ANNUAL REPORT 2014

Fairmont The Palm, 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

31 Projects

12 Countries

4 Continents

Over 8,000 keys


Fairmont The Palm, Dubai

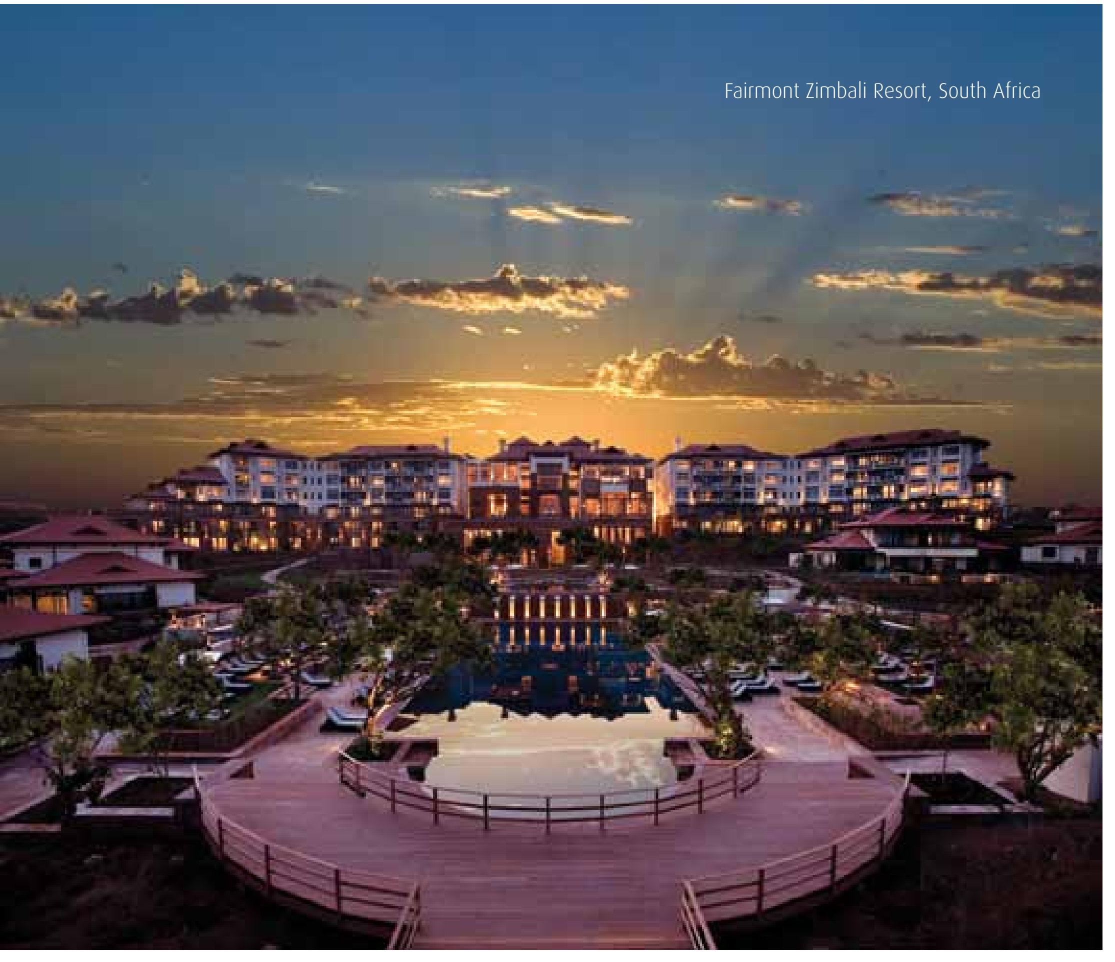
Project Highlights:

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 Heathrow, UK
YOTEL Gatwick, UK
YOTEL New York, USA



