ANNUAL REPORT 2015

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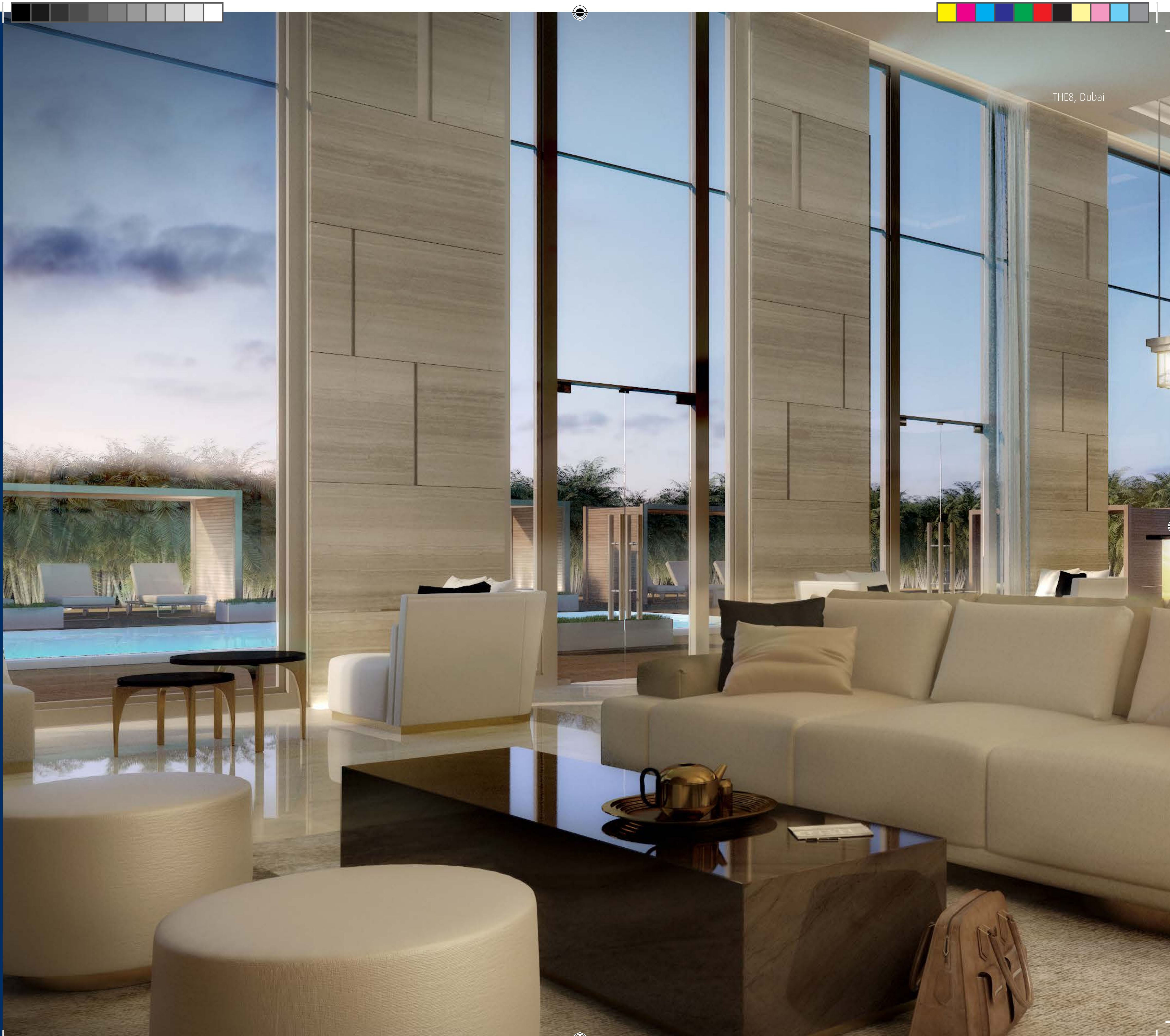
Hotels & Resorts



THE8, Dubai

Contents

H. H. Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
The Emir of the State of Kuwait

H. H. Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
The Crown Prince of the State of Kuwait

IFA Hotels & Resorts a leading international developer of mixed-use resorts

32 Projects

13 Countries

4 Continents

Over 9,000 keys

Pine Cliffs Resort, Portugal

Project Highlights:

Middle East
Balqis Residence, Palm Jumeirah, Dubai
Residences, Palm Jumeirah, Dubai
Fairmont The Palm, Dubai
Fairmont Heritage Place, The Palm, Dubai
The 8, Palm Jumeirah, Dubai
The Palm Residence, Dubai
Laguna Tower, Dubai
Mövenpick Hotel Jumeirah Lakes Towers
Alabadiyah Hills, Lebanon
Four Seasons Hotel Beirut, Lebanon

Africa & Indian Ocean
Entabeni Private Game Reserve, South Africa
Fairmont Zimbali Lodge, South Africa
Fairmont Zimbali Resort, South Africa
Fairmont Heritage Place, Zimbali, South Africa
Zimbali Coastal Resort, South Africa
Zimbali Lakes Resort, South Africa
Zimbali Office Estate, South Africa
Legend Golf & Safari Resort, South Africa
Zanzibar Beach Hotel
Zebra Lodge, South Africa
Zilwa, Private Island Estate, Seychelles

Asia
YOTEL Singapore

Europe & North America
Pine Cliffs Resort, Portugal
YOTEL Schiphol, The Netherlands
YOTEL, Charles De Gaulle, Paris
YOTEL Heathrow, UK
YOTEL Gatwick, UK
YOTEL New York, USA

YOTEL, Singapore

Financial Year Results Ending December 31, 2015

Net Profit (KD)
1,843,189

Earning Per Share (Fils)
3.95

Currency	2014 KD	2015 KD
Total Income (Millions)	4,010,411	40,851,611
Shareholders Equity (Millions)	52,795,598	61,099,980
Net Profit (Millions)	(30,468,966)	1,843,189
Earnings Per Share (Fils)	(49.04)	3.95
Total Assets (Millions)	382,082,080	294,321,279

Net Profit (USD)
6,106,594

Earning Per Share (USD)
13 Cents

Currency	2014 USD	2015 USD
Total Income (Millions)	13,286,491	135,341,387
Shareholders Equity (Millions)	174,911,816	200,935,559
Net Profit (Millions)	(100,943,684)	6,106,594
Earnings Per Share (Cents)	(162)	13
Total Assets (Millions)	1,300,085,338	967,923,305

Board Members

Talal Jassim Al-Bahar – Chairman
Ibrahim Saleh Al-Therban – Vice Chairman
Marzouq Jassim Al-Bahar – Director
Abeyya Ahmed Al-Qatami – Director
Bandar Sulaiman Al-Jarallah – Director
Emad Abdullah Abdullrahman Al-Essa – Director

Message from the Chairman and Vice Chairman


THE8, Dubai


YOTEL, New York City, USA

Dear Shareholders, For the fiscal year 2015, IFA Hotels & Resorts recorded year end revenue of KD61,906,141 (US$205,098,713), with a net profit totaling KD1,843,189 (US$6,106,594) which is 3.95fils per share.

Shareholders' equity increased to KD61,099,480 (US$200,935,559), while the company's total assets reduced by 23% to KD294,321,279 (US$967,923,305) compared to KD382,082,080 (US$1,300,085,338) for 2014 due to the adaption of IFRS 15.

In last year's report we iterated that the focus in Dubai was on solidifying our relationship with Nakheel and then extraction of value from our assets within Palm Jumeirah. To that end significant progress has been made within these assets, whether that is in the initial design phases and the revised design on plot C-17a, or with continued progression of The8.

As with previous reports, each regional CEO will describe their forthcoming plans as well as accomplishments for the financial year, I would like to outline certain areas of group performance for 2015 which underscored our approach over the last year.

2015 saw major progress within The8, construction of the development moved to the super-structure phase and key milestones were reached. Initial sales closure, whilst impacted by market conditions, continued positive sentiment in the market towards the product. Under the direction of Khaled Esbaitah, the resort has made great strides towards the targeted completion in 2017.

Hubert Viriot's appointment as CEO of YOTEL provided focus and bore fruit with immediate effect. Yotel's presence, through new contract signature, covers further airports in Europe as well as entrance into the South East Asia market in Singapore. The signing of YOTEL's first hotel management agreement with Dubai Investment Properties LLC ('DIP') for a 565 key property in Dubai's vibrant business hub proves that YOTEL's brand and inimitable style of management is establishing a growing base of asset owners attuned to their unique offering.

Yotel's further expansion into mature markets has also been an achievement of significant worth, most especially in USA which is arguably the most competitive market in the world. During 2015, Yotel secured agreements to manage close to 800 keys in San Francisco, Boston and Miami. With further pipeline properties in the MEA region, Europe and South East Asia; the metamorphosis from a fledgling airport hotel provider to a truly innovative global brand is truly promising.

2015 also saw the introduction of the first Delano branded property in the region through our partnership with Morgans Hotel Group Co. Morgans have proven reticent to enter the region, however through careful negotiation with Joe Sita and his team we were pleased to announce this key addition to our product offering in The8. Delano's brand rests comfortably with the boutique, modernistic nature of the project and demonstrates our ability to attract renowned and iconic brands within our resort portfolio.

Pine Cliffs Resort, Portugal

IFA Hotel Investments also saw substantial expansion in the area of our Residential Services and Property Management operation. Third party properties in Dubai have been added proving that the company's tried and tested formula of both developing and subsequent ensuring a high quality of asset management can be transposed into a highly value conscious market.

2015 also saw major progress and improvement in our South African operation both in the development and operational business. Growth was seen in operating revenue, most specifically in the Fairmont Zimbali Resort, remarkable success given the challenges that the market has experienced. Considerable achievements were also made in sales and construction within the Zimbali Suites and Zimbali Ocean Club product offerings. Our vacation club interests in Zimbali continued to produce a stable and considerable revenue addition proving that this shared ownership concept introduction will recognize a sizeable value gain our assets.

2015 has seen a year of consolidation and progress formed by decisions made in 2014. Whilst the Dubai residential market has seen a fluctuation in fortune, demand for our products has continued at a steady pace throughout. Coupled with our plans for development in Dubai, expansion in our operating income stream through Yotel and our property management business, we see 2016 in a progressive year wherein we can significantly develop the group.

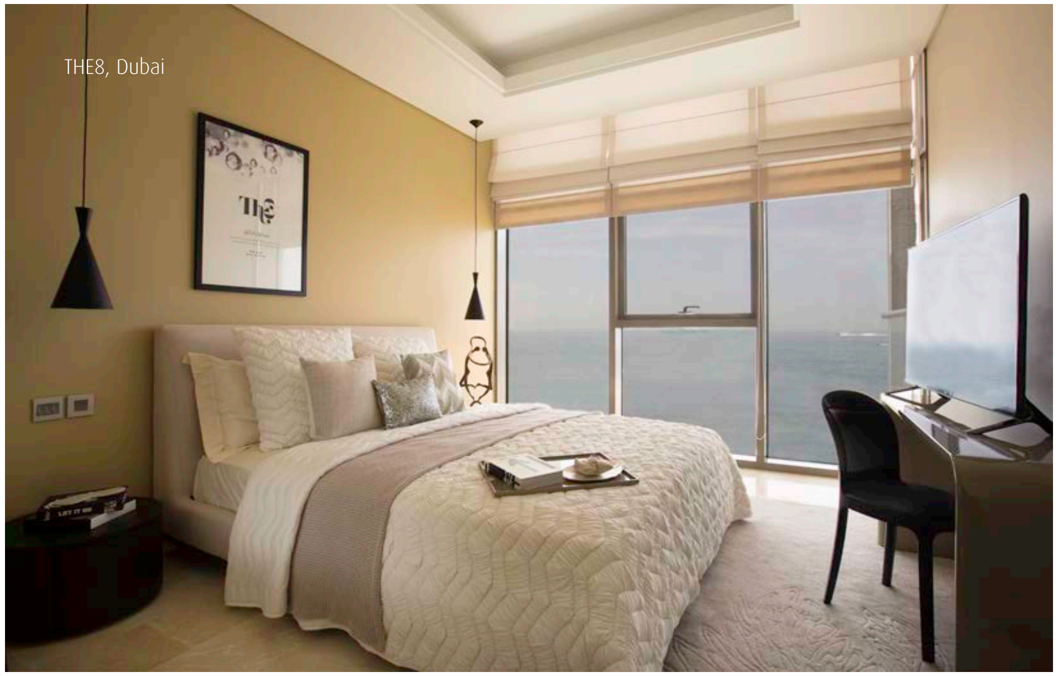
As always, the continuous support of our partners, employees and shareholders appreciably assists in our continued evolvement. I would like to take the opportunity to express our gratitude for their ongoing commitment to the success of our enterprise, may 2015 lead to enhanced prosperity to all.

Sincerely,

Talal Jassim Al-Bahar
Chairman

Ibrahim Saleh Al-Therban
Vice Chairman

Message from Khaled Esbaitah, Chief Executive Officer, IFA Hotels & Resorts, Middle East



THE8, Dubai

Balqis Residence, Palm Jumeirah, Dubai

IFA Hotels and Resorts Middle East

2015 has been a year of development progress, preparation and consolidation within our regional developments in light of weaker market sentiment and a demanding industry environment. Our concentration has been on maintaining stable construction on the existing development of The8, as well as preparation for future development of our existing land base on Palm Jumeirah.

Market Dynamics

On a macro-economic level the UAE saw steady GDP growth in 2015, with an overall percentage gain of 3.5% up to AED1.6 trillion. A year of steadier oil prices, albeit at a lower level than recent years, has seen overall GDP growth slow. Population figures still show a steady climb above 9.6Million residents at a growth rate estimated at 3% year-on-year. Dubai saw population increases ahead of the wider UAE with a growth rate of 5.1% and GDP growth also ahead of the overall economy at 4.5%.

The slower performance in the wider UAE economy has been reflected in the real estate and related business sector. Rental pricing for residential developments in Dubai saw a 5% decline, resulting in commensurate declines in sales value. Prime residential price adjustments were less than the citywide average and Palm Jumeirah apartment prices showed stability through the second half of the year. There is an expectation that prices should rise again over the coming 18 months thanks to renewed interest ahead of the Dubai Expo 2020 and the attractiveness of the Palm's rental yields. Additionally, 2016 is likely to herald a new year of responsible construction for the Emirate of Dubai as developments worth a combined AED12 billion (USD3billion) will go ahead with government backing, reviving projects unduly affected by the financial crisis and injecting confidence into the investor community.

Supply dynamics slowed considerably with approximately 17,000 units added through 2015, several developments have been delayed into 2016-2017. Residential transactional volumes towards the end of 2015 have showed signs of improvement versus the first half of the year. This uptick of activity signals that a period of stabilization is on the horizon. The demand demographic also shows an increase in mortgage-supported transactions, suggesting an increase in steadier owner-occupiers rather than speculative investors.

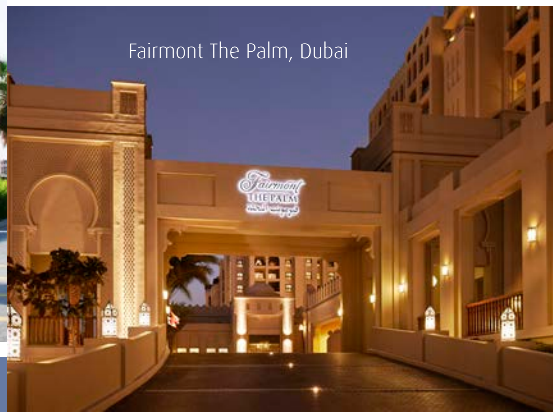
Project Update

This year saw The8 start to truly take shape with both in-ground works completed as well as major structural progress taking place in the second half of the year. Sales and Marketing activities centered predominantly on the consolidation of forward bookings during the launch phase and a re-entry to the market in Q4 alongside more attractive payment terms, in line with both market demands and competitor offers.

Our other goal was the re-assurance of existing clients in light of background market intelligence and concentration on the financial stability of the project. Substantial headway was also made in the Delano service apartment wing of The8. This aspect of the development, hand-in-hand with a new operator to the region, will be fully primed for launch in line with improved market sentiment and once the development is approaching the final construction phases.

Balqis Residence has proven far more challenging; whilst progress was observed during the course of 2015 demand for the project, in light of previous difficulties, has proven weak. A strategy of structured financing and revised work schedule with


Four Seasons Hotel Beirut, Lebanon


Fairmont The Palm, Dubai


Palm Residence, Dubai

the contractor, DCE, is well advanced and we expect far better movement towards completion during 2016.

Project Pipeline

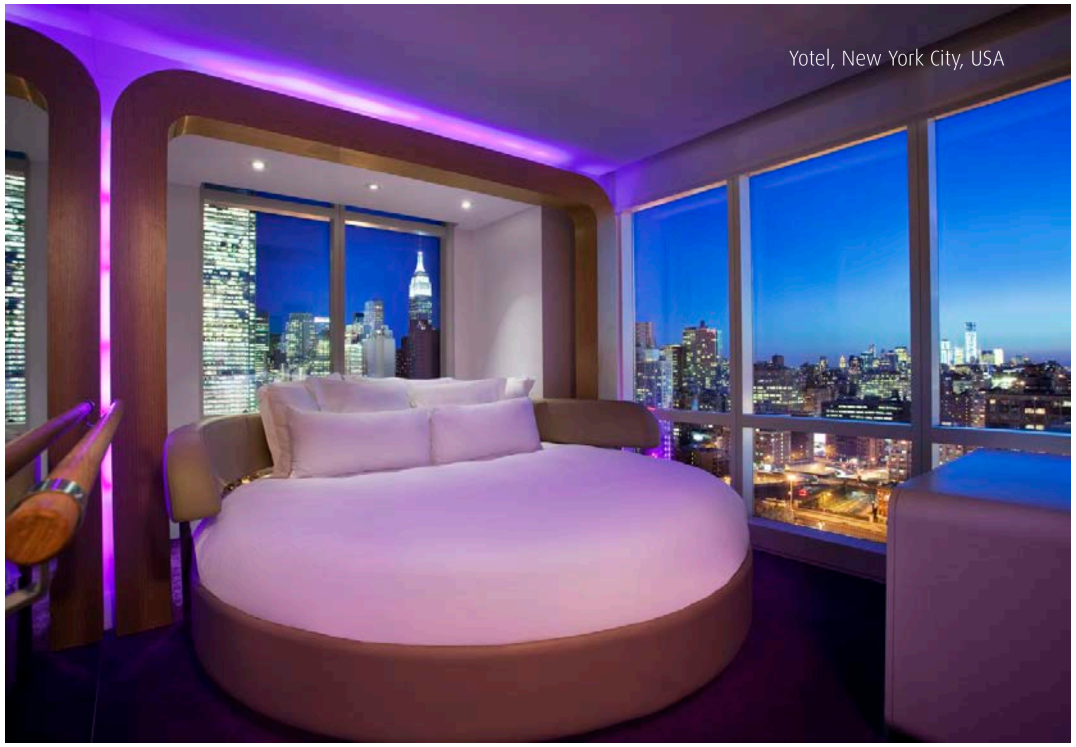
Our goals for 2016 include further advancement of our planned addition of a hotel adjacent to Balqis Residence. A revised design has been completed with submissions and approvals from the master developer, Nakheel, expected during the first half of 2016.

