue from beach club operations	**290,089**	2,341
Management fees	**536,637**	458,210
Residential services income	**972,912**	852,546
Rental income	**378,890**	325,020
	18,999,673	13,061,925

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 31 March 2018 (Unaudited)	Three months ended 31 March 2017 (Unaudited)
(Loss)/profit for the period attributable to the owners of the parent company (KD)	**(1,984,428)**	235,726
Weighted average number of shares outstanding during the period (excluding treasury shares)	**672,889,436**	672,889,436
Basic and diluted (loss)/earnings per share attributable to the owners of the parent company	**(2.95) Fils**	0.35 Fils

7 Cash and cash equivalents

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Cash and cash equivalents as per interim condensed consolidated statement of financial position	**8,572,960**	12,190,584	6,773,446
Less: Restricted balance	**(346,446)**	(346,446)	(346,446)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	**8,226,514**	11,844,138	6,427,000

8 Investment in associates

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

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Carrying value at the beginning of the period/year	**38,832,258**	41,103,181	41,103,181
Additions	**-**	20,536	-
Disposals	**-**	(6,814,579)	547,672
Transferred to investment at fair value through other comprehensive income	**(7,480)**	-	-
Share of results of associates	**363,661**	2,229,926	-
Dilution gain	**-**	38,234	-
Impairment	**-**	(1,442,811)	-
Reversal of impairment	**(2,937)**	1,493,527	-
Share of other comprehensive income	**(1,587,445)**	2,319,177	318,345
Foreign exchange translation adjustment	**595,228**	(114,933)	(70,877)
	38,193,285	38,832,258	41,898,321

Notes to the interim condensed consolidated financial information (continued)

9 Payables and other liabilities

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Accounts payable and accruals	**32,050,308**	31,511,585	26,322,135
Construction related payables and accruals	**12,076,124**	12,066,332	11,569,913
Dividend payable	**565,605**	565,642	567,281
Provisions for KFAS, NLST and Zakat	**11,140,640**	11,120,128	11,063,492
Provision for employees’ end of service benefits and leave	**2,400,978**	2,366,188	2,606,079
Provision for loans receivable	**1,556,000**	1,556,000	1,556,000
Due to policyholders	**3,390,196**	3,334,117	3,735,834
Other payables (a)	**9,270,537**	11,010,213	9,587,986
	72,450,388	73,530,205	67,008,720

a) Other payables include post-dated cheques amounting to KD3,630,471 (31 December 2017: KD1,881,239 and 31 March 2017: KD899,263) issued against settlement of legal cases filed by unitholders in Balqis Residence FZE (UAE sub-subsidiary). Out of these, post-dated cheques amounting to KD2,812,834 (31 December 2017: KD1,799,466 and 31 March 2017: KD720,540) 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)

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	**31 March 2018 (Unaudited) KD**	31 Dec. 2017 (Audited) KD	31 March 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	**35,746,040**	35,746,040	36,759,000
2	EUR	15-06-2007	28-12-2019	2.5%	Financing the group's investments	Shares of IFA H& R and certain AFS investments	**7,244,752**	7,244,752	6,443,852
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	**8,555,000**	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	**107,885,263**	106,989,160	101,229,191
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	**11,461,941**	10,215,165	11,789,070
7	EUR	15-09-2011	15-03-2024	6.5%	Acquisition of properties	Investment properties owned by the subsidiary	**1,800,842**	2,495,112	3,563,440
							196,693,838	195,245,229	192,339,553

The Group was unable to settle certain instalments of KD24,728,584 (including interest) due in accordance with contractual terms and conditions to certain foreign and local banks. Accordingly, loans amounting to KD42,990,792 and 8,555,000 related to foreign and local banks respectively became due.

Management of the parent company is currently negotiating with those banks to restructure these loans.

During the period, the parent company signed a preliminary agreement to restructure the loans due to the foreign bank (note 4).