Fairmont Zimbali Resort, South Africa

Financial Year Results Ending December 31, 2014

Net Loss/Profit (KD) **-29,920,281**

Earning Per Share (Fils) **49.04**

Currency	2014 KD	2013 KD
Total Income (Millions)	4,010,411	29,770,016
Shareholders' equity (Millions)	52,795,598	82,116,261
Net profit (Millions)	-29,920,281	3,102,122
Earnings Per Share (Fils)	-49.04	5.67
ROA	-7.6%	0.8%
ROE	-44.4%	4.6%
Total Assets (Millions)	382,082,080	403,865,689
Number of shares	**635,434,200**	**635,434,200**

Net Loss/Profit (USD) **-101,807,755**

Earning Per Share (USD) **17 Cents**

Currency	2014 USD	2013 USD
Total Income (Millions)	13,645,959	105,073,735
Shareholders' equity (Millions)	179,644,078	289,830,622
Net profit (Millions)	-101,807,755	10,948,988
Earnings Per Share (Cents)	-17	2
ROA	-7.5%	0.8%
ROE	-43.4%	3.8%
Total Assets (Millions)	1,300,085,338	1,425,450,239
Number of shares	**635,434,200**	**635,434,200**

Board Members

Message from the Chairman and Vice Chairman

The 8, Dubai

Legend Golf & Safari Resort, South Africa

Dear Shareholders, For the fiscal year 2014, IFA Hotels & Resorts recorded year end revenue of KD36,437,200 (US$123,982,443), with a net loss totaling KD29,920,281 (US$101,807,755) which is 49.04fils per share.

Shareholders' equity decreased to KD52,795,598 (US$179,644,078) year on year, while the company's total assets reduced by 5% to KD382,082,080 (US$1,300,085,338) compared to KD403,865,689 (US$1,425,450,239) for 2013.

In the previous year's report we tackled areas of structural reform within the company as well as the need to undertake that reform, guaranteeing we are best placed to take advantage of the recovery of the Dubai real estate market. Within that context, the focus in Dubai has been on addressing our relationship with Palm Jumeirah's master developer Nakheel. IFA HR has been clear in the strategy of maintaining a good business relationship with Nakheel as a cornerstone to extracting value from our assets on the master community. In reaching an encompassing settlement with Nakheel we believe that this has paved the way for such a relationship to continue fruitfully.

In doing so, this solidifies and clarifies our undeveloped assets on Palm Jumeirah and thus ensures we can concentrate on new developments in the coming years. 2015 will see us set to launch two new phases of development of prime residential assets as well as a Yotel branded hotel.

Whilst each regional CEO will outline the future plans and performance for the financial year, I would like to take the opportunity to state certain key achievements for 2014 which emphasised our core strategy over the last year.

To accelerate our growth of YOTEL, Hubert Viriot has extended his role to encompass that of CEO for YOTEL. The focus that Hubert will bring, alongside Joe Sita's wealth and experience, will see rapid expansion of YOTEL as a global operating brand in the near term. To illustrate this, YOTEL is finalizing plans for the first operation contract in Dubai as well as in several key locations throughout the USA.

In 2014, the company saw the launch of Keller William's Dubai operation; given the nature of Dubai's real estate market this creates a formidable opportunity for synergy with our development businesses as well as a wider consolidation and expansion of a truly unique business model in this sector. We successful negotiated for the master franchise both in Dubai with options for the wider region giving us a wonderful entry point to develop from.

Our regional vacation club business took another significant step in 2014, the arrival of Aria Vacation Club in May saw IFA HR enter into a joint venture with Tijaria, thereby attracting a like-minded major partner for the business that shares the long term vision of creating a Middle Eastern backed vacation club business with the ability to dominate markets throughout MENA, South East Asia, Europe and North America. Under Joe Sita's guidance, key

Zimbali Suites, South Africa

Laguna Tower, Dubai

personnel have been added to the new venture as well as an assertive asset acquisition program, name and branding.