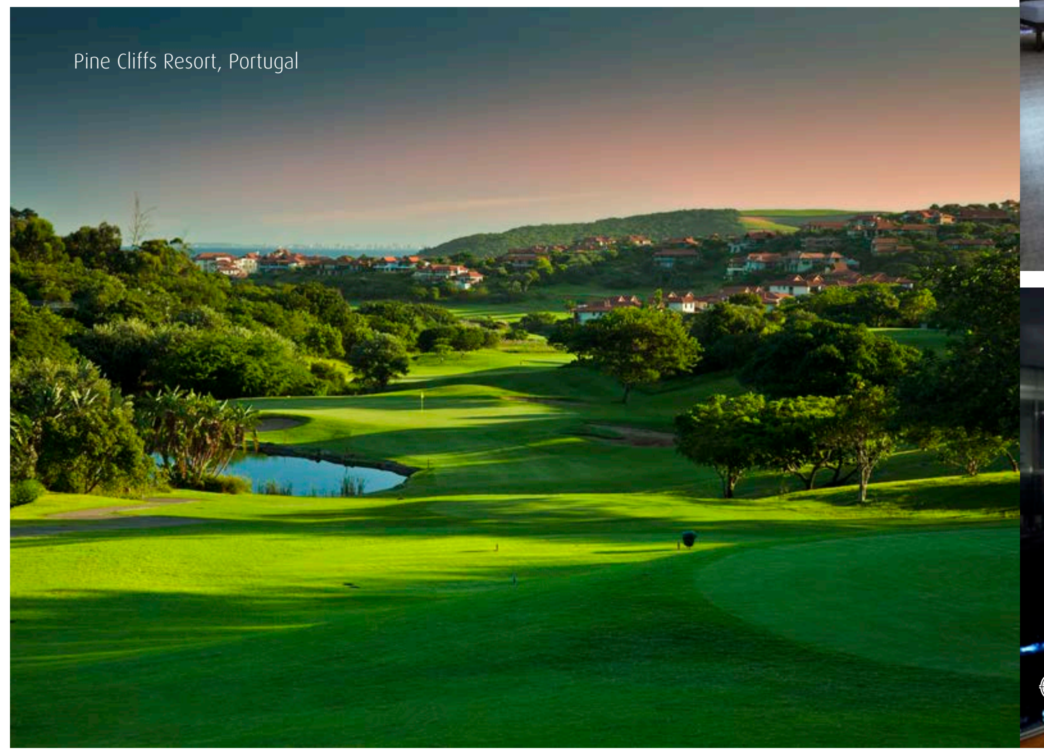
A completed design for a residential development on the revised crescent plot, C17a, has been submitted for initial concept approval and detailed approval is also expected in mid-2016.

In summation, 2015 has shown a year of solidity and headway in the completion of further assets within our Palm Jumeirah portfolio. Throughout 2016, we envisage a continuation of this theme across existing developments. As a backdrop to this, IFA HR will continue to formulate new products to a stage whereby

the company can take advantage of early entrance when expected market expansion begins to materialize.

Message from Joe Sita, Chief Executive Officer, IFA Hotel Investments


Yotel, New York City, USA


Pine Cliffs Resort, Portugal

IFA Hotel Investments 2015

In its sixth successful year of operation, IFA Hotel Investments (IFA HI) has overseen the management of almost USD177Million in operating revenues across the IFA Hotels & Resorts and partners portfolio. In addition to managing premium hospitality assets, IFA HI completed an operational restructure of the company towards the latter part of the year, as a result of the continued growth and diversification of IFA Residential Services interests outside the residential sector, fuelling tremendous growth opportunity and new business ventures for IFA HI.

In addition IFA HI also continues to support the management and expansion of the YOTEL brand, a key driver in the company's growth across developed markets. Significant achievements for the 2015 fiscal year are outlined below for each operational asset, barring those in Africa, which were addressed by Werner Burger, CEO, IFA Hotels & Resorts South Africa.

Fairmont The Palm hotel and The Residences (North and South)

The hotel industry across the Dubai market encountered numerous operational challenges in 2015, with notable increases in supply, the strength of the US Dollar and the declining price of oil all combining to result in RevPAR declines across the region. Despite the challenging market, Fairmont The Palm continued to post strong occupancy levels in excess of 84% for the year, outperforming their competitive set. Whilst performance on the ADR side did not live up to original estimates, the hotel was able to make up ground on its competitors within the Palm and surrounding areas through a focus on yielding transient rates. Additionally the hotel was able to largely mitigate ADR shortfall with strong F&B and ancillary revenue growth stemming from the higher occupancy levels.

The Palm Residences & RIVA

IFA HR's diverse hospitality portfolio includes a beach club on the Palm Jumeirah, RIVA Ristorante, Bar & Beach. RIVA Ristorante, Bar & Beach offers an innovative and unique dimension to Dubai's beach scene. In its fifth year since an extensive refurbishment has focused on developing and nurturing partnerships with hotels and corporations nearby to provide the RIVA experience as an amenity to their hotel guests and employees. With a strategic focus on revamping the restaurant offering and driving footfall to the restaurant and gazebo, the club posted revenue growth in 2015. On a further positive note, scrutiny on manning and payroll expenses as well as operational expenses ensured GOP noted an increase.

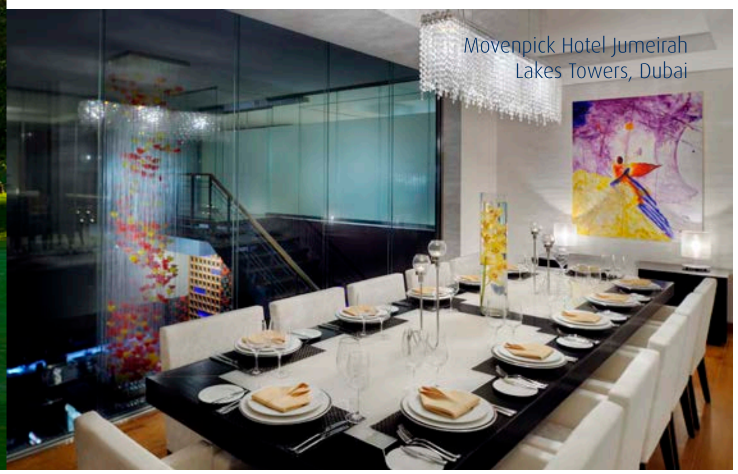
Mövenpick Hotel Jumeirah Lakes Towers

IFA's urban mixed-use development model is Laguna Tower, located in the Jumeirah Lakes Towers area of Dubai. Within the tower is a 168-room Mövenpick condo-hotel which opened in late 2013, now with its third year of operation closed, the five-star hotel continued to operate as the market leader in occupancy finishing with a level in excess of 85% which ranks first within the competitive set. The hotel undertook a rigorous review of operational expenses which resulted in profitability improving significantly during the year and GOP closing the year slightly ahead of budget. Focus remains on yielding stronger ADR during peak business periods, developing a highest and best use plan for the Nosh and UBK F&B outlets and the addition of two new retail tenants scheduled for opening in 2016, will further enhance Laguna Tower's reputation as a Food and Beverage destination within the growing Jumeirah Lakes Towers neighbourhood.

Four Season's Hotel Beirut

Continued turbulence in the region had an effect on performance of the Four Seasons Beirut. The hotel however posted the highest average rate in the market, growing 13.4% year-on-year. In addition to a more robust rooms' performance in the latter half of the year,

Laguna Tower, Dubai



Movenpick Hotel Jumeirah Lakes Towers, Dubai

Pine Cliffs Resort, Portugal

the Four Seasons cemented itself in the market as the top destination for luxury weddings in Beirut. With a watchful eye on operating expenses, net profit from the hotel operation exceeded last year's performance by 15.1%. Thus proving The Four Seasons Beirut hotel is committed to delivering value in excess of the market average through maintaining the Four Season's standard of excellence.

Yotel

The airport Yotel's, namely Gatwick, Heathrow and Schiphol, exceeded in revenue in 2015 representing a slight decline year-over-year which can be explained by the closure of Yotel Schiphol through October when it was originally envisaged that trading would re-commence in July. Yotel New York managed to post an occupancy level of 93% in 2015 which is astounding when considering the hotel completed a 44-cabin expansion during the year and faced further market-wide supply increases and generally tough trading conditions.

By the close of 2015 the rapidly expanding pipeline of properties saw the below hotels under development with signed deals and opening dates:

- Paris, Charles de Gaulle (2016)
- Singapore, Orchard Road (2017)
- Boston (2017)
- San Francisco (2017)
- Williamsburg Brooklyn (2017)
- Dubai, Business Bay (2018)
- Dubai, Palm Jumeirah (2018)
- Miami (2018)
- Singapore, Changi (2018)

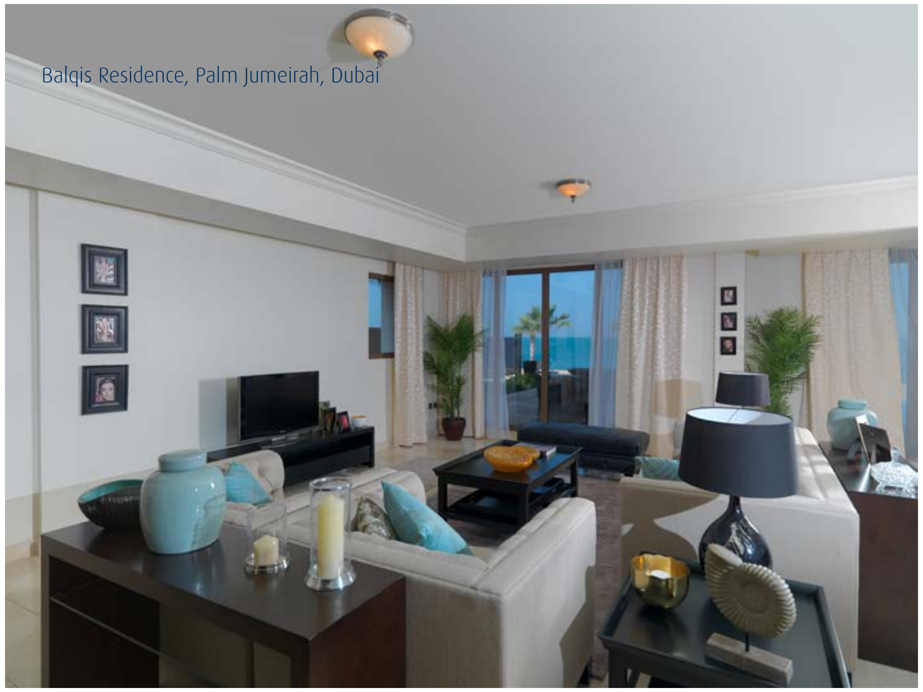
IFA Residential Services

Even though 2015 has been a tough trading year, IFA Residential Services Company still managed to exceed the prior year's annual revenues by posting a year-on-year increase of 1.47%.

Unlike the explosive growth realized in 2014 across IFA Residential Services Business Units, and although Contracted Services or B2B Services managed to achieve double digit year on year percentage revenue growth in Building Services, Concierge Services and Contract Cleaning, it was the below par results achieved in Security Services, Leisure Services and Mass Transportation limiting IFA RS's performance to "average" on the whole. The loss of the Golden Mile retail security contract, significantly contributed to securities' year-on-year revenue drop of 8%. Overall the combined performance of the cluster of contracted services recorded an increase of 9% over 2014. Hospitality or B2C Services were below the 2014 revenue results by 4% in annual revenues.

During the latter part of 2015, the IFA HI management commenced with an aggressive, yet, much needed restructuring process for IFA Residential Services, thereby ensuring its longevity through stable growth prospects in future. The results of the restructure have already borne fruit in the last quarter of 2015, which will provide IFA Residential Services with good momentum going into 2016.

Message from Joe Sita, Chief Executive Officer, IFA Hotel Investments (continued)



Balqis Residence, Palm Jumeirah, Dubai

Pine Cliffs Resort, Portugal

New Ventures
As part of IFA HI's restructuring during the latter part of 2015, IFA HI has seen itself evolve into a fully-fledged real estate services company, with dedicated divisions servicing various aspects of the sector.

Contracted Services
All "B2B" contracts have been aligned into this division, and expansion beyond its traditional residential sector are being targeted, with success already being achieved in commercial buildings and directing into hotels as they look to optimize their cost structures.

Hospitality Services
The Business to Customer (B2C) functions of IFA Residential Services FZE has been consolidated into IFA "Hospitality" Services. This Division provides a selection of unique "B2C" businesses ranging from apartment lettings to first rate Housekeeping and Handyman Services.

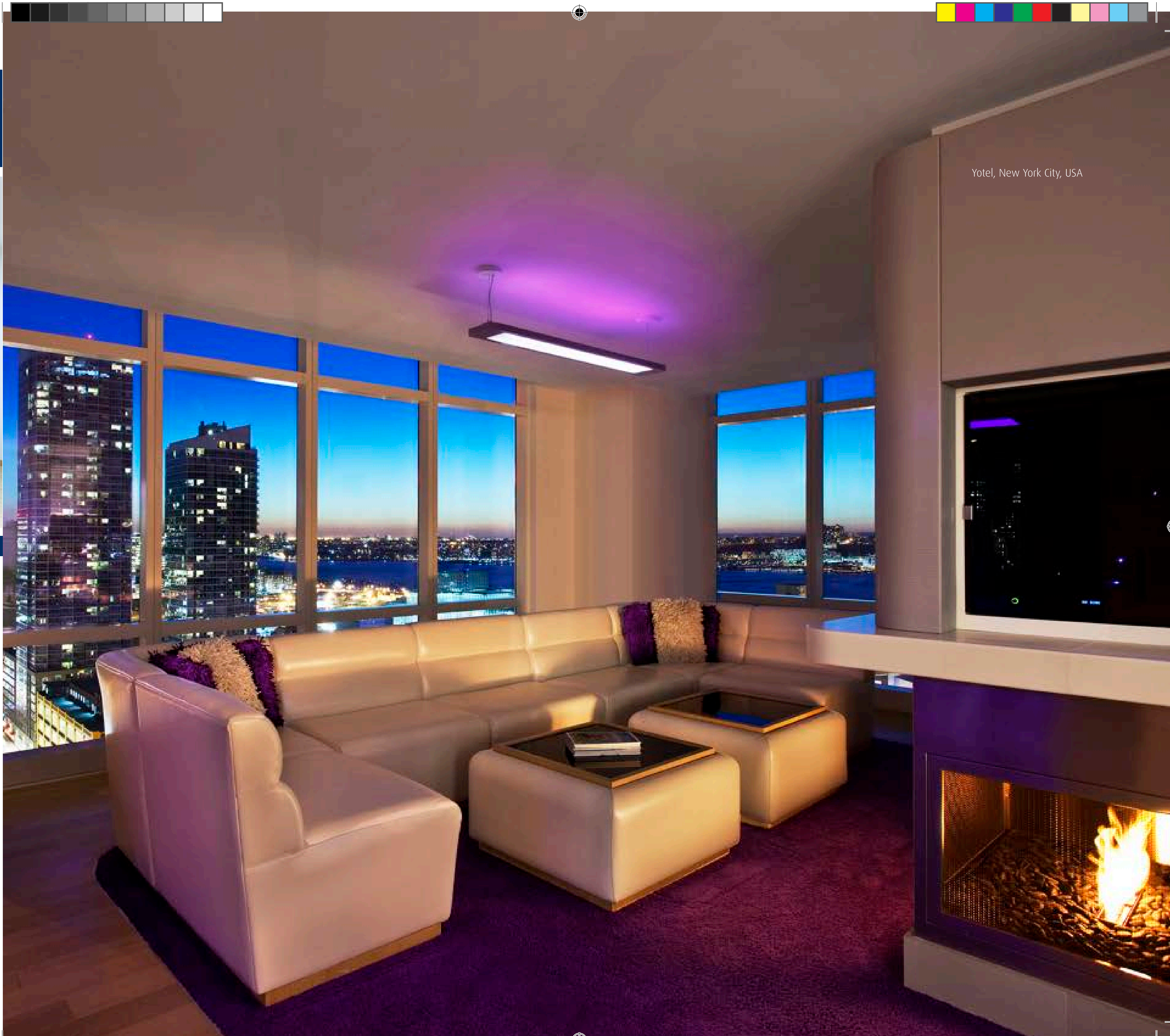
Staff Housing
As part of managing some 1,500 staff in Dubai, IFA HI is setting up a new business venture to develop dedicated staff housing within the Middle East, initially focused on Dubai.

Holiday Homes
During 2015, IFA HI hosted the inaugural Serviced Apartment Summit in October, and as part of this identified a Joint Venture partner in Bespoke Hotels service this sector of the market. The JV is set to be formalized during the early part of 2016.

Client Advisory
IFA HI's extensive experience in managing assets is being offered to third parties on a strategic basis, with its first contract being awarded during 2015 for a missed use project in Montenegro.

Aria
IFA HI has established ARIA, a points based Vacation club, with the first resort being located within Kingdom of Sheba next to Atlantis on The Palm Jumeirah, Dubai's first beachfront timeshare resort.

For the coming year, IFA HI will not only look to expand these ventures organically but has been in advanced negotiations with strategic partnerships in several verticals, namely staff housing and related management and branded hotel apartments for both retail investors and development owners. These areas are expected to both formally take shape and add to growth during 2016.



Yotel, New York City, USA

Message from Werner Burger, Chief Executive Officer, IFA Hotels & Resorts, South Africa

Fairmont Zimbali Coastal Resort, South Africa

IFA Hotels & Resorts South Africa 2015

IFA Hotels & Resorts (IFA HR) SA has made good progress within our development arm as well as with our brokerage investments.