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:

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Restricted balances	**346,446**	346,446	346,446
Investments at fair value through profit or loss	**21,884**	20,832	152,237
Trading properties	**5,945,337**	5,219,114	5,129,998
Available for sale investments	**5,816,329**	5,822,770	6,467,535
Investment in associate	**1,595,844**	1,803,732	2,415,501
Investment properties	**4,620,341**	4,525,838	7,438,139
Properties under development	**75,464,791**	34,033,854	34,383,737
Property, plant and equipment	**88,941,169**	87,686,963	88,585,929
Investment in subsidiary	**34,428,756**	57,761,225	58,402,509
Total assets pledged	**217,180,897**	197,220,774	203,322,031

11 Treasury shares

	31 March 2018 (Unaudited)	31 Dec. 2017 (Audited)	31 March 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)	**1,206,030**	1,361,495	2,049,310

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 31 March 2017: KD32,743,499) are pledged as security against group's borrowings.

12 Capital commitments

Capital expenditure commitments
At 31 March 2018, the group had capital commitments 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:

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Estimated and contracted of capital expenditure of contracts revenue	**17,486,294**	20,153,148	30,700,900
Postdate cheques issued	**1,409,457**	1,799,466	-

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	
	31 March 2018 (Unaudited) KD	31 March 2017 (Unaudited) KD	**31 March 2018 (Unaudited) KD**	31 March 2017 (Unaudited) KD	**31 March 2018 (Unaudited) KD**	31 March 2017 (Unaudited) KD	**31 March 2018 (Unaudited) KD**	31 March 2017 (Unaudited) KD	**31 March 2018 (Unaudited) KD**	31 March 2017 (Unaudited) KD
Segment income	**166,067**	79,729	**373,987**	913,540	**5,937,948**	6,483,092	**726,861**	1,741,994	**7,204,863**	9,218,355
Segment (loss)/profit for the period	**166,067**	79,729	**(410,060)**	77,485	**(2,950,668)**	(2,947,028)	**452,026**	3,055,398	**(2,742,635)**	265,584
Unallocated expenses (NLST, Zakat and taxations)									**(171,631)**	509,213
Profit/(loss) for the period									**(2,914,266)**	774,797
Depreciation									**1,000,775**	1,289,411
Impairment									**-**	81,661
Interest and similar expenses									**2,948,136**	3,401,141
Total segmental assets	**-**	-	**102,031,323**	111,878,749	**249,183,065**	251,735,659	**-**	-	**351,214,388**	363,614,408
Total segmental liabilities	**-**	-	**(75,545,792)**	(75,757,852)	**(122,145,904)**	(130,138,538)	**-**	-	**(197,691,696)**	(205,896,390)
Net segmental assets	**-**	-	**26,485,531**	36,120,897	**127,037,161**	121,597,121	**-**	-	**153,522,692**	157,718,018
Unallocated assets									**25,463,662**	20,610,241
Unallocated liabilities									**(103,362,777)**	(92,431,321)
Net Assets									**75,623,577**	85,896,938

Notes to the interim condensed consolidated financial information (continued)

14 Annual General Assembly of the Shareholders

Subsequent to the reporting date, the shareholders of the parent company at the Annual General Assembly 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 parties' transactions and balances

Related parties represent major shareholders, directors and key management personnel of the group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the group's management. Transactions between the parent company and its subsidiaries which are related parties of the parent company have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and other related parties are disclosed below.

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Amounts due from related parties *	**1,279,387**	**1,927,648**	1,028,405
Amounts due to related parties – associate	**368,275**	**383,636**	266,036
Amounts due to related parties – others	**30,544,114**	**24,752,409**	25,156,567

	Three months ended 31 March 2018 (Unaudited)	**Three months ended 31 March 2017 (Unaudited)**
Transactions included in the interim condensed consolidated statement of profit or loss:		
Management and consultancy fees	**68,750**	76,916
Dividend income	**1,906**	-
Finance costs	**313,212**	90,078
Reversal of provisions no longer required from related parties (*)	**-**	1,229,249
Key management compensation of the group		
Short-term employee benefits	**98,639**	43,882

* Due from related parties are stated net of a provision of KD481,912 (31 December 2017: 481,912, 31 March 2017: KD257,101).