March saw the public launch of The8 on Palm Jumeirah with market interest in the development and product reception above expectations. Under Khaled Esbaitah's leadership the project entered the construction phase during the latter half of the year. Demand continues for the development in Dubai and the project is well placed for continued success over 2015.

To highlight IFA HR's ability to deliver high quality mixed use real estate assets, our recent receipt of the New Hotel Construction & Design award at the prestigious Arabian Property Awards for Mövenpick Hotel Jumeirah Lakes Towers project displays our ongoing commitment to standard achievement across our development companies.

2014 has been a challenging year; however our firm belief is that decisions taken during 2014 will allow the Middle East development team to prepare solidly for the coming period. With clarity and a more mature market foundation we see the future and our expansion plans will bring significant shareholder value.

Our continued plans for progression and development would not be possible without the ongoing support of our partners, employees and shareholders. I would like to take the opportunity to express our gratitude for their ongoing commitment to the success of our enterprise.

Entering 2015, we see future operating and development expansion across a diverse range of asset classes and markets. May 2015 lead to enhanced prosperity to all.

Sincerely,

Talal Jassim Al-Bahar
Chairman

Ebrahim Saleh Al-Therban
Vice Chairman

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

Fairmont Zimbali Lodge, South Africa

IFA Hotels & Resorts South Africa 2014

Positive progress has been seen in several principle areas of IFA Hotels & Resorts (IFA HR) SA; operationally, in our development arm as well as with our brokerage investments.

During the year under review, we have focussed on construction progress on the Zimbali Suites, design and development planning on our proposed Zimbali Ocean Club and Zimbali Lakes projects. We have further looked at and achieved a reduction in our overheads across our portfolio, as well as refinanced some of our existing loan facilities.

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 responded encouragingly to our pre-sales initiative on this exciting mixed use development, with over 65% of the development sold to date. The planning process is well advanced and we anticipate a construction start during the latter part of 2015.

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. The joint venture is at advanced negotiation stages for major residential and commercial development deals within Zimbali Lakes.

Fairmont Zimbali Resort

The Resort achieved over R100m turnover for the first time during 2014. This was primarily as a result of improved Average Daily Rate (ADR) through more stringent rate management both against budget and previous performance. A key component of achieving this included the appointment of a new General Manager, coupled with a staff restructure that resulted in greater operating efficiencies across all departments. Proposed extensions to the existing conference facility will result in significantly increased revenues from hosting conferences of 400-500 delegates.

Fairmont Zimbali Lodge & Zimbali Vacation Club

2014 EBITDA exceeded results achieved in 2013 and budgeted levels. Conversion of Lodge hotel room inventory into Zimbali Vacation Club stock continues. The 50% conversion milestone will be reached in the 2nd quarter of 2015. Zimbali Vacation Club showed significant growth, unit sales achieved during 2014 showed a 7.17% improvement on 2013. Record monthly sales were achieved in December 2014.

IFA Legends Investments

Stunning new Conference facilities and a Clubhouse were completed

Legend Golf & Safari Resort, South Africa

Fairmont Zimbali Lodge, South Africa

in November 2014, these are expected to have a significantly positive impact on the resorts overall performance. The clubhouse takes facilities within the resort to a new level and is expected to attract increased corporate hospitality traffic in the coming years.

Zimbali Estates

The 50% shareholding in Zimbali Estates held by JV partner Tongaat Hullett was acquired by IFA in April 2014. Commissions from resale activity swelled by 45%; with the company having brokered sales within Zimbali Coastal Resort of R231m for the period under review. This compared to R159m for 2013.

Sales Performance

We achieved sales amounting to c.R400m during the year under review across all departments, boosted by an excellent sales campaign in December which provided a positive note at the close of the financial year, sales of over R100m were achieved in three weeks.

Appreciation

The ongoing support given to IFA Hotels & Resorts by our parent company in Kuwait has been essential to our ability to withstand the challenges of the past few years. We are also conscious of the understanding and support we have received from our bankers.