During the year under review, we focused on expediting the construction of Zimbali Suites, and attention was given to the design and development planning for our proposed Zimbali Ocean Club and also our joint venture interest in the Zimbali Lakes Resort projects.

Market Dynamics

Following two decades of consistent and impressive growth, 2015 was not a good year for tourism in South Africa, due inter alia to global and economic pressures, perceptions of health risks (Ebola outbreak, although only present in West African countries, created fear of travelling to South Africa) and new unreasonable visa and travel documentation requirements, with the result that international tourist arrivals declined by 6.8 percent compared to 2014.

The government has and continues to address these challenges, for example it has made positive changes to the visa and other travel documentation requirements, which has seen a strong recovery of the tourism sector in 2016. The year ahead therefore promises to be one of strong growth for the South African tourism sector.

Zimbali Suites

The construction of Zimbali Suites, our newest property development, is proceeding smoothly and ahead of schedule. Completion is expected during the second quarter of 2016. Demand for the product has remained positive following a successful launch phase.

Zimbali Ocean Club

The market is responding well to our pre-sales initiative on this exciting mixed use development, with good sales for the first phase of the development sold within 2 months of the launch date. The planning process is complete and we expect to start with construction towards the end of 2016.

OPERATIONS

IFA Hotels & Resorts SA

IFA Hotels & Resorts SA, the joint venture partner with Tongaat Hulett Development, has all but completed the development of the Zimbali Coastal Resort and is poised to launch the Zimbali Lakes Resort project. The Lakes project will deliver almost double the number of residential opportunities than Zimbali Coastal Resort, securing an exciting development pipeline for the next 5 years and beyond. The joint venture is at advanced stages of negotiation for major residential and commercial development deals within Zimbali Lakes Resort.

Fairmont Zimbali Resort

The Resort achieved an increase of 22% in turnover on 2014, a noteworthy achievement in light of the general difficulties experienced by others within the country's tourism sector during 2015. A strong marketing campaign helped achieve this improved performance. The hotel has grown year-on-year and continues to gain traction in the 5-star market place. Proposed extensions

Legends Golf & Safari Resort, South Africa

Fairmont Zimbali Lodge, South Africa

to the existing conference facility are currently being planned that will result in significantly increased revenues from hosting conferences of 400-500 delegates when complete.

Fairmont Zimbali Lodge & Zimbali Vacation Club

The year saw another hotel room block converted out of Lodge hotel inventory into Zimbali Vacation Club units. Sales of Zimbali Vacation Club weeks remain steady.

IFA Legends Investments

We anticipate the resort's performance to improve in line with the expected growth in the South African tourism sector in 2016.

In addition, the new Clubhouse is now complete so together with break-away rooms at the conference facility, the resort's performance will improve further.

Sales Performance (Brokerage Departments)

We achieved sales amounting to c.R311m during the year under review across all departments. This was boosted by an external sales and marketing mandate obtained by Keller Williams Development towards the end of the year which provided a positive note to close the financial year.

Resale commissions within Zimbali Coastal Resort continue to perform positively. The company achieved R148m in brokered sales within Zimbali Coastal Resort for the period under review. This is slightly down on 2014 sales volume but is considered pleasing in light of the current political and economic climate. A fuller complement of sales agents will facilitate growth from September 2015 through the 2016 year.

Appreciation

We are mindful of the understanding and generous support we receive from our bankers. Their vote of confidence has been essential to our achievements despite the uncertain market conditions.

We thank our shareholders, customers and suppliers for their invaluable support. We also thank our staff, management and fellow directors for their hard work and dedication during the period.

IFA HOTELS & RESORTS – KPSC AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

KUWAIT 31 DECEMBER 2015

Contents

INDEPENDENT AUDITORS' REPORT

To the shareholders of
IFA Hotels & Resorts – KPSC
Kuwait

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IFA Hotels and Resorts (A Kuwaiti Public Shareholding Company) (the "Parent Company") and its Subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of IFA Hotels and Resorts and Subsidiaries as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and the Executive Regulation of Law No. 25 of 2012, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law, the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2015 that might have had a material effect on the business or financial position of the Group.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Ali A. Al Hasawi
(Licence No. 30-A)
of Rödl Middle East
Burgan – International Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 Dec 2015 KD	Year ended 31 Dec 2014 KD
Revenue	8	**61,906,141**	36,437,200
Cost of revenue		**(36,057,375)**	(17,167,967)
Net income		**25,848,766**	19,269,233
Net income from ticket sale and related services		**213,391**	263,028
Net loss on investment properties	17.2	**(58,117)**	(1,927,195)
Loss on disposal of investment properties	17	**-**	(22,603)
Net loss from investment in associates and joint venture	7.2.2	**-**	(10,596,267)
Impairment in value of assets	11a	**(4,120,256)**	(3,447,809)
Net gain on disposal of subsidiary	7.1.2	**15,287,357**	-
Interest income	9	**239,845**	472,024
Other income	10	**3,440,625**	-
		40,851,611	4,010,411
Expenses and other charges			
Staff costs		**6,093,685**	4,996,849
Sales and marketing expenses		**1,905,283**	2,576,686
Other operating expenses and charges	11b	**17,383,630**	12,273,024
Depreciation	15	**4,546,928**	4,996,563
Finance costs	12	**8,985,301**	9,499,092
Total expenses and other charges		**38,914,827**	34,342,214
Profit/(loss) before taxation, KFAS, NLST and Zakat		**1,936,784**	(30,331,803)
Tax credit/(expense) relating to overseas subsidiaries	13	**18,873**	(137,163)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**(22,629)**	-
Provision for National Labour Support Tax (NLST)		**(64,171)**	-
Provision for Zakat		**(25,668)**	-
Profit/(loss) for the year		**1,843,189**	(30,468,966)
Attributable to:			
Owners of the Parent Company		**2,401,874**	(29,920,281)
Non-controlling interests		**(558,685)**	(548,685)
		1,843,189	(30,468,966)
Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company	14	**3.95 Fils**	(49.04) Fils

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 Dec 2015 KD	Year ended 31 Dec 2014 KD
Profit/(loss) for the year		**1,843,189**	(30,468,966)
Other comprehensive income:			
Items to be reclassified to consolidated statement of profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		**(1,379,586)**	1,231,868
Realisation of foreign currency translation gain on disposal of subsidiary	7.1.2	**(213,330)**	-
Available for sale investments			
- Net changes in fair value arising during the year		**(1,507,279)**	(117,675)
- Transferred to consolidated statement of profit or loss on impairment		**68,510**	86,295
Total other comprehensive (loss)/income for the year		**(3,031,685)**	1,200,488
Total comprehensive loss for the year		**(1,188,496)**	(29,268,478)
Attributable to:			
Owners of the Parent Company		**(604,233)**	(28,750,563)
Non-controlling interests		**(584,263)**	(517,915)
		(1,188,496)	(29,268,478)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 Dec 2015 KD	31 Dec. 2014 KD
Assets			
Non-current assets			
Goodwill		**174,246**	261,000
Property, plant and equipment	15	**108,775,864**	120,171,062
Capital work in progress	16	**46,891,897**	45,738,705
Investment properties	17	**7,642,994**	8,209,603
Properties under development	20	**-**	135,390,175
Investment in associates and Joint Ventures	7	**11,660,643**	6,524,798
Available for sale investments	18	**6,039,553**	7,386,106
Total non-current assets		**181,185,197**	323,681,449
Current assets			
Accounts receivable and other assets	19	**18,926,640**	21,485,546
Properties under development	20	**74,378,714**	26,962,169
Trading properties	21	**7,191,727**	3,902,163
Cash and cash equivalents	22	**12,639,001**	6,050,753
Total current assets		**113,136,082**	58,400,631
Total assets		**294,321,279**	382,082,080
Equity and Liabilities			
Equity			
Equity attributable to the owners of the Parent Company			
Share capital	23	**63,543,420**	63,543,420
Share premium	23	**12,519,938**	14,524,176
Treasury shares	24	**(12,519,938)**	(12,519,938)
Statutory reserve	25	**251,434**	14,228,601
Voluntary reserve	25	**251,434**	11,002,519
Cumulative changes in fair value		**(1,438,769)**	-
Foreign currency translation reserve		**(10,803,952)**	(9,236,614)
Retained earnings/(accumulated losses)		**9,295,913**	(28,746,566)
Total equity attributable to the owners of the Parent Company		**61,099,480**	52,795,598
Non-controlling interests		**4,230,126**	208,826
Total equity		**65,329,606**	53,004,424
Non-current liabilities			
Redeemable preference shares	27	**3,040,647**	2,939,281
Term loans	28	**88,245,980**	78,453,456
Advances received from customers	31	**-**	119,491,375
Retention payable	29	**3,216,059**	208,512
Employee's end of service benefits		**1,296,667**	1,071,094
Total non-current liabilities		**95,799,353**	202,163,718
Current liabilities			
Due to related parties	35	**48,014,158**	41,769,421
Accounts payable and other liabilities	30	**46,757,496**	46,850,160
Term loans	28	**27,261,006**	23,201,698
Advances received from customers	31	**11,159,660**	15,092,659
Total current liabilities		**133,192,320**	126,913,938
Total liabilities		**228,991,673**	329,077,656
Total equity and liabilities		**294,321,279**	382,082,080

Talal Jassim Al-Bahar
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Parent Company										
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	(Accumulated losses)/ retained earnings KD	Sub-Total KD	Non-controlling interests KD	Total KD
Balance as at 31 December 2014	63,543,420	14,524,176	(12,519,938)	14,228,601	11,002,519	-	(9,236,614)	(28,746,566)	52,795,598	208,826	53,004,424
Effect of change in accounting policy (refer note 4.3)	-	-	-	-	-	-	-	9,654,945	9,654,945	-	9,654,945
Balance as at 1 January 2015	63,543,420	14,524,176	(12,519,938)	14,228,601	11,002,519	-	(9,236,614)	(19,091,621)	62,450,543	208,826	62,659,369
Write-off accumulated losses (note 23b)	-	(2,004,238)	-	(14,228,601)	(11,002,519)	-	-	27,235,358	-	-	-
Non-controlling interest arising on injection of capital and change in controlling interest related to a sub-subsidiary (refer note 25.3a)	-	-	-	-	-	-	-	79,090	79,090	3,979,393	4,058,483
Acquisition of non-controlling interest of a sub-sub-sidiary (refer note 25.3b)	-	-	-	-	-	-	-	(825,920)	(825,920)	626,170	(199,750)
Transaction with owners	-	(2,004,238)	-	(14,228,601)	(11,002,519)	-	-	26,488,528	(746,830)	4,605,563	3,858,733
Profit for the year	-	-	-	-	-	-	-	2,401,874	2,401,874	(558,685)	1,843,189
Total other comprehensive income for the year	-	-	-	-	-	(1,438,769)	(1,567,338)	-	(3,006,107)	(25,578)	(3,031,685)
Total comprehensive income for the year	-	-	-	-	-	(1,438,769)	(1,567,338)	2,401,874	(604,233)	(584,263)	(1,188,496)
Transfer to reserves	-	-	-	251,434	251,434	-	-	(502,868)	-	-	-
Balance as at 31 December 2015	63,543,420	12,519,938	(12,519,938)	251, 434	251,434	(1,438,769)	(10,803,952)	9,295,913	61,099,480	4,230,126	65,329,606

	Equity attributable to owners of the Parent Company										
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings/ (accumulated losses) KD	Sub-Total KD	Non-controlling interests KD	Total KD
Balance as at 31 December 2013	63,543,420	14,524,176	(16,853,183)	14,228,601	11,002,519	31,380	(10,437,712)	6,077,060	82,116,261	(745,886)	81,370,375
Acquisition of treasury shares	-	-	(3,953,902)	-	-	-	-	-	(3,953,902)	-	(3,953,902)
Disposal of treasury shares	-	-	8,287,147	-	-	-	-	(4,903,345)	3,383,802	-	3,383,802
Additional investment made by non-controlling interest of a foreign subsidiary	-	-	-	-	-	-	-	-	-	1,472,627	1,472,627
Transaction with owners	-	-	4,333,245	-	-	-	-	(4,903,345)	(570,100)	1,472,627	902,527
Loss for the year	-	-	-	-	-	-	-	(29,920,281)	(29,920,281)	(548,685)	(30,468,966)
Total other comprehensive income for the year	-	-	-	-	-	(31,380)	1,201,098	-	1,169,718	30,770	1,200,488
Total comprehensive income for the year	-	-	-	-	-	(31,380)	1,201,098	(29,920,281)	(28,750,563)	(517,915)	(29,268,478)
Balance as at 31 December 2014	63,543,420	14,524,176	(12,519,938)	14,228,601	11,002,519	-	(9,236,614)	(28,746,566)	52,795,598	208,826	53,004,424

The notes set out on pages 26 to 77 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 Dec 2015 KD	Year ended 31 Dec 2014 KD
OPERATING ACTIVITIES			
Profit/(Loss) before taxation, KFAS, NLST and Zakat		**1,936,784**	(30,331,803)
Adjustments:			
Net loss from investment in joint venture and associates		**-**	10,596,267
Net loss on investment properties		**58,117**	1,927,195
Loss on disposal of investment properties		**-**	22,603
Interest income		**(239,845)**	(472,024)
Depreciation		**4,546,928**	4,996,563
Finance costs		**8,985,301**	9,499,092
Net gain on disposal of subsidiary		**(15,287,367)**	-
Gain on disposal of property, plant and equipment		**(2,579,207)**	-
Impairment in value of associates and joint ventures		**2,500,000**	882,117
Impairment in value of receivable and other assets		**1,551,746**	20,916
Impairment in value of available for sale investments		**68,510**	86,295
Impairment in value of capital work in progress		**464,462**	-
Impairment in value of property plant and equipment		**-**	2,458,481
Provision for employee end of service benefit		**310,865**	353,392
		2,316,304	39,094
Changes in operating assets and liabilities:			
Accounts receivable and other assets		**515,938**	963,386
Properties under development		**698,710**	(3,407,681)
Trading properties		**784,196**	419,927
Accounts payable and other liabilities		**(8,134,966)**	(3,459,583)
Instalment payment due on purchase of property		**-**	(12,714,203)
Due to related parties		**14,715,121**	1,421,368
Advances received from customers		**(19,357,054)**	5,360,183
Net cash used in operation		**(8,461,751)**	(11,377,509)
Payment of employee end of service benefit		**(116,691)**	(135,077)
Net cash used in operating activities		**(8,578,442)**	(11,512,586)
INVESTING ACTIVITIES			
Net additions of property, plant and equipment		**(1,379,771)**	(102,706)
Proceed on disposals of property, plant and equipment		**3,008,931**	-
Proceed on disposals of investment properties		**-**	293,833
Proceeds from disposal of subsidiary	7.1.2	**566,181**	-
Purchase of available for sale investments		**(176,149)**	(97,518)
Additions to capital work in progress		**(838,665)**	(254,941)
Increase in associate's shareholders loan		**(173,339)**	-
Interest income received		**239,845**	472,024
Net cash from investing activities		**1,247,033**	310,692
FINANCING ACTIVITIES			
Investment made by non-controlling interest in the capital of a subsidiary and disposal proceeds received from non-controlling interest		**4,058,483**	-
Acquisitions of non-controlling interests		**(199,750)**	-
Investment made by non-controlling interest		**-**	1,472,627
Purchase of treasury shares		**-**	(3,953,902)
Disposal of treasury shares		**-**	3,383,802
Increase in other non-current financial liabilities		**3,007,547**	208,512
Increase/(decrease) in term loans		**14,043,566**	11,394,363
Decrease/(increase) in blocked deposits		**44,416**	(360,240)
Finance costs paid		**(6,990,189)**	(9,499,092)
Net cash from financing activities		**13,964,073**	2,646,070
Net increase/(decrease) in cash and cash equivalents		**6,632,664**	(8,555,824)
Cash and cash equivalents at beginning of the year	22	**5,690,513**	14,246,337
Cash and cash equivalents at end of the year	22	**12,323,177**	5,690,513

The notes set out on pages 26 to 77 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Incorporation and Activities

IFA Hotels and Resorts was established as a limited liability Company on 19 July 1995, under the name "Offset Consulting and Project Management Company – WLL – Najwa Ahmed Abdelaziz Al-Qatami and Partners". On 14 May 2005, the Company's name and legal status was changed to IFA Hotels and Resorts – Kuwaiti Public Shareholding Company.

IFA Hotels and Resorts – KPSC "the Parent Company" and its subsidiaries are collectively referred to as the "Group" in the consolidated financial statements. Details of subsidiaries are set out in note 7.

The Parent Company is principally engaged in the following:

- Developing, managing and marketing hotels and resorts.
- Purchasing, selling and development of real estate and land on behalf of the Company within or outside the State of Kuwait. In addition, managing trust holdings, as well as trading private residential plots, in a manner that is not in violation of the laws relevant to these activities and their respective provision.
- Holding, purchasing, and selling shares and bonds of real estate companies based both in Kuwait and outside Kuwait, solely for the Company's benefit and purposes.
- Providing and presenting studies and consultations on all types of real estate issues, subject to the relevant conditions required of these services.
- Performing maintenance services relating to buildings and real estate owned by the Company including all types of maintenance work and the implementation of civil, mechanical, electrical, elevator and air conditioning related works whose purpose it is to preserve these buildings and to ensure their well-being.
- Organizing private real estate exhibitions to promote the real estate Company's projects, in accordance with the ministry's regulations.
- Preparing real estate auctions.
- Holding and managing commercial and residential complexes.
- Utilization of excess cash in the Company's possession by investing in financial and real estate portfolios which are managed by specialized and professional parties.
- Direct participation in the establishment of building foundations for residential, commercial, maintenance, touristic, urban, and athletic buildings and projects using the "Build-Operate-Transfer" (BOT) method and using BOT to manage the real estate location either for the Company's, or other parties, benefit.
- The Company is also permitted to subscribe and have interests in any activities of parties that are performing similar activities or that otherwise will help the Company realize its objectives within or outside Kuwait. The Company is permitted to participate in construction, to cooperate in joint ventures, or to purchase these parties either fully or partially.

The Parent Company is a subsidiary of International Financial Advisers (IFA) – KPSC, a Company listed in Kuwait and Dubai, UAE stock exchanges.

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

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

The Parent Company's shares are listed in Kuwait stock exchange.

The board of directors of the Parent Company approved these consolidated financial statements for issuance on 31 March 2016. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared under historical cost convention except for financial assets at fair value through statement of income, financial assets available for sale and investment properties that have been measured at fair value.

The Group has elected to present the "consolidated statement of comprehensive income" in two statements: the "consolidated statement of profit or loss" and a "consolidated statement of profit or loss and other comprehensive income".