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

Due to related parties include balance amounting to KD8,107,785 (31 December 2017: KD8,047,727 and 31 March 2017: KD7,802,584) and carries interest ranging from 2.75% to 4.5% (31 December 2017: 2.5% to 4.5% and 31 March 2017: 2.5% to 4.5%) per annum and has no specific repayment date. The remaining balances of KD22,804,604 (31 December 2017: KD17,088,318 and 31 March 2017: KD17,620,019) are non-interest bearing and have no specific repayment terms.

Notes to the interim condensed consolidated financial information (continued)

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:

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Financial assets:			
Receivables at amortised cost:			
• Cash and cash equivalents	**8,572,960**	12,190,584	6,773,446
• Accounts receivable and other assets	**19,040,760**	16,009,844	13,224,391
• Due from related parties	**1,279,387**	1,927,648	1,028,405
	28,893,107	30,128,076	21,026,242
Investments at fair value through profit or loss	**92,905**	95,304	264,610
	92,905	95,304	264,610
Investments at fair value through other comprehensive income	**16,640,296**	-	-
	16,640,296	-	-
Available for sale investments:			
• At fair value	**-**	14,353,282	21,960,643
• At cost / cost less impairment	**-**	764,220	768,549
	-	15,117,502	22,729,192
	45,626,308	45,340,882	44,020,044
Financial liabilities:			
Financial liabilities at amortised costs:			
• Accounts payable and other liabilities	**72,450,388**	73,530,205	67,008,720
• Due to related parties	**30,912,389**	25,136,045	25,422,603
• Borrowings	**196,693,838**	195,245,229	192,339,553
	300,056,615	293,911,479	284,770,876

Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement (continued)

16.1 Fair value hierarchy (continued)

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
31 March 2018 (unaudited)				
Investments at fair value through profit or loss				
Investments held for trading:				
Local quoted securities	**39,409**	**-**	**-**	**39,409**
Local unquoted securities	**-**	**-**	**53,496**	**53,496**
Investments at fair value through other comprehensive income				
Local quoted securities	**33,460**	**-**	**-**	**33,460**
Foreign quoted securities	**14,324**	**-**	**-**	**14,324**
Managed funds	**-**	**26,832**	**-**	**26,832**
Unquoted securities	**-**	**-**	**16,565,680**	**16,565,680**
	87,193	**26,832**	**16,619,176**	**16,733,201**
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
31 March 2017 (unaudited)				
Investments at fair value through profit or loss				
Investments held for trading:				
Local quoted securities	231,364	-	-	231,364
Local unquoted securities	-	-	31,597	31,597
Foreign quoted securities	1,649	-	-	1,649
Available for sale investments				
Quoted securities	195,175	-	-	195,175
Managed funds	-	744,258	-	744,258
Unquoted securities	-	-	21,021,210	21,021,210
	428,188	744,258	21,052,807	22,225,253

There have been no significant transfers between levels 1 and 2 during the reporting period.

Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement (continued)

16.1 Fair value hierarchy (continued)

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		
	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Opening balance	**53,496**	31,597	31,597
Additions	-	50,000	-
Gains or losses recognised in:			
- Interim condensed consolidated statement of profit or loss	-	(28,101)	-
Closing balance	**53,496**	53,496	31,597

	FVTOCI/Available for sale Investments		
	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Opening balance	**14,272,214**	20,932,631	20,932,631
Purchases	**1,531,469**	2,634,634	-
Disposals	**-**	(8,087,262)	-
Transferred from associates	**7,480**	(1,557,693)	-
Movement between level 3 and carried at cost	**764,220**	-	
Gains or losses recognised in:			
- Other comprehensive loss	**(9,703)**	349,904	88,579
Closing balance	**16,565,680**	14,272,214	21,021,210

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%.

Notes to the interim condensed consolidated financial information (continued)

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 31 March 2018 amounted to KD13,403,734 (31 December 2017: KD29,088,883 and 31 March 2017: KD35,067,168). The group earned management fee of KD45,614 (31 March 2017: KD14,932) 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.