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

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


The 8, Dubai


Balqis Residence, Palm Jumeirah, Dubai

The year 2014 was a challenging and exciting one for the development company, positive growth in forward sales as well as progress in existing development programmes saw the year end in a positive vein.

Market Dynamics
On a macro-economic level the UAE saw steady GDP growth in 2014, with an overall percentage gain of 4.2% up to AED1.54 trillion. This despite a dramatic lowering in oil prices as the UAE's more diversified economy was able to absorb some of the revenue reduction in this area. Population figures also show a steady climb above 9.2 Million residents at a growth rate estimated at 2.71% year-on-year.

Whilst overall economic data shows the UAE and Dubai's economy well placed to ride out wider concerns over commodity pricing, the real estate market has entered a period of consolidation and stability. Prices for most residential areas of Dubai peaked in Q2 of 2014 as yields have been squeezed to a level below market expectations. With that yield curve lower than 5% in some prime areas, investors have sought value in non-prime areas or landlords have looked to solidify existing rental income and adjusted asking prices accordingly. We see this as a sign of growing maturity in the market rather than a "shock", with the market showing signs of re-balancing in Q4 2014.

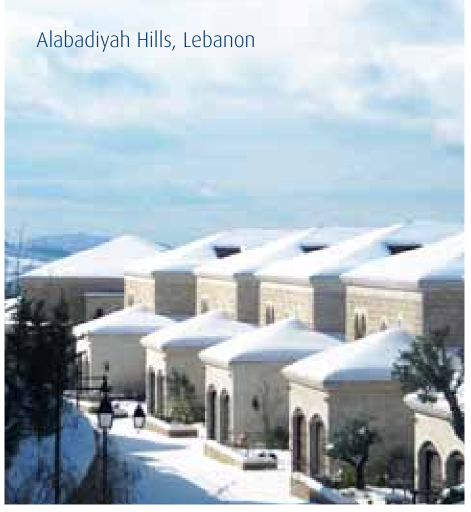
Supply dynamics remain stable with approximately 25,000 units due for delivery in 2015; Dubai's population growth from 2.2 million at a rate in excess of the wider UAE should absorb much of this new supply. Palm Jumeirah pricing has steadied, following a period of between 5.5 – 7.5% price adjustments in the latter half of the year. The landmark remains in demand, albeit primarily for completed product, as the market takes a largely "wait and see" approach to off-plan developments. Encouraging signs point to a more productive 2015; with transactional volumes at the later pricing levels are on the increase.

Project Update
The key highlight for 2014 was the successful launch of The 8 on Palm Jumeirah displaying a bolder and fresh approach to both the aesthetic of the project, as well as the branding and marketing mix. The 8 has been warmly received by investors and the industry, continuing post launch to secure steady sales in the residential component of the project. The construction phase has begun and we look forward to achieving an aggressive delivery schedule over 2015. A sales centre has been established on site to assist with both new sales and the CRM program for all existing investors in the project.

Balqis Residence also saw encouraging progress throughout the year, the new contractor DCE (Dubai Civil Engineering) is now fully mobilized and the project is accepting regular visits by RERA demonstrating progress on site. Our expectations are that we shall be nearing completion during the last quarter of 2015 and envisaging a handover shortly thereafter. In conjunction with IFA Hotel Investments and their new venture Aria Vacation Club we are establishing operational assets and real estate to suit the much awaited vacation club.

Over and above this, IFA HR has engaged with DCE to complete phase 2 of the previously branded Kingdom of Sheba project which will again see a vigorous delivery schedule for this development.


Four Seasons Hotel Beirut, Lebanon


Alabadiyah Hills, Lebanon


Mövenpick Hotel Jumeirah Lakes Towers, Dubai

Project Pipeline

In addition to The 8's residential product, in 2015 we look forward to the addition of a new branded serviced apartment product under a unique brand to Dubai. This product will establish a point of difference amongst the competition on Palm Jumeirah by adding a true boutique complex in keeping with the architecture and brand on the project.