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD").

3 Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

4 Changes in accounting policies

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those used in previous year except for the adoption of new and amended standards as noted in 4.1 below and the early adoption of IFRS 15 "Revenue from Contracts with Customers" as discussed in 4.3 below:

4.1 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 2015. Information on these new standards is presented below:

Standard or Interpretation	Effective for annual periods beginning
IAS 19 Defined Benefit Plans: Employee Contributions - Amendments	1 July 2014
Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

IAS 19 Defined Benefit Plans: Employee Contributions - Amendments

The Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in those contributions, can, but are not

4 Changes in accounting policies (continued)

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

required, to be recognised as a reduction in the service cost in the period in which the related service is rendered net settlement.

The above amendment did not have any material impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2010 – 2012 Cycle:

(i) *Amendments to IFRS 3* - Contingent consideration that does not meet the definition of an equity instrument is subsequently measured at each reporting date fair value, with changes recognised in consolidated statement of profit or loss.

(ii) *Amendments to IFRS 13* - The addition to the basis for conclusions confirms the existing measurement treatment of short-term receivables and payables.

(iii) *Amendments to IFRS 8* - Disclosures are required regarding judgements made by management in aggregating operating segments (i.e. description, economic indicators). A reconciliation of reportable segments' assets to total entity assets is required if this is regularly provided to the chief operating decision maker.

(iv) *Amendments to IAS 16 and IAS 38* - When items are revalued, the gross carrying amount is adjusted on a consistent basis to the revaluation of the net carrying amount.

(v) *Amendments to IAS 24* - Entities that provide key management personnel services to a reporting entity, or the reporting entity's parent, are considered to be related parties of the reporting entity.

The above amendments did not have any material impact on the Group's consolidated financial statements.

Annual Improvements 2011-2013 Cycle

(i) *Amendments to IFRS 1* - the amendment to the basis for conclusions clarifies that an entity preparing its IFRS financial statements in accordance with IFRS 1 is able to use both:
- IFRSs that are currently effective
- IFRSs that have been issued but are not yet effective, that permits early adoption

The same version of each IFRS must be applied to all periods presented.

(ii) *Amendments to IFRS 3* - IFRS 3 is not applied to the formation of a joint arrangement in the financial statements of the joint arrangement itself.

(iii) *Amendments to IFRS 13* - the scope of the portfolio exemption (IFRS 13.52) includes all items that have offsetting positions in market and/or counterparty credit risk that are recognised and measured in accordance with IAS 39/IFRS 9, irrespective of whether they meet the definition of a financial asset/liability.

(iv) *Amendments to IAS 40* - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as an investment property or owner-occupied property

The above amendments did not have any material impact to the Group's consolidated financial statements.

4.2 IASB Standards issued but not yet effective and not early adopted

At the date of authorisation of these consolidated financial statements, 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 financial statements 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 financial statements.

Standard or Interpretation	Effective for annual periods beginning
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture – Amendments	To be decided
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments	1 January 2016
IAS 1 'Disclosure Initiative – Amendments	1 January 2016
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments	1 January 2016
IAS 27 Equity Method in Separate Financial Statements – Amendments	1 January 2016
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	1 July 2016

IFRS 9 Financial Instruments

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

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

- the classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.
- an expected credit loss-based impairment will need to be recognised on the Group's trade receivables and investments in debt-type assets currently classified as available for sale and held-to-maturity, unless classified as at fair value through profit or loss in accordance with the new criteria.
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Group makes an irrevocable designation to present them in statement of profit or loss and other

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective and not early adopted (continued)

comprehensive income. This will affect the Group's investment amounting to KD832,392 (see note 18b) if still held on 1 January 2018.

- if the Group continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in statement of profit or loss and other comprehensive income to the extent those changes relate to the Group's own credit risk.

Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice.

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 an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments

Amendments to IFRS 11 Joint Arrangements require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. It also requires disclosure of the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The amendments apply prospectively to acquisitions of interests in joint operations.

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

IAS 1 Disclosure Initiative – Amendments

The Amendments to IAS 1 make the following changes:

- *Materiality:* The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- *Statement of financial position and statement of profit or loss and profit or loss and other comprehensive income:* The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of other comprehensive income of equity accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- *Notes:* The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

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

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

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

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

IAS 27 Equity Method in Separate Financial Statements - Amendments

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

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective and not early adopted (continued)

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

The Amendments are aimed at clarifying the following aspects:

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

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2012 – 2014 Cycle

(i) *Amendments to IFRS 5* - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued

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

(iii) *Amendments to IAS 19* - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid

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

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

4.3 IASB Standards issued but not yet effective that has been early adopted

IFRS 15 Revenue from Contracts with Customers

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

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

IFRS 15 Revenue from Contracts with Customers
Adjustments to the opening statement of financial position are detailed below:

	31 Dec. 2014 KD	Adjustments/ reclassification KD	1 Jan. 2015 KD
Assets			
Properties under development	162,352,344	(96,583,628)	65,768,716
Accounts receivable and other assets	21,485,546	96,690	21,582,236
Trading properties	3,902,163	4,080,984	7,983,147
Liabilities			
Advances received from customers	134,584,034	(104,769,468)	29,814,566
Trade and other payables	46,850,160	2,708,569	49,558,729
Equity			
Accumulated losses	(28,746,566)	9,654,945	(19,091,621)

The table below represents impact on revenue, cost of revenue and expenses for the year had the earlier policy for revenue recognition been continued during the year:

	IFRS 15 KD	Previous policy KD	Increase/ (decrease) KD
For the year ended 31 December 2015			
Revenue	61,906,141	37,663,767	24,242,374
Cost of revenue	(36,057,375)	(17,714,199)	(18,343,176)
Net income	25,848,766	19,949,568	5,899,198
Sales and marketing expenses	(1,905,283)	(1,832,500)	(72,783)
Other operating expenses and charges	(17,383,630)	(10,033,694)	(392,781)

Refer note 5.6.1 for description of revenue recognition policies under IFRS 15.

5 Summary of Significant accounting policies

The significant accounting policies and measurements bases adopted in the preparation of the consolidated financial statements are summarised below:

5.1 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries. Subsidiaries are all entitities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are deconsolidated from the date that control ceases. The financial statements of the subsidiaries are prepared for reporting date 31 December using consistent accounting policies. The details of the significant subsidiaries are set out in Note 7 to the consolidated financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the date the Group gains control, or until the date the Group ceases to control the, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in consolidated statement of profit or loss and other comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group has directly disposed of the related assets or liabilities.

5.2 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be asset or liability will be recognised in accordance with IAS 39 either in consolidated statement of profit or loss or as change to consolidated statement of profit or loss and other comprehensives income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within consolidated statement of profit or loss and other comprehensive income.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in consolidated statement of profit or loss immediately.

5.3 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See note 5.2 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to note 5.14 for a description of impairment testing procedures.

5 Summary of Significant accounting policies (continued)

5.4 Investment in associates and joint ventures

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Joint ventures is an arrangement that the Group controls jointly with one or more other investor, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investments in associates and joint ventures are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate and joint venture is not recognised separately and is included in the amount recognised as investment in associates and joint ventures.

Under the equity method, the carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint ventures, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The share of results of an associate and joint ventures is shown on the face of the consolidate statements of profit or loss. This is the profit attributable to equity holders of the associate and joint venture and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate and joint venture.

The difference in reporting dates of the associates and joint ventures and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's financial statements. The associate's and joint ventures accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate and joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate and joint ventures is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and joint ventures and its carrying value and recognises the amount under a separate heading in the consolidated statement of profit or loss.

Upon loss of significant influence and joint control over the associate and joint ventures, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate and joint venture upon loss of significant influence and joint control and the fair value of the retained investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

5.5 Segment reporting

The Group has four operating segments: property development, hoteliering, investments and others.In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

5.6 Revenue recognition

Revenue arises from the sale of properties, rendering of services and investing and real estate activities. It is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

5.6.1 Revenue from contracts with customers

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a new five-step model, explained below, which will apply to revenue arising from contracts with customers.

Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract which has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue as and when the Group satisfies a performance obligation.

The Group recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as is the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance obligations completed to date.

The Group allocates the transaction price to the performance obligations in a contract, based on the input method, which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations. The Group estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the

5 Summary of Significant accounting policies (continued)

5.6.1 Revenue from contracts with customers (continued)

performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable can be measured reliably.

5.6.2 Revenue from hotel operations and other related services

Revenue from hotel includes hotel services revenue, food and beverage and room revenue.

Revenue from rooms, food and beverage and other related services is recognised when the room is occupied, food and beverages are sold and other related services are performed.

5.6.3 Beach club revenue

Revenue from beach club and related services are recognised when the services are rendered.

5.6.4 Dividend income

Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

5.6.5 Fees and commission income

Fees and commission income is recognised when earned.

5.6.6 Interest and similar income

Interest income and expenses are reported on an accrual basis using the effective interest method.

5.6.7 Cost of sale of properties

Cost of sale of properties includes the cost of land and development costs. Development costs include the cost of infrastructure and construction. The cost of sales in respect of sale of condominiums is recognised on the basis of per square feet average cost of construction. Per square feet average cost of construction is derived from total saleable area and total construction cost.

5.7 Operating expenses

Operating expenses are recognised in consolidated statement of profit or loss upon utilisation of the service or at the date of their origin.

5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

5.9 Property, plant and equipment and depreciation

Property, plant and equipment, are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write-off the cost less the estimated residual value of property, plant and equipment on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Plant and Equipment	5-7 years
Motor vehicles	4-5 years
Furniture, fixtures and equipment	5-7 years
Kitchen equipment and accessories	3-10 years

Lease hold property is depreciated over the period of the lease.

No depreciation is provided on freehold land. Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, which is on the same basis as other property assets, commences when the assets are ready for their intended use.

5.10 Capital work-in-progress

Capital work-in-progress includes land which is stated at cost less impairment in value, if any. The carrying value of land is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the value of land is written down to its recoverable amount. Capital work-in-progress also includes the cost of construction, design and architecture and other related expenditures such as professional fees, project management fees and engineering costs attributable to the project, which are capitalised as and when activities that are necessary to get the assets ready for the intended use are in progress. Direct costs from the start of the project up to completion of the project are capitalised.

5.11 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate valuers where the market value are not readily available and are included in the consolidated statement of financial position. Where the market values are readily available, the fair value is ascertained based on latest transactions deal in the open market. Changes in fair value are taken to the consolidated statement of profit or loss.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of

5 Summary of Significant accounting policies (continued)
5.11 Investment properties (continued)

an investment property are recognised in the consolidated statement of for profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

5.12 Property under development
Property under development represents properties under development/construction for trade, which are stated lower of cost or net realisable value. Cost includes the cost of land, construction, design and architecture, and other related expenditures such as professional fees, project management fees and engineering costs attributable to the project, which are accrued as and when activities that are necessary to get the assets ready for the intended use are in progress. Direct costs from the start of the project up to completion of the project are accrued to property under development. Completion is defined as the earlier of the issuance of the certificate of practical completion, or when management considers the project to be completed. Net realisable value is estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make sale. Upon completion, unsold properties, if any, are transferred to trading properties. Properties under development is disclosed net of transfer to cost of properties sold under IFRS 15.

5.13 Trading properties
Trading properties include purchase and development costs of completed unsold real estate properties. Development costs include planning, maintenance and service costs. Trading properties are recorded at the lower of cost and net realizable value.

Cost are those expense incurred in bringing each property to its present condition. Net realisable value is based on estimated selling price less any further cost expected to be incurred on disposal.

5.14 Impairment testing of goodwill and non financial assets
For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from the asset or each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each asset or cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

5.15 Financial instruments

5.15.1 Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of financial asset or part of Group of similar financial assets) is primarily derecognised when:

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either
  (a) the Group has transferred substantially all the risks and rewards of the asset or
  (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

5 Summary of Significant accounting policies (continued)
5.15 Financial instruments (continued)
5.15.1 Recognition, initial measurement and derecognition (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidated statement of profit or loss.

5.15.2 Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- available-for-sale (AFS) financial assets.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in consolidated statement of profit or loss are presented under separate heading in the consolidated statement of profit or loss.

- *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

The Group categorises loans and receivables into following categories:

- *Loans and advances*

Loans and advances are financial assets originated by the Group by providing money directly to the borrower that have fixed or determinable payments and are not quoted in an active market.

- *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

- *Receivables and other financial assets*

Trade receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Loans and receivables which are not categorised under any of the above are classified as "Other receivables/other financial assets"

- *Financial assets at FVTPL*

Classification of investments as financial assets at FVTPL depends on how management monitor the performance of these investments. Investments at FVTPL are "held for trading" on initial recognition.

The Group classifies investments as trading if they are acquired principally for the purpose of selling or are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking.

Assets in this category are measured at fair value with gains or losses recognised in consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions.

- *AFS financial assets*

AAFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Financial assets whose fair value cannot be reliably measured are carried at cost less impairment losses, if any. Impairment charges are recognised in consolidated statement of profit or loss. All other AFS financial assets are measured at fair value. Gains and losses are recognised in consolidated statement of profit or loss and other comprehensive income and reported within the fair value reserve within equity, except for impairment losses, and foreign exchange differences on monetary assets, which are recognised in consolidated statement of profit or loss.

5 Summary of Significant accounting policies (continued)
5.15 Financial instruments (continued)
5.15.2 Classification and subsequent measurement of financial assets (continued)

When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in consolidated statement of profit or loss and other comprehensive income is reclassified from the equity reserve to consolidated statement of profit or loss and presented as a reclassification adjustment within consolidated statement of profit or loss and other comprehensive income.

The Group assesses at each reporting date whether there is objective evidence that a financial asset available for sale or a Group of financial assets available for sale is impaired. In the case of equity investments classified as financial assets available for sale, objective evidence would include a significant or prolonged decline in the fair value of the equity investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss is removed from other comprehensive income and recognised in the consolidated statement of profit or loss.

Reversals of impairment losses are recognised in consolidated statement of profit or loss and other comprehensive income, except for financial assets that are debt securities which are recognised in consolidated statement of profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

5.15.3 Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include "redeemable preference shares", "term loans", "due to related parties" other financial liabilities and "accounts payable and other liabilities"

The subsequent measurement of financial liabilities depends on their classification as follows:

The Group classifies all its financial liabilities as other than at fair value through profit or loss.

- *Financial liabilities other than at fair value through profit or loss (FVTPL)*

These are stated at amortised cost using effective interest rate method. The Group categorises financial liabilities other than at FVTPL into the following categories:

- *Term loans*

All term loans are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

- *Redeemable preference shares*

Redeemable preference shares are subsequently measured at amortised cost using the effective interest rate method.

- *Accounts payables and other financial liabilities*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as trade payables. Financial liabilities other than at FVTPL which are not categorised under any of the above are classified as "other financial liabilities".

5.15.4 Amortised cost of financial instruments
This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

5.15.5 Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5.15.6 Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 36.

5.16 Advances received from customers
Advances received from customers represent money received from customers towards instalments for properties in accordance with the terms of the sale agreements as wells as for the membership at beach club. Advances received from customers are stated net of revenue recognised during the period under IFRS15.

5.17 Government grants
Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred for the purpose of giving immediate financial support to the Group with no future related costs are recognized in consolidated statement of profit or loss in the period in which they become receivable.

5 Summary of Significant accounting policies (continued)
5.18 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued and paid up.

Share premium includes any premium received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the Companies' law and the Parent Company's Articles of Association.

Other components of equity include the following:

- foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into KD.
- Cumulative changes in fair value reserve – comprises of gains and losses relating to available for sale financial assets.

Retained earnings includes all current and prior period retained profits. All transactions with owners of the Parent Company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting.

5.19 Treasury shares
Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity.

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "gain on sale of treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

5.20 Provisions, contingent assets and contingent liabilities
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets are not recognised in the Group financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

5.21 Foreign currency translation

5.21.1 Functional and presentation currency
The Group financial statements are presented in Kuwait Dinar (KD), which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

5.21.2 Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in consolidated statement of profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Translation difference on non-monetary asset classified as, "fair value through profit or loss" is reported as part of the fair value gain or loss in the consolidated statement of profit or loss and "available for sale" are reported as part of the cumulative change in fair value reserve within consolidated statement of profit or loss and other comprehensive income.

5.21.3 Foreign operations
In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to consolidated statement of profit or loss and other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the

5 Summary of Significant accounting policies (continued)
5.21 Foreign currency translation (continued)
5.21.3 Foreign operations (continued)

related cumulative translation differences recognised in equity are reclassified to consolidated statement of profit or loss and are recognised as part of the gain or loss on disposal.

5.22 End of service indemnity
The Parent, its local subsidiaries and the UAE subsidiary provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

5.23 Taxation

5.23.1 National Labour Support Tax (NLST)
NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the Group. As per law, allowable deductions include, share of profits of listed associates and cash dividends from listed companies which are subjected to NLST.

5.23.2 Kuwait Foundation for the Advancement of Sciences (KFAS)
The contribution to KFAS is calculated at 1% of taxable profit of the Group in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from Kuwaiti shareholding associates and subsidiaries, and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

5.23.3 Zakat
Contribution to Zakat is calculated at 1% of the profit of the Group in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

5.23.4 Taxation on overseas subsidiaries
Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries are incorpated.

Deferred taxation is provided in respect of all temporary differences. Deferred tax assets are recognised in respect of unutilised tax losses when it is probable that the loss will be used against future profits.

6 Significant management judgements and estimation uncertainty

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6.1 Significant management judgments
In the process of applying the Group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the Group financial statements:

6.1.1 Classification of real estate property
Management decides on acquisition of a real estate property whether it should be classified as trading, under development, capital-work-in-progress or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost less impairment, cost or net realisable value whichever is lower or fair value and if the changes in fair value of these properties are reported in the consolidated statement of profit or loss or consolidated statement of profit or loss and other comprehensive income.

The Group classifies property as trading property if it is acquired/held principally for sale in the ordinary course of business.

The Group classifies property as properties under development if it is acquired, with the intention of development with a view to sale. Where the Group acquires a property and engages in developing it, but is uncertain about their future use, such properties are classified as capital work-in progress.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

6.1.2 Classification of real estate property
The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances, the Group recognises revenue over time. Where this is not the case, revenue is recognised at a point in time.

6.1.3 Classification of financial instruments
Judgements are made in the classification of financial instruments based on management's intention at acquisition. Such judgement determines whether it is subsequently measured at cost, amortised cost or at fair value and if the changes in fair value of instruments are reported in the consolidated statement of profit or loss or consolidated statement of profit or loss and other comprehensive income.

6 Significant management judgements and estimation uncertainty (continued)

6.1 Significant management judgments (continued)

6.1.3 Classification of financial instruments (continued)

The Group classifies financial assets as held for trading if they are acquired primarily for the purpose of short term profit making.

Classification of financial assets as fair value through profit or loss depends on how management monitors the performance of these financial assets. When they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as fair value through profit or loss.

Classification of assets as loans and receivables depends on the nature of the asset. If the Group is unable to trade these financial assets due to inactive market and the intention is to receive fixed or determinable payments the financial asset is classified as loans and receivables.

All other financial assets are classified as available for sale.

6.1.4 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

6.2 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

6.2.1 Impairment of available for sale investments

The Group treats available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgement. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities. During the year ended 31 December 2015 an impairment loss of KD 68,510 (year ended 31 December 2014: KD 86,295) has been recognised for available for sale investments.

6.2.2 Impairment of loans and receivables

The Company's management reviews periodically items classified as loans and receivables to assess whether a provision for impairment should be recorded in the consolidated statement of profit or loss. In particular, considerable judgement by management is required in the estimation of amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty. During the year ended 31 December 2015, an impairment loss of KD1,551,746 (year ended 31 December 2014: KD20,916) has been recognised for loans and receivables.

6.2.3 Percentage of completion

The Group recognises accrual for properties under development based on the percentage of completion method. The percentage of work completion is determined by the independent lead consultant of the respective projects.

The percentage of completion method is applied on a cumulative basis in each accounting year to the current estimates of accrual for properties under development. Any change in estimate for determination of accruals for properties under development is recognised in current consolidated statement of financial position.

6.2.4 Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

6.2.5 Estimation of impairment of property, plant and equipment and capital work-in progress and their useful lives

The Group's management tests annually whether property plant and equipment and capital work-in progress have suffered impairment in accordance with the accounting policies stated within note 5 above. The recoverable amounts of the assets are determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The Group's management determines the useful lives of property plant and equipment and the related depreciation charge. The depreciation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

6.2.6 Impairment of development properties

The Group reviews the realisable values of development properties to assess if there is an indication of impairment. In determining whether the impairment losses should be recognised in the consolidated statement of profit or loss, management assesses the current selling prices of the property units and the anticipated costs for completion of such property units for properties which remain unsold at the reporting date. If the selling proceeds are lower than the anticipated costs to complete, an impairment provision is recognised for the identified loss event or condition to reduce the cost of development properties recognised within properties under development in the consolidated statement of financial position to net realisable value.

6.2.7 Impairment of associates and joint venture

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in associate and joint ventures, at each reporting date based on existence of any objective evidence that the investment in the associate and joint venture is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and joint venture and its carrying value and recognises the amount in the consolidated statement of profit or loss.

6.2.8 Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6.2.9 Fair value of financial instruments

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 December 2015 and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of the investment properties may vary from the actual, prices that would be achieved in a arm's length transaction at the reporting date.

7 Subsidiary companies, joint ventures and associates

7.1.1 Subsidiary companies

Details of the Group's material consolidated subsidiaries at the end of the reporting period are as follows:

Consolidated subsidiaries	Country of incorporation	Principal activity	Incorporation/Acquisition date	Percentage ownership %	
				2015	**2014**
IFA Hotels & Resorts – Jabel Ali Free Zone	UAE	Property development	2005	100%	100%
IFA Hotels & Resorts (SAL) Holdings	Lebanon	Property development	2003	51%	51%
IFA Zimbali Hotels & Resorts (Pty) Ltd.	South Africa	Property development	2003	100%	100%
IFA Hotels & Resorts Limited	South Africa	Hotelier and property developer	2003	100%	100%
IFA Hotels & Resorts 2 Limited	Cayman Island	Hotelier	2003	100%	100%
IFA Yotel Investment FZE	UAE	Hotelier	2008	100%	100%
IFA Fairmont Zimabali Hotels & Resorts (Pty) Ltd.	South Africa	Hotelier	2006	100%	100%
IFA One Real Estate Company – WLL	Kuwait	Property management and real estate	2008	100%	100%

7.1.2 Disposal of subsidiary and loss of control

At the beginning of the year, the Group held a controlling interest (constituting 85% of the shares) in Yotel Investments Limited (YIL) through its fully owned subsidiary "IFA Yotel Investment FZE" (IFA YI). During the year ended 31 December 2015, IFA YI acquired the remaining 15% shares (the "Non controlling interest) of YIL (note 25.3d). On 31 December 2015, IFA YI disposed 50% equity stake, and the right to appoint three of five directors in YIL, to a related party for a total consideration of KD9,032,007. The Group has accounted for its remaining 50% interest in YIL as an investment in associate, by virtue of significant influence acquired by having a right to appoint two of five directors. The investment retained is valued at fair value, immediately following the disposal of the controlling interest.

The fair value of YIL at the date of disposal has been determined by an independent valuer.

	2015
	KD
Fair value of consideration received	**9,032,007**
Less: Net assets disposed at the date of disposal (50%) (c)	**(1,269,194)**
Profit on partial disposal of a subsidiary to a related party	**7,762,813**
Translation gain previously recognised in other comprehensive income transferred to profit or loss (b)	**213,330**
Provision made for employee benefit trust (d)	**(451,600)**
Fair value of residual interest recognised as associate (note 7.3)	**9,032,007**
Net assets related to the residual interest recognised as associate (50%) (c)	**(1,269,194)**
Net gain on disposal (a)	**15,287,357**
Sale consideration receivable	**9,032,007**
Set off against due to related party (e)	**(8,362,063)**
Cash balances on acquisition	**(103,763)**
Net cash inflow on disposal	**566,181**

7 Subsidiary companies, joint ventures and associates (continued)

7.1.2 Disposal of subsidiary and loss of control (continued)

(a) Gain on disposal includes the deemed gain of KD7,762,813 arising from the re-measurement of the residual interest at fair value and reclassifying it to investment in associate.

(b) The translation gain arose in the prior year upon translation of balances of YIL's subsidiaries, having functional currency other than the parent's currency. This is being realised to profit or loss upon disposal.

(c) The net assets of the subsidiary at the date of disposal were as follows:

	31 Dec. 2015 KD
Property and equipment	2,971,716
Capital work in progress	783,696
Trading properties	7,224
Trade receivables and other assets	587,912
Cash and cash equivalents	103,763
Accounts payable and other liabilities	(1,615,869)
Short-term loans	(191,734)
Amounts due to a related party	(108,321)
Net assets	2,538,387

(d) As of December 31, 2015, the shareholders of YIL were in the process of approval of a board resolution to grant 5% of their shareholding to Employee Benefit Trust ("EBT") by issuing a total of 1,915,320 ordinary shares having a par value of GBP 1 each. The shares will be considered as fully paid without the payment of any cash, as the employees' services, goodwill and know-how of the Company will be deemed as consideration. On February 15, 2016, the Directors of YIL approved the said resolution and are in the process of issuing share certificates to the EBT. As a result of this transaction, the Company recognised a provision against the dilution of their share in YIL, as per the percentage of Group's shareholding in YIL as at the reporting date. The provision for EBT is calculated as follows:

	2015 KD
Value of Group's shareholding in YIL	9,032,007
Percentage of shares granted to EBT	5%
Provision for EBT	451,600

(e) The consideration receivable was settled by way of deducting it from the amounts due to a related party.

7 Subsidiary companies, joint ventures and associates (continued)

7.2 Investment in joint ventures

The following is a listing of the Group's interest in joint ventures:

Name and details of the joint ventures	Country of registration/ incorporation	Interest %		Carrying value 31 Dec. 2015	
		2015	2014	**2015**	2014
Interest in Zilwa Ltd (the principal activity of the joint venture is property development)	South Africa	**50%**	50%	**-**	-

7.2.1. Palm Golden Mile Joint Venture

Palm Golden Mile Joint Venture was a 50-50 percent joint venture between one of the UAE subsidiaries and Istithmar PJSC, a sister concern of Nakheel PJSC (together the "Venturers"). During the period ended December 31, 2011, Nakheel PJSC initiated a legal proceeding for the claim of AED 100 million against Souq Residence FZCO. Whereas, Souq Residence FZCO lodged a counter claim of AED 920 million, against sale of retail space in Golden Mile.

The movement in investment in interest in Palm Golden Mile Joint Venture is as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Balance at the beginning of the year	**-**	13,474,575
Share of loss	**-**	(1,296,662)
	-	12,177,913
Investment in Joint Venture written off	**-**	(12,177,913)
Balance at the end of the year	**-**	-

7 Subsidiary companies, joint ventures and associates (continued)

7.2 Investment in joint ventures (continued)

7.2.1. Palm Golden Mile Joint Venture (continued)

During the previous year, an out of court settlement was initiated to resolve all the claims and disputes with Nakheel PJSC. As a result, a Share Purchase Agreement (SPA) dated November 16, 2014, was executed between the venture and Nakheel PJSC, whereby;

- 50 percent shares held by the UAE subsidiary in Souq Residences FZCO and Souq Palm FZCO, were sold to Nakheel PJSC at AED1; and

- Any receivable/payable balances between the UAE subsidiary and The palm Golden Mile joint venture were waived by either party, resulting in the UAE subsidiary writing back net liability of AED38.51 (equivalent to KD3Mn) million owed to the joint venture.

Net loss from investment in joint venture (Palm Golden Mile)

	31 Dec. 2014 KD
Share of loss	1,296,662
Investment in Joint Venture written off	12,177,913
	13,474,575
Net Payable to joint venture written back	(2,889,044)
Consideration received (AED 1)	-
Net loss from joint venture	10,585,531

7.2.2 During the previous year, the Group has impaired its interest in Zilwa Ltd by KD882,117.

7.3 Investment in associates

The movement in associates during the year is as follows:

	2015 KD	2014 KD
Balance at 1 January	**6,524,798**	6,967,025
Additions during the year (note 7.1.2)	**9,032,007**	-
Increase in shareholders loan	**173,339**	166,193
Impairment in value*	**(2,500,000)**	-
Exchange differences arising on translation of foreign operations	**(1,569,501)**	(608,420)
Balance at 31 December	**11,660,643**	6,524,798

7 Subsidiary companies, joint ventures and associates (continued)

7.3 Investment in associates (continued)

Details of the Group's associates at the end of the reporting period are as follows:

Name and particulars of the Company	Interest in equity		31 Dec. 2015 KD	31 Dec. 2014 KD
	2015	2014		
Legend and IFA Developments (Pty) Ltd.(Registered in South Africa and its principal activity is property development and safari resorts accommodation and related service) ("Legend and IFA")	50%	50%	**2,771,642**	6,524,798
Yotel Investment Limited (BVI) ("Yotel")	50%	-	**8,889,001**	-
			11,660,643	6,524,798

7.3.1 The above is made-up as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Equity investments		
- Legend and IFA	**15**	15
- Yotel	**8,889,001**	-
	8,889,016	15
Shareholders loans – Legend and IFA	**5,942,732**	7,378,849
*Less: provision for impairment in value of shareholders loan**	**(3,171,105)**	(854,066)
	11,660,643	6,524,798

* During the year, the Group recongised additional impairment amounting to KD2,500,000 against the shareholders loans based on recoverability assessment made by the Group's management, which was recongised in the consolidated statement of profit or loss during the current year.

7.3.2 Summarised financial information in respect of the Group's associates, are set out below. The summarised financial information below represents the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

7 Subsidiary companies, joint ventures and associates (continued)

7.3 Investment in associates (continued)

7.3.2.1 *Legend and IFA Developments (Pty) Ltd.*

	31 Dec. 2015 KD	31 Dec. 2014 KD
Non-current assets	**13,873,756**	18,682,153
Current assets	**445,360**	443,671
Non-current liabilities	**(1,759,696)**	(2,477,279)
Current liabilities	**(15,265,735)**	(18,535,466)
Equity	**(2,706,315)**	(1,886,921)

	31 Dec. 2015 KD	31 Dec. 2014 KD
Revenue	**(2,525,895)**	(2,554,816)
Profit for the year	**(456,503)**	(372,378)
Other comprehensive income for the year	**(112,419)**	(225,823)
Total comprehensive income for the year	**(568,923)**	(598,201)

A reconciliation of the above summarised financial information to the carrying amount of the investment is set out below:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Net assets of the associate attributable to the shareholders of the Group	**(2,706,315)**	(1,886,921)
Proportion of the Group's ownership interest in the associate	**50%**	50%
Proportionate ownership in the net assets of the associate	**(1,353,158)**	(943,461)
Other adjustments (unrecognised share of losses and foreign exchange translation)	**1,353,173**	943,476
Shareholder loan	**2,771,627**	6,524,783
Carrying value of the investment	**2,771,642**	6,524,798

Investment in Legend IFA Developments (Pty) Ltd., includes shareholder loans of KD2,771,627 which is non- interest bearing and carried at present value (31 December 2014: KD6,524,783). The loans are unsecured and are not repayable before 31 December 2016.

The accumulated unrecognised losses of Legend and IFA Development (Pty) Ltd amounted to KD296,540 (31 December 2014: KD564,345).

The fair value of the associate, Legend IFA Developments (Pty) Ltd could not be reliably measured since it is unquoted.

7 Subsidiary companies, joint ventures and associates (continued)

7.3.2.2 *Yotel Investment Limited.*

	31 Dec. 2015 KD	31 Dec. 2014 KD
Non-current assets	3,003,645	-
Current assets	1,498,525	-
Non-current liabilities	-	-
Current liabilities	(1,936,510)	-
Equity	2,565,660	-

A reconciliation of the above summarised financial information to the carrying amount of the investment is set out below:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Net assets of the associate attributable to the shareholders of the Group	2,565,660	-
Proportion of the Group's ownership interest in the associate	50%	-
Proportionate ownership in the net assets of the associate	1,282,830	-
Goodwill	7,606,171	-
Carrying value of the investment	8,889,001	-

The associate is unquoted. The Group has recognised this investment as an investment in associate as at 31 December 2015 (previously it was consolidated as a subsidiary), accordingly, the investee's profit or loss was consolidated in these consolidated financial statements up to 31 December 2015 (refer note 7.1.2).

8 Revenue

	31 Dec. 2015 KD	31 Dec. 2014 KD
Revenue from sale of properties	**1,801,370**	1,945,834
Revenue from projects under development	**24,242,374**	-
Revenue from hotel operations	**28,147,484**	27,165,034
Revenue from beach club operations	**2,320,774**	1,951,877
Management fees	**740,318**	1,272,507
Residential services income	**3,840,421**	3,488,904
Rental income	**813,400**	613,044
	61,906,141	36,437,200

9 Interest income

	31 Dec. 2015 KD	31 Dec. 2014 KD
Interest income on bank balances and deposits	**11,800**	3,617
Interest income on late payment by customers	**41,603**	105,666
Interest income on others	**186,442**	362,741
	239,845	472,024

10 Other income

	31 Dec. 2015 KD	31 Dec. 2014 KD
Gain on disposal of property, plant and equipment	**2,579,207**	-
Other income	**861,418**	-
	3,440,625	-

The gain on disposal of property, plant and equipment relates to the sale of retail properties in Laguna Tower Residence FZE, a sub-subsidiary, to an investor.

11 Impairment in value of assets and other operating expenses and charges

a) Impairment in value of assets

	Note	31 Dec. 2015 KD	31 Dec. 2014 KD
Impairment in value of associates and joint ventures	7.2.2 & 7.3	**(2,500,000)**	(882,117)
Impairment in value of receivable and other assets	19a	**(1,551,746)**	(20,916)
Impairment in value of available for sale investments	18	**(68,510)**	(86,295)
Impairment in value of property, plant, and equipment	15	**-**	(2,458,481)
		(4,120,256)	(3,447,809)

b) Other operating expenses and charges include the following:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Travel expenses	**275,246**	263,622
Office expenses	**4,165,183**	3,256,995
Hotel operations management fee	**1,282,767**	983,679
Hotel's property operation and maintenance	**3,709,729**	1,934,507
Administration and management fee	**1,045,234**	146,591
Loss from foreign currency exchange differences	**31,733**	21,255
Cancellation expense	**192,858**	-
Commissions paid	**146,972**	211,027
Rent	**330,832**	341,081
Professional fees	**224,798**	567,379
Legal expenses	**1,129,592**	1,315,347
Write-off of certain disputed and overdue balances	**961,111**	-
Settlement of claims by Home owners Association in UAE	**1,181,724**	-
Impairment on capital work in progress	**464,462**	-
Advertising	**311,664**	171,371
Utilities	**376,379**	706,064

12 Net (loss) or gain on financial assets and finance costs

a. Net (loss) or gain on financial assets

Net (loss) or gain on financial assets, analysed by category, is as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Loans and receivables		
- Cash and cash equivalents	**11,800**	3,617
- Accounts receivable and other assets and shareholder loans to associates	**228,045**	468,407
- Impairment in value of receivable and other assets	**(1,551,746)**	(20,916)
- Impairment in value of loans to associates	**(2,500,000)**	-
Available for sale investments		
- Recognised directly in consolidated statement of other comprehensive income	**(1,438,769)**	(117,675)
- Recycled from other comprehensive income to consolidated statement of profit or loss on impairment	**(68,510)**	(86,295)
	(5,319,180)	247,138
Net loss or gain recognised in the consolidated statement of profit or loss	**(3,880,411)**	364,813
Net loss recognised in the consolidated statement of other comprehensive income	**(1,438,769)**	(117,675)
	(5,319,180)	247,138

b. Finance costs

Finance costs relate mainly to term loans and due from related parties which are financial liabilities stated at amortised cost.