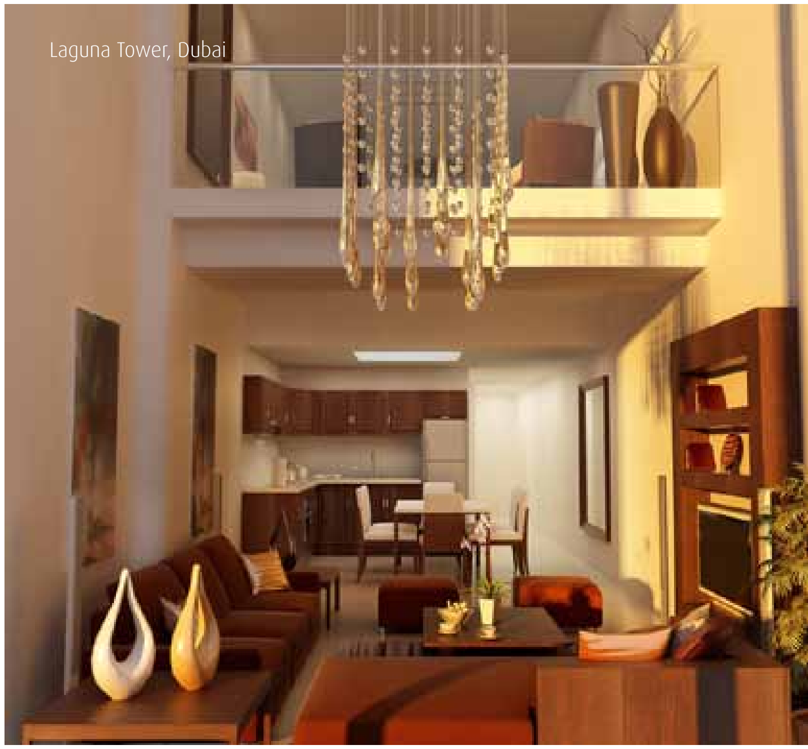
2015 will see a focus on preparation and design foundations for launching a new branded product on the plot adjacent to Balqis Residence. Our anticipated launch period is in the second half of the year.

The third phase of development is also expected to go to the market during the second half of 2015; this will consist of high-end residential property and follow the more contemporary design path established for The 8, albeit with different themes and brand identities. Our goal with this phase is to maximize the allowable Gross Floor Area (GFA), whilst retaining high efficiency and an extremely competitive sales product to the quality expected from IFA HR.

To conclude, whilst 2014 showed market maturity and cooling, as well as significant challenges, we saw both projects progress and a successful marketing and sales effort. During 2015, we expect to see substantial progress in both construction programs on Palm Jumeirah as well as the establishment of new inventory and products within this community. Over and above this, IFA HR is also working on establishing a pipeline of ventures within other areas of Dubai to be ready for launch later in 2015 when we expect to see the market on an upward curve.