13 Tax credit/(expense) relating to overseas subsidiaries

	31 Dec. 2015 KD	31 Dec. 2014 KD
Current tax:		
Current year charge	**(41,939)**	(83,830)
Deferred tax credit:		
Current year credit/(debit)	**60,812**	(53,333)
	18,873	(137,163)

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

Basic and diluted earnings/(loss) per share is computed by dividing the profit/(loss) for the year attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Profit/(loss) for the year attributable to the owners of the Parent Company (KD)	**2,401,874**	(29,920,281)
Weighted average number of shares outstanding during the year (excluding treasury shares)	**608,446,198**	610,099,168
Basic and diluted earnings/(loss) per share	**3.95 Fils**	(49.04) Fils

15 Property, plant and equipment

	Land KD	Buildings on freehold land KD	Buildings on leasehold land KD	Plant and equipment KD	Furniture, fixtures and office equipment KD	Kitchen equipment & accessories KD	Motor vehicles KD	Total KD
Year ended 31 December 2015								
Opening net book amount	**7,969,494**	**99,870,338**	**5,514,728**	**163,515**	**4,699,849**	**1,880,194**	**72,944**	**120,171,062**
Additions	**-**	**190,786**	**14,215**	**34,531**	**807,248**	**332,991**	**-**	**1,379,771**
Transferred to properties under development (note 20)	**(464,747)**	**(5,815,691)**	**-**	**-**	**(196,267)**	**(161,402)**	**-**	**(6,638,107)**
Disposals	**-**	**(189,398)**	**(17,238)**	**(24)**	**(223,064)**	**-**	**-**	**(429,724)**
Foreign exchange adjustment	**(77,180)**	**1,934,946**	**86,956**	**(6,457)**	**(176,253)**	**57,103**	**(6,944)**	**1,811,506**
Depreciation for the year	**-**	**(2,032,898)**	**(275,151)**	**(111,453)**	**(884,966)**	**(1,222,547)**	**(19,913)**	**(4,546,928)**
De-recognition on disposal of subsidiary (note 7)	**-**	**-**	**(2,588,266)**	**-**	**(383,450)**	**-**	**-**	**(2,971,716)**
Closing net book value	**7,427,567**	**93,958,083**	**2,734,579**	**80,112**	**3,643,097**	**886,339**	**46,087**	**108,775,864**
At 31 December 2015								
Cost	**7,427,567**	**101,706,596**	**3,162,276**	**738,777**	**7,368,355**	**4,525,493**	**154,048**	**125,083,112**
Accumulated depreciation and impairment	**-**	**(7,748,513)**	**(427,697)**	**(658,665)**	**(3,725,258)**	**(3,639,154)**	**(107,961)**	**(16,307,248)**
Net book value	**7,427,567**	**93,958,083**	**2,734,579**	**80,112**	**3,643,097**	**886,339**	**46,087**	**108,775,864**
Year ended 31 December 2014								
Opening net book amount	7,865,737	101,719,987	6,999,556	388,670	5,328,151	2,497,116	53,400	124,852,617
Additions	-	167,797	13,666	37,083	493,274	496,124	51,945	1,259,889
Transfers from investment properties (note 17)	-	-	-	-	3,102	-	-	3,102
Disposals	-	-	(887,466)	(52,339)	(216,967)	-	(411)	(1,157,183)
Foreign exchange adjustment	103,757	2,699,972	(205,235)	(53,551)	63,643	72,975	(13,880)	2,667,681
Depreciation for the year	-	(2,258,937)	(405,793)	(156,348)	(971,354)	(1,186,021)	(18,110)	(4,996,563)
Impairment in value (note 15.2)	-	(2,458,481)	-	-	-	-	-	(2,458,481)
Closing net book value	**7,969,494**	**99,870,338**	**5,514,728**	**163,515**	**4,699,849**	**1,880,194**	**72,944**	**120,171,062**
At 31 December 2014								
Cost	7,969,494	108,364,811	8,583,861	712,185	8,680,743	4,133,126	211,425	138,655,645
Accumulated depreciation	-	(8,494,473)	(3,069,133)	(548,670)	(3,980,894)	(2,252,932)	(138,481)	(18,484,583)
Net book value	**7,969,494**	**99,870,338**	**5,514,728**	**163,515**	**4,699,849**	**1,880,194**	**72,944**	**120,171,062**

15 Property, plant and equipment (continued)

15.1 Land and building with a carrying value of KD6,345,281 (31 December 2014: KD7,008,840) located in South Africa have been pledged as security for the term loan facilities obtained by South African subsidiaries and building with a carrying value of KD74,077,903 (2014: KD91,369,911) located in UAE, has been pledged as security for the term loan facility obtained by a UAE subsidiary (see note 28).

15.2 During the year, property, plant and equipments costing KD6,638,107 were transferred to properties under development after the final cost allocation was undertaken by an expert. This property houses "Fairmont The Palm" hotel, Penthouse and private Residential Clubs ("PRCs") and the total projects cost is split among these. The portion of costs pertaining to "Fairmont The Palm" are recognised as property, plant and equipment, while the portion of costs relating to the Penthouse and PRCs was recorded under properties under development as these were yet to be handed over to the buyers, although these costs have eventually been transferred to cost of revenue under IFRS 15 as an opening retained earnings adjustment. Under the final cost allocation, costs amounting to KD6,638,107 which were previously allocated to "Fairmont The Palm" have been tansfered to penthouse and PRCs, and the related deprecation expenses of KD577,945 since inception, has been offset against the depreciation charge for the current year.

15.3 At the end of the year the Group recognised an impairment loss of KD Nil (2014: KD 2,458,481) against a Hotel Property in South Africa based on information available to management at 31 December 2014.

16 Capital work in progress

Capital work in progress represents mainly hotels and other capital projects under construction in UAE (2014: UAE, United Kingdom & Europe).

The movement in capital work in progress is as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Carrying value at the beginning of the year	**45,738,705**	369,506
Additions during the year	**838,665**	254,941
De-recognition on disposal of subsidiary (note 7.1.2)	**(783,696)**	-
Transfer from investments properties (17a)	**-**	43,853,544
Impairment in value	**(464,462)**	-
Foreign currency translation adjustment	**1,562,685**	1,260,714
Carrying value at the end of the year	**46,891,897**	45,738,705

The above balance consists of the following:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Land cost		
- Crescent, Palm Jumeirah (Kingdom of Sheba Hotel)	**46,690,345**	45,133,824
	46,690,345	45,133,824
Construction, piling and enabling work	**-**	572,905
Other construction related costs	**201,552**	31,976
	46,891,897	45,738,705

In the opinion of the management, there has been no impairment in the carrying values of the property under development as at 31 December 2015 (31 December 2014: Nil).

17 Investment properties

The Group's investment properties consist of the following:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Portugal – Pinecliff Resorts (refer 28d)	**7,642,994**	8,209,603
	7,642,994	8,209,603

17.1 The movement in investment properties is as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Carrying value at the beginning of the year	**8,209,603**	54,708,322
Transferred to property, plant, and equipment	**-**	(3,102)
Transferred to capital working in progress (a)	**-**	(43,853,544)
Utilised in the settlement of dispute with Nakheel PJSC (b and Note 17.2)	**-**	(15,550,902)
Change in fair value (Note 17.2)	**(58,117)**	13,623,707
Disposal during the year *	**-**	(316,436)
Foreign currency translation adjustment	**(508,492)**	(398,442)
Carrying value at the end of the year	**7,642,994**	8,209,603

* The loss on disposal of investment properties amounted to KD Nil (31 December 2014: KD22,603).

a) On December 31, 2014, based on market conditions the management of the UAE subsidiary decided to utilise land at Crescent Palm Jumeirah-Plot B for the construction of a capital project. Accordingly, AED564 million (equivalent to KD43,853,544), being the fair value of the said plot on that date, determined by an independent valuer, was transferred to capital work-in-progress and the difference in fair value and carrying amount was recognised as fair value gain.

b) In prior years, the UAE subsidiary and Nakheel PJSC went into certain disputes, for which a settlement was initiated in 2014. As a result, on February 10, 2015 the title of Crescent Palm Jumeirah-plot A in the UAE subsidiary, having a carrying value of AED 200Mn (KD 15.55Mn), has been transferred to "The Palm Jumeirah Co, LLC", a sister concern of Nakheel PJSC. In consideration of the transfer of plot A, the UAE subsidiary obtained right to utilise build up area and number of keys attached to plot A on the retained plot B. As per the settlement terms, the UAE subsidiary can develop plot B as mixed used resort.

17 Investment properties (continued)

17.2 Net loss on investment properties

	31 Dec. 2015 KD	31 Dec. 2014 KD
Fair value gain on : Investment properties in UAE		
- Plot B (note 17.1a)	**-**	13,529,285
Investment property in Portugal	**(58,117)**	94,422
	-	13,623,707
Loss on settlement of dispute (b above)	**-**	(15,550,902)
	(58,117)	(1,927,195)

Independent valuers were engaged to determine the fair market value of the land and they held relevant professional qualification and experience.

18 Available for sale investments

	31 Dec. 2015 KD	31 Dec. 2014 KD
Foreign investments – unquoted shares	**5,821,936**	7,087,827
Local investments – quoted shares	**147,093**	188,279
Local investments – unquoted shares	**70,524**	110,000
	6,039,553	7,386,106

a. During the year, the Group recognised an impairment loss of KD41,186 (2014: KD 86,295) for local quoted shares as the market value of these shares, declined significantly below their cost. Further, the Group recognised an impairment loss of KD27,329 (2014: Nil) foreign unquoted shares based on estimates made by the management.

b. Foreign and local unquoted investments of KD832,392 (2014: KD7,197,827) are carried at cost less impairment in value, if any, since their fair values cannot be reliably determined. Management is not aware of any circumstances that would indicate impairment in value of these investments.

19 Accounts receivable and other assets

	31 Dec. 2015 KD	31 Dec. 2014 KD
Financial assets:		
Accounts receivable	**5,285,842**	6,763,407
Due from other related parties – net (a) & (note 35)	**1,404,766**	2,862,522
Other financial assets	**5,522,662**	6,129,762
	12,213,270	15,755,691
Non-financial assets:		
Advance to contractors	**2,176,609**	2,385,165
Differed Tax assets	**1,540,705**	482,237
Other non-financial assets	**2,996,056**	2,862,453
	6,713,370	5,729,855
	18,926,640	21,485,546

a. During the year Group recognised an impairment loss of KD1,551,746 for the year ended 2015 (2014: KD 20,916) against an amount due from a related party based on information available at the reporting date.

Accordingly due from other related parties is stated net of provision for impairment of KD1,551,746.

b. Accounts receivable include an amount of KD96,690 recognised at the beginning of the year upon early adoption of IFRS 15 (refer note 4.3).

20 Properties under development

	31 Dec. 2015 KD	31 Dec. 2014 KD
The Group's properties under development consists of the following:		
Land cost:		
- UAE (Balqis Residence and C Fourteen)	**36,152,199**	53,751,803
- Lebanon (Tilal Al Abadiyah)	**4,782,615**	4,593,976
- South Africa (Zimbali Prescint Real Estate)	**317,083**	425,472
	41,251,897	58,771,251
Construction, piling and enabling works	**23,236,401**	79,536,063
Other construction related costs	**9,890,416**	24,045,030
	74,378,714	162,352,344
Less: Current Portion (a)	**(74,378,714)**	(26,962,169)
	-	135,390,175

The movement in properties under development is as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Carrying value at the beginning of the year	**162,352,344**	153,858,008
Effect of change in accounting policy (refer note 4.3)*	**(96,583,628)**	-
	65,768,716	153,858,008
Additions during the year	**20,544,892**	4,127,342
Transfers from property, plant and equipment (note 15)	**6,638,107**	-
Transferred to other financial assets	**(106,621)**	-
Cost absorbed during the year (a)	**(21,136,981)**	(719,660)
Foreign exchange adjustments	**2,670,601**	5,086,654
	74,378,714	162,352,344

* This includes cost of revenue amounting to KD92,361,904 and cost of inventories amounting to KD4,221,724 (refer note 21).

20 Properties under development (continued)

a) Properties under development relates to the revenue project which are offered for sale. Cost of projects expected to be completed, or to be transferred to profit or loss within the next 12 months has been classified as current assets.

During the year, cost of properties under development amounting to KD18,343,176 were transferred to "Cost of revenue" and KD72,783 was transferred to "sales and marketing expenses" following the early adoption of IFRS15.

In the opinion of the management, there has been no impairment in the carrying values of the property under development as at 31 December 2015 (31 December 2014: Nil).

b) The Lebanon subsidiary acquired plots of land no 4103, 4106 and 4123 in Dhour Al-Abadieh on 6 April 2006 for an amount of US$1.3 million (equivalent to KD380,900). The purchase contract has not been registered in the Real Estate registry and the title deeds to the land are still in the name of the original owner. A provisional seizure notation has been entered in the records at the Real Estate registry. The subsidiary has to ensure the notation is removed, a Presidential decree is issued that allows the Subsidiary legally to own the land and the legal formalities for the transfer of ownership are completed.

c) Properties under development in UAE and South Africa with a carrying value of KD54,139,655 and KD6,423,281 respectively (31 December 2014: KD49,654,303 and KD3,957,258) have been pledged as security for term loan facilities obtained by subsidiaries in UAE and South Africa (see note 28).

d) Properties under development in Lebanon with a carrying value of KD4,378,680 (31 December 2014: KD4,232,016) have been pledged as security for the term loan facility obtained by the Lebanese subsidiary (see note 28c).

21 Trading properties

	31 Dec. 2015 KD	31 Dec. 2014 KD
Residential flats in Dubai, UAE (a)	**4,299,324**	79,766
Properties in South Africa (b)	**2,892,403**	3,822,397
	7,191,727	3,902,163

a) Trading properties in Dubai represents the cost of completed but unsold units in Laguna Tower Residence, and Private Residential Clubs (PRCs) in a subsidiary located in UAE. The PRCs costing KD4,221,724 were transferred to trading properties from properties under development at the beginning of the year upon early adoption of IFRS 15 (refer note 4.3).

b) Trading properties in South Africa represent plots of lands purchased in South Africa for trading purposes and comprise land at cost and development expenditure attributable to unsold properties. The trading properties in South Africa have been pledged as security for borrowing facilities of the South African Subsidiary (see note 28 b).

c) In the opinion of the management, there has been no impairment in the carrying value of the trading properties as at 31 December 2015.

22 Cash and cash equivalents

	31 Dec. 2015 KD	31 Dec. 2014 KD
Cash and bank balances	**12,479,450**	5,861,217
Term deposits – due within three months	**159,551**	189,536
Cash and cash equivalents as per the consolidated statement of financial position	**12,639,001**	6,050,753
Less: blocked deposits	**(315,824)**	(360,240)
Cash and cash equivalents for cash flow purposes	**12,323,177**	5,690,513

The term deposits carry effective interest rates of 5.5% per annum (2014: 5.5% per annum).

Cash and bank balances include escrow account balances maintained by UAE subsidiary amounting to KD4,361,407 (31 December 2014: KD305,885) which are subject to Law No 8 of 2007 concerning guarantee accounts of real estate developments in the Emirates of Dubai.

23 Share capital, Share Premium, reserves and accumulated losses

	31 Dec 2015		31 December 2014	
	Authorised	Paid-up	**Authorised**	Paid-up
Shares of KD0.100 each	**635,434,200**	635,434,200	**635,434,200**	635,434,200

a) Share premium is not available for distribution.

b) The shareholders of the Parent Company at the Annual General Meeting held on 5 July 2015 approved to set off the accumulated losses of KD27,235,358 against voluntary reserve, statutory reserve and share premium by KD11,002,519, KD14,228,601 and KD2,004,238 respectively.

24 Treasury shares

	31 Dec. 2015 KD	31 Dec. 2014 KD
Number of shares	**26,988,002**	26,988,002
Percentage of issued shares	**4.25%**	4.25%
Market value (KD)	**5,505,552**	5,397,600
Cost (KD)	**12,519,938**	12,519,938

Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

25 Statutory reserve, voluntary reserves and non-controlling interests

25.1 Statutory reserve

As required by the Companies Law and the Parent Company's articles of association, 10% of the profit for the year before KFAS, NLST, Zakat provision and board of directors remuneration but after taxation on overseas subsidiaries and non-controlling interests is transferred to the statutory reserve until the balance reaches 50% of the Parent Company's issued and paid-up capital. Any transfer to the statutory reserve thereafter is subject to approval from the general assembly. No transfer is required in a year when losses are made. Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the distribution of a dividend of that amount.

25.2 Voluntary reserve

In accordance with Parent Company's articles of association, certain percentage of the Parent Company's profit before KFAS, NLST, Zakat provision and board of directors' remuneration but after taxation on overseas subsidiaries and non-controlling interests is transferred to the voluntary reserve at the direction of the board of director which is to be approved at the general assembly. No transfer is required in a year when losses are made. There are no restrictions on distribution of voluntary reserve carry. For the year 2015, Board of Directors proposed to transfer 10% of the above mentioned profit to the voluntary reserve and this is subject to approval of General Assembly of shareholders.

25.3 Non-controlling interest

a) During 2014, one of the UAE subsidiaries has acquired 100% ownership interest in Vacational Club Venture Ltd. ("VCV" a sub-subsidiary). Subsequent to the acquisition, the subsidiary and Al Tijaria (the "First Investor") entered into an agreement to restructure VCV to carry on a vacation ownership/timeshare business. As per the said agreement, the subsidiary had to contribute assets to retain 70% equity shareholding and the First Investor had to initially contribute USD3.675 Mn (equivalent to KD1.077Mn) and inject up to USD15 Mn (equivalent to KD4.399Mn) in order to retain a 30% equity shareholding in VCV. The subsidiary and the First Investor also agreed to find other investors for VCV.

As a result of the said agreement, in August 2014, the First investor injected AED18.403 Mn (equivalent to KD1.417Mn). Share certificate to ensure 70% equity shareholding of the subsidiary and 30% equity shareholding of the First Investor in VCV were issued on 16 February 2015. During the year, consequent to a capital call, the First investor contributed AED30.917 Mn (equivalent to KD2.547 Mn) in VCV.

Further during the year, the subsidiary has entered into a disposal arrangement with a related party and an investor (the "Second Investor"). Under this arrangement, the subsidiary has sold 11% of its beneficial interest in VCV to the Second Investor against a consideration of AED18.118Mn (equivalent to KD1.485Mn) resulting in dilution of its controlling interest in VCV to 59%.

Accordingly, the increase in non-controlling interest recognized in equity during the year represents, further contribution made by the first investor and the Second Investor during the year amounting to AED49.035Mn (equivalent to KD4.058Mn) and their share in net losses of VCV from the date of contribution to the reporting date.

b) During the year, one of the UAE subsidiaries has acquired the entire non-controlling interest with respect of Yotel Investment Limited for a consideration of (also refer note 7.1.2d) GBP439,712 (equivalent to KD199,750) resulting in a loss of GBP 1,843,598 (equivalent to KD825,920). (also refer note 7.1.2 d).

26 Other liability

	31 Dec. 2015 KD	31 Dec. 2014 KD
Payable to contractor	-	12,840,747
Less: Amounts due within one year (note 30)	-	(12,840,747)
Amount due after one year	-	-

Other liability represents amount payable to main contractor, Dubai Contracting Company (DCC) for the construction, completion and maintenance of the projects of Balqis Residence FZE and Kingdom of Sheba Heritage Palace FZE, subsidiaries of the UAE subsidiary. The contract with, DCC was terminated under agreement dated 8 October 2013 to discharge all contractual and financial obligations. As a result, AED183,103,402 (equivalent to KD14,126,006 at 31 December 2013) was determined as payable to DCC in two instalments of AED18,300,000 (equivalent to KD1,411,803 at 31 December 2013) and AED164,803,402 (equivalent to KD12,714,203 at 31 December 2013) due on 31 March 2014 and 31 March 2015 respectively. The Group made an overpayment of AED4,343,221 (equivalent to KD347,564) with the first instalment, resulting in the unpaid balance of AED 160,460,181 (equivalent to KD12,840,747 at 31 December 2014), which was paid during the current year.

27 Redeemable preference shares

During 2011, IFA Hotels and Resort 1, a subsidiary of IFA Hotels and Resorts – FZE, bought back the entire shareholding held by FHR Gulf Management FZ – LLC (the "non controlling interest"). In consideration, the subsidiary issued the following classes of preferred shares to the non-controlling interests.

a. 127,610.50 Series A preferred shares with a par value of USD0.0001 (equivalent to KD0.0000294). These shares have voting rights and are redeemable and non-convertible. The issue price and entitlement of each share is USD39.1817 (equivalent to KD11.914). No dividend is payable on these shares. The term of these shares is five years, at which point any shares that have not been redeemed in accordance with the amended and restated Articles of Association of the subsidiary undertaking will be redeemed and re-issued as Series B Preferred Shares. During the year, all of the Series A Preferred Shares were redeemed and re-issued as Series B Preferred Shares, upon completion of their five year term.

b. 127,610.50 Series B Preferred Shares with a par value of USD0.0001 (equivalent to KD0.0000294). These shares have voting rights and are cumulative, redeemable and non-convertible. The issue price and entitlement of each share is USD39.1817 (equivalent to KD11.914). These shares carry fixed dividend of 6% per annum from the sixth to the tenth year and thereafter 10% per annum. After the Series A Preferred Shares have been redeemed, Series B Preferred Shares will be redeemed promptly following each Refinancing Redemption Event – as defined in the amended and restated Articles of Association of the subsidiary undertaking.

28 Term loans

	Effective interest rates %	31 Dec. 2015 KD	31 Dec. 2014 KD
Term loan – UAE	6.75% - 18.8%	**96,421,979**	81,756,609
Term loan – South Africa	2.25% - 9. 5%	**12,103,392**	12,006,329
Term loan – Jersey	4.5%	**-**	260,241
Term loan – Lebanon	8.6%	**2,868,787**	2,772,697
Term loan – Portugal	6.5%	**4,112,828**	4,859,277
		115,506,986	101,655,154
Less: Amount due within one year		**(27,261,006)**	(23,201,698)
Amount due after more than one year		**88,245,980**	78,453,456

a. Term loans represent loans obtained by the subsidiaries in Dubai, South Africa, Jersey, Portugal and Lebanon to finance the projects in Dubai, United Kingdom, Lebanon and purchase of properties/finance projects in South Africa and Portugal.

b. The loans obtained by the South African subsidiaries are secured by:
- the mortgage of property, plant and equipment with a carrying value of KD6,345,281 (31 December 2014: KD7,008,840).
- The mortgage of properties under development with a carrying value of KD6,423,008 (2014: KD3,957,258).
- The mortgage of trading properties with a carrying value of KD2,892,403 (2014: KD3,822,397).

c. The loan obtained by the Lebanese subsidiary is secured (first degree security) by Land Plots (classified as properties under development) amounting to KD4,378,680 (31 December 2014: KD4,232,016). As per the last rescheduling agreement, the outstanding balance is to be repaid quarterly commencing on 30 June 2016 and maturing on 31 December 2019.

d. The loan obtained by the Portugal subsidiaries is secured by investments properties with a carrying value of KD7,642,994 (31 December 2014: KD8,209,603).

e. *Loan obtained by UAE subsidiaries amounting to KD Nil - (2014: KD4,705,156) from Drake & Scull International Company (DSI):*
This included financing of KD4,705,156 (net of repayment) obtained from DSI under an investment support agreement which was executed on 24 December 2011 between the parties. Under the agreement, DSI agreed to extend the Group investment support by means of a subordinated, secured facility in an aggregate principal amount of KD12,874,023 (equivalent to AED160,876,000) and repayments of the facility are scheduled starting from 31 December 2011 until 31 December 2013. In the case of default the lender may require to repay the facility within 30 days.

During the year ended 31 December 2012, the UAE Subsidiary secured an additional credit facility with DSI amounting KD3,099,370 (equivalent to AED38,730,264) through an investment support agreement specifically for the project of Balqis Residence FZE, one of the UAE Subsidiary entities. The facility had been fully drawn through conversion of trade payables of the UAE subsidiary to DSI at that time. Under the agreement service charges were payable on March 31, 2012 and thereafter on quarterly basis until the outstanding balance was fully repaid at a rate of 12% per annum.

The Parent Company served as the guarantor under these investment support agreements and had entered into an equitable share mortgage with DSI in respect of the Parent Company's shareholding in its subsidiary IFA Fair – Zim Hotel & Resorts (pty) Ltd. The Parent Company has guaranteed no more than the repayment of the principal amount and service charges accruing thereon.

28 Term loans (continued)

28.e. *Loan obtained by UAE subsidiaries amounting to KD Nil - (2014: KD4,705,156) from Drake & Scull International Company (DSI) (continued)*

Repayments under these facilities were scheduled until 31 December 2013. However, on 12 March 2014, addendum to the investment support agreements were signed by the UAE subsidiary and DSI, with effective date of 1 January 2014. Under the provisions of these addendums, the remaining balance of KD3,671,003 (equivalent to AED45,876,069) relating to the initial facility at the effective date, were settled by way of post-dated cheques. Post-dated cheque for initial facility had a maturity date of June 30, 2015 and three equal post-dated cheques for the additional credit facility had maturity dates of May 31, 2014, October 31, 2014 and March 31, 2015. In return of these post-dated cheques, all guarantees furnished by the Parent Company as the Group's guarantor expired. The addendum also obligated the Group to bear all discounting costs borne by DSI in relation to the post-dated cheques, and to pay these costs along with the loan repayment.

Post-dated cheques relating to the above credit facilities have been duly encashed during the year.

f. Loan obtained by UAE subsidiaries amounting to KD 70,959,949 (2014: KD51,222,951) from a foreign bank:

On 13 December 2010, Trunk Propco FZE (a UAE sub – subsidiary) secured a USD115,000,000 loan facility from a foreign bank (First Facility), for the direct and indirect payments of construction contractors, any third party to whom project cost are owed, and hotel operator in respect of pre-opening expenses and payments in respect of project costs.

On 15 September 2013, Trunk Propco FZE and IFA HI Trunk FZE, sub-subsidiaries of the UAE subsidiary, extended and increased the credit facility agreement with the foreign bank to USD175,000,000 (equivalent to KD53,213,125 as of December 2015 and KD51,222,951 as of 31 December 2014) (the 'Second Facility'). The Second Facility requires a Debt Service Reserve (DSR) amounting to USD8,000,000 (equivalent to KD2,351,120) to be maintained with the foreign bank. "Fairmont The Palm Hotel", included under property, plant and equipment, is pledged against the second facility. Scheduled repayments started from 30 June 2015 and are supposed to be completed on 30 June 2018. IFA Hotels and Resorts 1 (Cayman Islands) is also the guarantor of the Revised SCB Facility. Of the USD175,000,000 (equivalent to KD53,213,125) revised SCB Facility, which had been fully utilised as at the beginning of the year, USD2,000,000 (equivalent to KD608,150) has been repaid during the year, as per the repayment schedule.

On 29 June 2015, the UAE subsidiary entered into an additional facility with SCB (the "Additional SCB Facility") amounting to AED 210 Mn (equivalent to KD17,384,703) for the purpose of settlement of amounts payable to Dubai Contracting Company LLC in connection with the development costs of Balqis Residence project of the Group. The Additional SCB Facility was drawn on 5 July 2015, carries interest at the rate of 6.661% per annum, and was due to be repaid on 5 January 2016, before the UAE subsidiary opted to exercise the 'Initial Extension Option' (the "IEO") as per clause 6.2 to the facility letter. Under the IEO, the repayment date of the additional SCB Facility has been extended for 3 months, and the revised repayment date is 5 April 2016. Balqis Residence FZE and Kingdom of Sheba Hotel FZE, (UAE sub – subsidiaries) respectively, are guarantors of the additional SCB Facility. Accrued interest of AED11.3 Mn (equivalent to KD970,271) was capitalised to the loan as of 31 December 2015.

g. Loan obtained by UAE subsidiaries amounting to KD Nil (2014: KD5,033,595) from Gulf Technical Construction Company LLC and Ranya General Construction Company LLC:

In 2012 the UAE subsidiary entered into an investment support agreement with Gulf Technical Construction Company LLC and Ranya General Construction Company LLC (GTCC and RGCC) for a credit facility aggregating to AED70,394,113 (equivalent to KD5,633,254) specifically for its Laguna Tower project. Amounts drawn under this facility were to be paid by the UAE subsidiary to the counterparties within two years from the date of the Taking Over Certificate. This credit facility is secured with retail and residential units under the project as authorised in schedule III of the agreement with a total value of AED 81,678,049 (equivalent to KD6,536,246). The Parent Company has also guaranteed the repayment of the principal amounts drawn under the facility and the charges accruing thereon.

On 29 July 2014, an addendum to the investment support agreement has been signed determining the UAE subsidiary's total liability towards the credit facility, upon completion of Laguna Tower Project to be KD4,792,031 (equivalent to AED59,885,426) and the maturity date of the credit facility to be 31 December 2015. As per the said addendum, a post-dated cheque for KD4,792,031 (equivalent to AED59,885,426) dated 31 December 2015 has been issued by the Group, and was encashed upon maturity. GTCC & RGCC were entitled to get the post-dated cheque discounted from any financial institution and the Group was to bear the discounting or other charges incurred thereon.

28 Term loans (continued)

h. *Loan obtained by UAE subsidiary amounting to KD15,271,529 (2014: KD 10,254,456) from Invest bank*

On 18 July 2013, the UAE subsidiary obtained a Real Estate Loan from Invest Bank PSC for an amount of AED 54,000,000 (equivalent to KD4,470,352) (the 'First IB Loan') to partially fund property acquisition. The loan is fully secured by first degree fully registered mortgage and insurance over ten residential apartments at Fairmont the Palm (owned by a UAE subsidiary), corporate guarantee covering 110% of total facilities and irrevocable undertaking from the Parent Company as well as post-dated cheques covering the monthly interest amount. Irrevocable undertaking from the Parent Company is given to settle any shortfall in repayment from own sources of income. Repayment is to be made through the sale proceeds of mortgaged apartments within a maximum period of two years and minimum 80% of sales proceeds of the apartments (and also rentals of apartments if rented out) are to be deposited into the UAE subsidiary's account with Invest Bank PSC, for reduction or full settlement of the loan. Earlier payments are allowed subject to a penal interest rate of 2% per annum on residue amount.

On 14 September 2013, an addendum to the First IB Loan facility was executed to obtain a further loan of AED115,000,000 (equivalent to KD9,520,195) ,the 'Second IB Loan' The Second IB Loan has been drawn on 31 December 2013 and is payable in three equal instalments after a grace period of 12 months from the date of draw down. Two instalments amounting to AED38,333,333 each have been paid on 31 December 2014 and 31 December 2015 as per the repayment schedule. Earlier payments are allowed subject to a penal interest rate of 2% per annum on residue amount. The loan is secured by the way of first degree registered mortgage over a plot of land located at Crescent – Palm Jumeirah, Dubai, UAE (included in property under development) and owned by a UAE sub-subsidiary. Corporate guarantee covering 110% of total facilities and irrevocable undertaking from the UAE subsidiary as well as post-dated cheques covering the monthly interest amount have also been provided in relation to the Second IB Loan. Irrevocable undertaking from the Parent Company is given to settle any shortfall in repayment from own sources of income.

Upon maturity of the First IB Loan, on 23 July 2015, the UAE subsidiary negotiated an extension of 2 years for the repayment. Under the revised terms, interest is being charged at a rate of 6.75% per annum. Post Dated Cheques (PDCs) for monthly interest payments have been issued. Repayment terms remain unchanged, and early settlement is permitted without attracting penalties.

On 28 December 2015, the UAE subsidiary obtained a business term loan of AED95,000,000 (equivalent to KD7,864,509) (the 'Third IB Loan') from Invest Bank PSC, carrying interest at the rate of 7% per annum, payable on a quarterly basis. Post Dated Cheques (PDCs), drawn on another bank, have been provided for servicing of interest. The loan is to be repaid in one bullet payment on 31 December 2018, although early repayment is allowed subject to a penalty of 2% per annum on the prepaid amount. The Third IB Loan is secured by way of assigning the unsold units of 'The 8' project being undertaken by C Fourteen FZE, a sub-subsidiary of the UAE subsidiary, along with the assignment of insurances of the said project, in favour of Invest Bank PSC. Further, corporate guarantee covering 110% of total facilities and an irrevocable undertaking is also given to settle any shortfall in repayment from own sources of income, by the Parent Company.

28 Term loans (continued)

i. *Loan obtained by UAE subsidiary amounting to KD10,190,501 (2014: KD 9,062,417) from C View Fourteen Limited.*

During the year ended 31 December 2013, the UAE subsidiary entered into investment arrangements with C View Fourteen Limited (the "Investor"). In relation to these investment arrangements, AED110,000,000 (equivalent to KD8,486,247) was received in advance from the Investor and the Company transferred 84,615 shares (the 32.5% holding) of C Fourteen (BVI) Limited (100% owned subsidiary of the UAE Subsidiary) in the name of the Investor as a security against the deposit money.

During the year ended 31 December 2014, upon finalisation of these investment arrangements, AED110,000,000 (equivalent to KD8,802,696) has been transferred to term loans. These investment arrangements are for a period of 60 months from January 1, 2014 and carry fixed interest at 8 percent per annum payable quarterly in arrears (the Coupon) which would be revised in case of a default.

In addition to the 32.5% holding in C Fourteen (BVI) Limited, total saleable area of at least 84,832.65 square feet (the Units) in the project being undertaken by C Fourteen FZE will also be kept in the name of the Investor without any further consideration. The Investor has a Put Option (exercisable between the 42nd to 60th months) and the UAE Subsidiary has a Call Option (exercisable at any time during the 60 months) to early settle the investment arrangements. No further deposit has been or will be received against the transfer of the Units in the Investor's name.

When the Put Option or the Call Option is exercised, the Investor has to transfer the 32.5% holding in C Fourteen (BVI) Limited as well as the Units, back to the UAE subsidiary and the UAE subsidiary is liable to pay the Investor a settlement amount as stipulated in the investment arrangements agreement. The carrying value of the financing facility is not materially different from the present value of the settlement amount.

If the Put Option or the Call Option is not exercised up to 60 months from 1 January 2014, the UAE subsidiary shall transfer full title and ownership of the Units to the Investor and the Investor shall transfer the 32.5% holding in C Fourteen (BVI) Limited back to the UAE subsidiary and said transfers will be deemed as the settlement of the investment arrangements.

Though the legal title of the 32.5% shares in C Fourteen (BVI) Limited has been transferred in the name of the Investor, in substance the UAE subsidiary keeps all the risks and rewards attached to these shares including the right of dividend. Further, these shares cannot be sold freely by the Investor in the market because the UAE subsidiary has a Call Option to restrict this right. Therefore, no minority interest related to these shares has been calculated and recorded and this transfer of shares in the name of the Investor has been merely treated as a security against this financing arrangement.

The balance at 31 December 2015 includes the equivalent Kuwaiti Dinar Value of the AED 110,000,000 at 31 December 2015 which amounted to KD9,106,273 (31 December 2014: KD8,802,696) plus accrued interest equivalent to KD1,084,228 (31 December 2014: KD259,721).

29 Retention Payable

	31 Dec. 2015 KD	31 Dec. 2014 KD
Retention payable	**3,216,059**	208,51

Retention payable comprise of the contractually agreed retentions and performance guarantees payable to Dubai Civil Engineering LLC, the main contractor for the project being undertaken by Balqis Residence FZE, and General Construction Company LLC, main contractor for the project being undertaken by C Fourteen FZE.

30 Accounts payable and other liabilities

	31 Dec. 2015 KD	31 Dec. 2014 KD
Accounts payable (a)	**16,593,539**	23,589,220
Accrued construction costs	**1,443,426**	1,123,249
Other accruals (b)	**4,795,061**	3,289,593
Deferred tax	**1,176,329**	173,644
Deferred income	**2,031,200**	1,534,122
Dividend payable	**512,511**	515,320
KFAS, NLST and Zakat payables	**3,694,358**	3,581,890
Refundable deposits due to customers in relation to forfeited sale contracts	**4,175,817**	3,456,366
Land transfer fee payable	**466,822**	2,847,315
Other payables	**11,868,433**	6,739,441
	46,757,496	46,850,160

(a) Accounts payable as of 31 December 2014 includes current portion of other liabilities amounting to KD12,840,747 which was settled in the current year, as contractually agreed (refer note 26).

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

(c) Other payables include an amount KD2,708,569 recognised at the beginning of the year upon early adoption of IFRS 15 (refer note 4.3).

31 Advances received from customers

These are advances received from customers against sale of residential properties under development in various projects mainly by subsidiary companies in Dubai, UAE and Lebanon. Advances that are related to the projects that are expected to be transferred to revenue within next twelve months have been classified as current liabilities.

	31 Dec. 2015 KD	31 Dec. 2014 KD
Balance at the beginning of the year	**134,584,034**	129,223,851
Effect of change in accounting policy (refer note 4.3)	**(104,769,468)**	-
	29,814,566	129,223,851
Advances received during the year	**9,040,284**	2,139,587
Revenue recognised during the year	**(24,242,374)**	(1,279,990)
Deposits transferred to other operating income	**(132,563)**	-
Deposits transferred to other payables (note 30b)	**(3,469,746)**	-
Deposit refunded upon cancellation	**(216,137)**	-
Unallocated deposits transferred to other payable	**-**	(156,025)
Foreign exchange adjustment	**702,148**	4,656,611
Balance at end of the year	**11,159,660**	134,584,034
Less: Current portion	**(11,159,660)**	(15,092,659)
Non-current portion	**-**	119,491,375

32 Proposed distributions

The board of directors of the Parent Company propose not to distribute any dividend for the year ended 31 December 2015 (31 December 2014: Nil). This proposal is subject to the approval of the annual general assembly of shareholders.