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

The 8, Dubai



Laguna Tower, Dubai

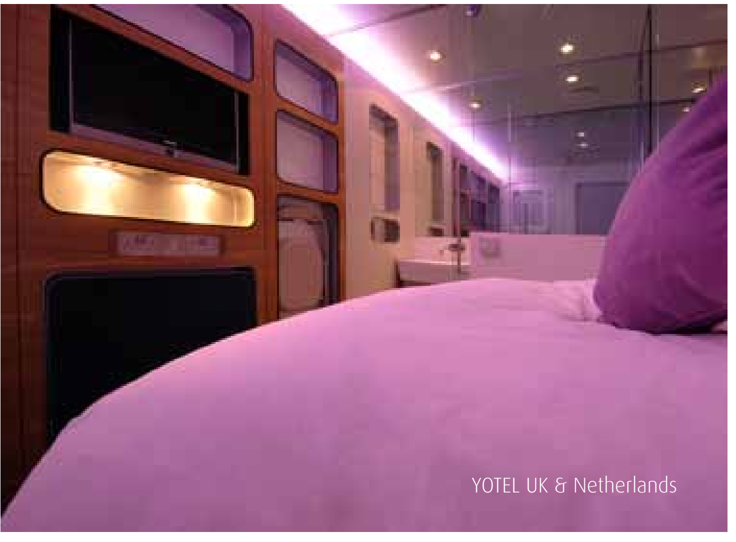
IFA Hotel Investments 2014
In its fourth successful year of operation, IFA Hotel Investments (IFA HI) has overseen the management of almost USD 180Million in operating revenues across the IFA Hotels & Resorts portfolio. In addition to hotels, this also consists of the management of the company's private residence clubs, vacation clubs and lifestyle ownership products, as well as IFA Residential Services. In addition IFA HI also continues to lead the management and expansion of the YOTEL brand, a key driver in the company's growth across developed markets. Significant achievements for the 2014 fiscal year are outlined below for each operational asset.

Fairmont The Palm hotel and The Residences (North and South)
In the second full year of operation the flagship beach resort, Fairmont The Palm, once again exceeded expectations by more than doubling net income over the year before. The hotel's occupancy consistently exceeded that of its competitors as the fastest growing property on Palm Jumeirah. Average rate increases were also buoyant despite a challenging environment in the second half of the year. The financial pressure imposed on the Russian economy directly affected tourism in Dubai as Russians, a top 5 market for the city, had their buying power significantly decreased. However, the Dubai Government continues to support the industry through marketing investments to new source markets with a vision to further enhance the robust tourism industry leading up to Expo 2020.

The Palm Residences & RIVA
Four years after a radical refurbishment and transformation, RIVA is the dominant membership beach club on The Palm.. The membership base of the club was diversified this year with a focus on partnerships with hotels and corporations nearby to provide the RIVA experience as an amenity to their hotel guests and employees. Overall economic performance in Dubai and sentiment remains upbeat in spite of recent commodity revenue slow down and thus discretionary spending continues to increase. Like for like revenue for the club improved by 14.4% over the previous period.

The success of RIVA not only assists in the development of the IFA real estate portfolio but bolsters the value of all owners in the IFA-managed residential buildings attached to the club; proving once again that IFA's mixed-use development strategy enhances all elements associated with it.

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 and immediately hit the ground running. The five-star hotel almost immediately became a market leader in terms of


YOTEL UK & Netherlands


Pine Cliff, Portugal

both occupancy and average rate amongst its competitors. The individual owners of hotel rooms benefit from a three-year period of guaranteed returns and stress-free use of their allotted room nights to stay in the hotel. IFA HR retains the hotel's amenities and facilities, including its three restaurants, gym, spa, resort pool and meeting rooms and is proud to contribute to the development of DMCC and the Jumeirah Lakes Towers community.

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 9.8% year-on-year. In addition to a more robust rooms' performance in the latter half of the year, 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 8.1%. 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 city and airport YOTELs exceeded USD$55 million in revenue this year. The flagship city-centre hotel, YOTEL New York grew its market share in 2014, the year ended with YOTEL New York achieving an astounding 92% occupancy for its 669 rooms at an ADR of USD$210 despite an increased supply and tough trading conditions. YOTEL Airports at Heathrow, Gatwick and Schiphol continue to outperform their competitor sets in terms of ADR.

The team at YOTEL was enhanced by adding Digital, Design and Construction and Development expertise. This has and will continue to facilitate the brands' ambitious expansion plans and the launch of a new digital strategy to include amongst other projects; a new property management system for airports, a brand new full responsive mobile website and the development of a new web based app.

IFA Residential Services

Revenue in the IFA Residential Services Company performed higher than expectations; with an increase year on year of 33.70% from 2013. Contracted service was the stand out area for growth in IFA Residential Services product offering with 37% growth compared to 2013.