33 Segmental information

The Group activities are concentrated in four main segments: property development, hoteliering, investments 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

	Year Ended 31 Dec. 2015				
	Property development KD	**Hoteliering KD**	**Investments KD**	**Others KD**	**Total KD**
Segment revenue	**32,102,849**	**30,468,258**	**13,263,069**	**1,074,810**	**76,908,986**
Less:					
Net income from ticket sale and related services					**(213,391)**
Net loss on investment properties					**58,117**
Impairment in value of loan to associate					**2,500,000**
Impairment in value of available for sale investments					**68,510**
Impairment in value of receivable other assets					**1,551,746**
Gain on disposal of subsidiary					**(15,287,357)**
Interest income					**(239,845)**
Other income					**(3,440,625)**
Revenue as per consolidated statement of profit or loss					**61,906,141**
Segment profit/(loss) before taxation, KFAS, NLST and Zakat	**(2,449,983)**	**(5,093,775)**	**9,463,712**	**16,830**	**1,936,784**
Depreciation	**215,423**	**4,316,065**	**7,419**	**8,021**	**4,546,928**
Impairment in value of available for sale investments	**-**	**-**	**(68,510)**	**-**	**(68,510)**
Impairment in value of receivable and other assets	**-**	**-**	**-**	**(1,551,746)**	**(1,551,746)**
Impairment in value of loans to associate	**-**	**-**	**(2,500,000)**	**-**	**(2,500,000)**
Segment assets	**254,051,104**	**23,859,742**	**15,657,726**	**752,707**	**294,321,279**
Segment liabilities	**(200,549,392)**	**(9,694,387)**	**(18,542,340)**	**(212,781)**	**(228,991,673)**

33 Segmental information (continued)

	Year Ended 31 Dec. 2014				
	Property development KD	Hoteliering KD	Investments KD	Others KD	Total KD
Segment revenue	1,639,505	29,116,910	(9,820,148)	242,111	21,178,378
Less:					
Net income from ticket sale and related services					(263,028)
Net loss on investment properties					1,927,195
Loss on disposal of investment properties					22,603
Net loss from investment in joint venture and associates					10,596,267
Impairment in value of joint ventures					882,117
Impairment in value of available for sale investments					86,295
Impairment in value of receivable other assets					20,916
Impairment in value of property, plant, and equipment					2,458,481
Interest income					(472,024)
Revenue as per consolidated statement of profit or loss					36,437,200
Segment profit/(loss) before taxation, KFAS, NLST and Zakat	(2,613,248)	(27,364,126)	(527,054)	172,625	(30,331,803)
Depreciation	136,622	4,844,461	8,293	7,187	4,996,563
Impairment in value of available for sale investments	-	-	(86,295)	-	(86,295)
Impairment in value of receivable and other assets	-	-	-	(20,916)	(20,916)
Impairment in value joint ventures	-	-	(882,117)	-	(882,117)
Impairment in value of property, plant, and equipment	(2,458,481)	-	-	-	(2,458,481)
Segment assets	338,559,491	17,965,510	24,795,963	761,116	382,082,080
Segment liabilities	(284,864,201)	(17,845,693)	(26,129,740)	(238,020)	(329,077,654)

Geographical segments:

The geographical analysis is as follows:

	Assets		Revenue	
	31 Dec. 2015	31 Dec. 2014	**31 Dec. 2015**	31 Dec. 2014
Kuwait	**9,376,875**	17,465,610	**(1,436,612)**	155,820
UAE and Asia	**237,873,053**	321,405,358	**58,094,224**	16,031,494
Africa	**23,785,137**	29,305,307	**2,678,076**	1,706,642
Others	**23,286,214**	13,905,805	**17,573,298**	3,284,422
	294,321,279	382,082,080	**76,908,986**	21,178,378

34 Capital commitments and contingencies

Capital expenditure commitments
At 31 December 2015, the Group was committed to invest in the additional anticipated funding required to build several real estate projects in Dubai, UAE, Lebanon and South Africa. The estimated funding commitments on these projects are as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Estimated and contracted capital expenditure for construction of properties under development and trading properties	**39,850,766**	27,001,086
Finance guarantees	**24,836**	72,022
Post-dated cheques issued	**755,803**	-
	40,631,405	27,073,108

The Group expects to finance the future expenditure commitments from the following sources:
a) sale of trading properties;
b) deposits received from customers;
c) raising additional share capital;
d) repayment of advances provided by shareholders, related entities, joint ventures; and
e) borrowings, if required.

35 Related party transactions

Related parties represent the ultimate Parent Company, associates, joint ventures, directors and key management personnel of the Group, and other related parties such as subsidiaries of the ultimate Parent Company (fellow subsidiaries), major shareholders and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Significant transactions and balances with related parties included in the consolidated financial statements are as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Balances included in the consolidated statement of financial position:		
Amounts due from other related parties (note 19)	**1,404,766**	2,862,522
Amounts due to Ultimate Parent Company	**16,190,618**	15,895,488
Amounts due to other related parties	**31,823,540**	25,873,933
Short term deposit placed with joint venture (note 22)	**159,551**	189,536
Term loan (note 28)	**-**	1,300,000
Gain recognised in equity on partial disposal of interest in a subsidiary (note 25.3a)	**79,090**	-

35 Related party transactions (continued)

	Year ended 31 Dec. 2015 KD	Year ended 31 Dec. 2014 KD
Transactions included in the consolidated statement of income		
Finance costs	**395,233**	373,202
Impairment in value of receivable and other assets (note 19 a)	**(1,551,746)**	(20,916)
Impairment in value of associates & joint venture (notes 7.2.2 & 7.3)	**(2,500,000)**	882,117
Profit on partial disposal of subsidiary – excluding the deemed gain (note 7.1.2)*	**7,762,813**	-
Compensation of key management personnel of the Group		
Short-term employee benefits	**663,751**	816,457

*The above transaction was with a company related to a key management personal/shareholder and it is to be approved at the forthcoming annual general assembly of the shareholders.

Related party balances outstanding at year end due to funds transfer are included under due from related parties and due to related parties.

Amount due from other related parties are interest free and have no specific repayment dates.

Amount due to other related parties include short term advance of KD8,204,640 (31 December 2014: KD9,419,882) which carry interest at 2.5% to 4.25% above the Central Bank of Kuwait discount rate per annum with no specific repayment dates and the remaining balances of KD23,618,900 (31 December 2014: KD16,454,051) are non-interest bearing and have no specific repayment terms. Further, amount due to Ultimate Parent Company are non-interest bearing and have no specific repayment dates.

36 Summary of financial assets and liabilities by category and fair value measurment

36.1 Categories of financial assets and liabilities

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

	31 Dec. 2015 KD	31 Dec. 2014 KD
Financial assets:		
Available for sale investments		
- at cost or cost less impairment	**832,392**	7,197,827
- at fair value	**5,207,161**	188,279
	6,039,553	7,386,106
Loans and receivables (at amortised costs):		
- Loans to associates (note 7.3)	**2,771,627**	6,524,783
- Accounts receivable and other assets (note 19)	**12,213,270**	15,755,691
- Cash and cash equivalents	**12,639,001**	6,050,753
	27,623,898	28,331,227
Total financial assets	**33,663,451**	35,717,333
Financial liabilities at (amortised cost):		
- Term loans	**115,506,986**	101,655,154
- Redeemable preference shares	**3,040,647**	2,939,281
- Retention payable	**3,216,059**	208,512
- Due to related parties	**48,014,158**	41,769,421
- Accounts payable and other liabilities	**46,757,496**	46,850,160
Total financial liabilities	**216,535,346**	193,422,528

36.2 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures financial instruments such as available for sale investments (excluding certain available for sale investments which are carried at cost/cost less impairment for reasons specified in Note 18 to the consolidated financial statements) at fair value and measurement details are disclosed in note 36.3 to the consolidated financial statements. In the opinion of the group's management, the carrying amounts of all other financial assets and liabilities which are carried at amortised costs are considered a reasonable approximation of their fair values.

The Group also measures non financial assets such as investment properties at fair value at each annual reporting date (refer 36.4).

36 Summary of financial assets and liabilities by category and fair value measurment (continued)

36.3 Fair value hierarchy for financial instruments measured at fair value

This hierarchy Groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2015	Note	Level 1	Level 2	Level 3	Total Balance
		KD	KD	KD	KD
Assets at fair value					
Available for sale investments					
- Local investments - Quoted shares	a	147,093	-	-	147,093
- Foreign investments – Unquoted shares	b	-	-	5,060,068	5,060,068
Total assets		147,093	-	5,060,068	5,207,161

31 December 2014	Note	Level 1	Level 2	Level 3	Total Balance
		KD	KD	KD	KD
Assets at fair value					
Available for sale investments					
- Quoted shares	a	188,279	-	-	188,279
Total assets		188,279	-	-	188,279

Measurement at fair value

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.

The methods and valuation techniques used for the purpose of measuring fair value are as follows:

a) Quoted shares (level 1)

Quoted shares represent all listed equity securities which are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Unquoted shares (level 3)

These represent holdings in foreign unlisted securities which are measured at fair value. Fair value is estimated based on the net asset value reported in the latest available financial information, discounted cash flow model or other valuation technique which includes some assumptions that are not supportable by observable market prices or rates.

36 Summary of financial assets and liabilities by category and fair value measurment (continued)

36.3 Fair value hierarchy for financial instruments measured at fair value (continued)

Level 3 Fair value measurements

The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market date. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
As at 1 January	-	-
Transferred from cost to fair value	6,350,011	-
Change in fair value	(1,438,768)	-
Additions during the year	176,149	-
Impairment of level 3 investments	(27,324)	-
As at 31 December	5,060,068	-

The following table provides information about the sensitivity of the fair values measurement to changes in the most significant unobservable inputs:

Financial asset	Valuation technique	Significant unobservable input	Range (weighted average)	Sensitivity of the fair value measurement to the input
Unquoted shares	DCF Method	Long term growth rate for cash flows for subsequent years	3%	Higher the growth rate, higher the value
		WAAC	8%	Higher the WACC, lower the value

The impact on 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%.

In case of AFS assets, the impairment charge in the profit or loss would depend on whether the decline is significant or prolonged. An increase in the fair value would only impact equity (through OCI) and, would not have an effect on profit or loss.

36 Summary of financial assets and liabilities by category and fair value measurment (continued)

36.4 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2015:

31 December 2015	Level 1	Level 2	Level 3	Total
Assets at fair value	KD	KD	KD	KD
- Apartments in Portugal	-	-	7,642,994	7,642,994
	-	-	7,642,994	7,642,994

31 December 2014	Level 1	Level 2	Level 3	Total
Assets at fair value	KD	KD	KD	KD
- Apartments in Portugal	-	-	8,209,603	8,209,603
	-	-	8,209,603	8,209,603

Fair value of the investment properties disclosed in above has been determined by independent valuers using market comparison and profit and residual methods based on the current property market condition in Portugal (2014: Portugal and UAE) assessed by valuers and data provided by management. Therefore, it falls in the level 3 of the fair value hierarchy. Information on significant inputs and assumptions are as follows:

31 December 2015:

Description	Valuation technique	Significant unobservable input	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Apartments in Portugal	Transaction comparison approach/ Market method and cost method	Estimated market price (per sqm)	KD1,967 to KD2,080	The higher the estimated market price, the higher the fair value
		Construction cost method (per sqm)	KD2,109	The higher the construction cost, the higher the fair value

31 December 2014:

Description	Valuation technique	Significant unobservable input	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Apartments in Portugal	Market comparison approach	Estimated market price (per sqm)	KD2,189 to KD2,345	The higher the estimated market price, the higher the fair value

Level 3 Fair value measurements

The group measurement of investment properties classified in level 3 uses valuation techniques inputs that are not based on observable market data. The movement in investment properties is given in note 17.

37 Risk management objectives and policies

The Group's principal financial liabilities comprise "redeemable preference shares", "term loans", "retention payable", "due to related parties and accounts payable and other liabilities". The main purpose of these financial liabilities is to raise finance for Group operations. The Group has various financial assets such as accounts receivable and other assets, cash and cash equivalents, loans to associates and investment securities which arise directly from operations.

The Group's activities expose it to variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Parent Company's board of directors sets out policies for reducing each of the risks discussed below.

The Group does not use derivative financial instruments.

The most significant financial risks to which the Group is exposed to are described below.

37.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group mainly operates in the Middle Eastern countries, South Africa & Indian Ocean region and European countries and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar, UAE Dirhams, UK Pounds, Euro and South African Rand. The Group's statement of financial position can be significantly affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Foreign currency risk is managed on the basis of continuous assessment of the Groups' open positions.

The Group had the following significant exposures denominated in foreign currencies at the reporting date, translated into Kuwaiti Dinars at the closing rates:

	31 Dec. 2015 Equivalent KD	31 Dec. 2014 Equivalent KD
US Dollars	**424,741**	611,903
Euro	**15,200**	259,784

If the Kuwaiti Dinar had strengthened / weakened against the foreign currencies assuming the sensitivities given below, then this would have the following impact on the profit for the year.

	31 Dec. 2015		31 Dec. 2014	
	Inc/(Dec) %	**Profit for the year KD**	Inc/(Dec) %	(Loss) for the year KD
US Dollars	**0.74%**	**3,143**	2.83%	17,297
	(0.74)%	**(3,143)**	(2.83)%	(17,297)
Euro	**0.68%**	**103**	6.80%	17,675
	(0.68)%	**103**	(6.80)%	(17,675)

The above percentages have been determined based on the average exchange rates in the previous twelve months.

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to the foreign currency risk.

37 Risk management objectives and policies (continued)

37.1 Risk market (continued)

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to its term deposits and borrowings which are (both at fixed rate and floating interest rates). The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate term deposits and borrowings.

Positions are monitored regularly to ensure positions are maintained within established limits.

The Group does not have any off balance sheet financial instrument which are used to manage the interest rate risk.

The following table illustrates the sensitivity of the profit/(loss) for the year to a possible change in interest rates of + 1% and – 1% (2014: + 1% and –1%) with effect from the beginning of the year. The calculation is based on the Group's financial instruments held at each reporting date. All other variables are held constant.

	Increase in interest rates		Decrease in interest rates	
	31 Dec. 2015	31 Dec. 2014	**31 Dec. 2015**	31 Dec. 2014
	1%	1%	**1%**	1%
	KD	KD	**KD**	KD
Profit for the year	**(965,460)**	(1,297,505)	**965,460**	1,297,505

c) Price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is not exposed to any significant price risks as of 31 December 2015 as majority of the Group's investments are unquoted.

37.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or Groups of customers in specific locations or business through diversification of its activities.

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarized below:

	31 Dec. 2015	31 Dec. 2014
	KD	KD
Available for sale investments	**6,039,553**	7,386,106
Loans to associates (note 7)	**2,771,627**	6,524,783
Accounts receivable and other assets (note 19)	**12,213,270**	15,755,691
Cash and cash equivalents	**12,639,001**	6,050,753
	33,663,451	35,717,333

37 Risk management objectives and policies (continued)

37.2 Credit risk (continued)

Except for certain available for sale investments, loans to associates and due from related parties referred in notes 18, 7, and 19 respectively none of the above financial assets are past due nor impaired. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by Group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements.

37.3 Concentration of assets

The distribution of financial assets by geographic region for 2015 and 2014 are as follows:

	Kuwait KD	Asia & Middle East KD	Africa KD	UK & Europe KD	Total KD
At 31 December 2015					
Available for sale investments	**217,616**	**3,329,621**	**9,882**	**2,482,434**	**6,039,553**
Loans to associates (note 7)	**-**	**-**	**2,771,627**	**-**	**2,771,627**
Accounts receivable and other assets (note 19)	**1,741,835**	**7,588,132**	**1,887,912**	**995,391**	**12,213,270**
Cash and cash equivalents	**275,582**	**12,005,605**	**340,573**	**17,241**	**12,639,001**
	2,235,033	**22,923,359**	**5,009,993**	**3,495,066**	**33,663,451**
At 31 December 2014					
Available for sale investments	298,279	4,268,716	27,666	2,791,445	7,386,106
Loans to associates (note 7)	-	-	6,524,783	-	6,524,783
Accounts receivable and other asset (note 19)	3,659,406	8,474,022	2,742,914	879,349	15,755,691
Cash and cash equivalents	305,667	5,000,526	439,297	305,263	6,050,753
	4,263,352	17,743,264	9,734,660	3,976,057	35,717,334

37 Risk management objectives and policies (continued)

37.4 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The contractual maturity of financial liabilities based on undiscounted cash flows is as follows:

	On demand KD	1-3 Months KD	3-12 Months KD	1-5 years KD	More than 5 years KD	Total KD
At 31 December 2015						
Financial liabilities						
Redeemable preference shares	-	-	-	3,040,647	-	3,040,647
Term loans	-	2,144,629	23,707,244	90,274,599	-	116,126,473
Retention payable	-	-	-	3,216,059	-	3,216,059
Due to related parties	-	48,014,158	-	-	-	48,014,158
Accounts payable and other liabilities	-	46,757,496	-	-	-	46,757,496
	-	96,916,283	23,707,244	96,531,306	-	217,154,833
At 31 December 2014						
Financial liabilities						
Redeemable preference shares	-	-	-	2,939,281	-	2,939,281
Term loans	-	383,362	21,555,689	79,380,488	977,142	102,296,681
Instalments due on purchase of properties and other liability	-	-	-	208,512	-	208,512
Due to related parties	-	41,769,421	-	-	-	41,769,421
Accounts payable and other liabilities	-	46,850,160	-	-	-	46,850,160
	-	89,002,943	21,555,689	82,528,281	977,142	194,064,055

38 Capital management objectives

The Group's capital management objectives are to ensure that the Group maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

The capital of the Group consists of total equity. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, buy back shares, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the return on equity and it is calculated as profit for the year divided by total equity as follows:

	31 Dec. 2015 KD	31 Dec. 2014 KD
Profit/(loss) attributable to the owners of the Parent Company	**2,401,874**	(29,920,281)
Equity attributable to the owners of the Parent Company	**61,099,480**	52,795,598
Return on equity attributable to the owners of the Parent Company	**3.93%**	(56.67)%

39 Comparative amounts

Comparative figures have been restated due to adoption of IFRS15 (note 4.3). Further certain other comparative figures for the previous period have also been reclassified to be consistent with the presentation of the current year and such re-classifications did not affect previously reported results, total assets or equity.