By the end of 2014, IFARS have a total of 87 contracts in place for the supply of a range of services, resulting in the need to employ an additional 138 employees during the year.

Mövenpick Hotel Jumeirah Lakes Towers, Dubai

Riva Beach, Palm Jumeirah, Dubai

New Ventures

Building on the solid growth foundation of a successful 2014, IFAHI will announce the newest addition to its portfolio, IFA's Holiday Homes, under an exciting new brand to be announced and launched by mid - 2015. Officially recognized by the DTCM, the innovative Holiday Homes model will provide tourists visiting Dubai the ultimate in a home away from home experience. With Holiday Homes having globally witnessed astonishing growth, IFA's Holiday Homes product will be looking to successfully capitalize on its existing hospitality success and experience in the MENA region to create strong rental demand as an approved government Holiday Homes operator.

In addition to moving this concept into launch phase IFA's Holiday Homes brand will sponsor the inaugural Serviced Apartment Summit Mena in 2015 to be held at The Fairmont Palm Jumeirah. The MENA region is fast becoming a global hot spot for lengthened stay activity and this first summit on the hot topic will see IFA partnering this much anticipated gathering of industry leaders with an agenda covering serviced apartments, branded residences, aparthotels, short-term rental, extended stay hotels and corporate housing.

The 8, Dubai

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT
IFA HOTELS & RESORTS – KPSC AND SUBSIDIARIES

KUWAIT 31 DECEMBER 2014

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 2014 and the related consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of 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 2014, 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. 25 of 2012 and its Executive Regulations 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 No. 25 of 2012 and its Executive Regulations nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2014 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

Kuwait
31 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 Dec 2014 KD	Year ended 31 Dec 2013 KD
Revenue	8	**36,437,200**	43,133,948
Cost of revenue		**(17,167,967)**	(32,946,293)
Net income		**19,269,233**	10,187,655
Net income from ticket sale and related services		**263,028**	193,172
Fees and commission income		**-**	155,739
Net (loss)/gain on investment properties	18.2	**(1,927,195)**	18,789,140
Loss on disposal of investment properties	18	**(22,603)**	(35,360)
Net loss from investment in joint venture and associates	7	**(10,596,267)**	(5,371,041)
Impairment in value of joint ventures	7.2.4	**(882,117)**	(776,638)
Impairment in value of receivable and other assets	20b	**(20,916)**	(4,850,253)
Impairment in value of available for sale investments	19	**(86,295)**	-
Impairment in value of property, plant, and equipment	16	**(2,458,481)**	-
Interest income	9	**472,024**	282,586
Gain on disposal of asset classified as held for sale	10	**-**	11,239,885
Other income	11	**-**	(44,869)
		4,010,411	29,770,016
Expenses and other charges			
Staff costs		**4,996,849**	5,980,721
Sales and marketing expenses		**2,576,686**	2,088,808
Other operating expenses and charges	12	**12,273,024**	5,858,249
Depreciation	16	**4,996,563**	4,201,486
Finance costs	13	**9,499,092**	8,624,864
Total expenses and other charges		**34,342,214**	26,754,128
(Loss)/profit before taxation, KFAS, NLST and Zakat		**(30,331,803)**	3,015,888
Tax expense relating to overseas subsidiaries	14	**(137,163)**	(102,658)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**-**	(29,220)
Provision for National Labour Support Tax (NLST)		**-**	(82,389)
Provision for Zakat		**-**	(32,956)
(Loss)/profit for the year		**(30,468,966)**	2,768,665
Attributable to:			
Owners of the Parent Company		**(29,920,281)**	3,102,122
Non-controlling interests		**(548,685)**	(333,457)
		(30,468,966)	2,768,665
Basic and diluted (loss)/earnings per share attributable to the owners of the Parent Company	15	**(49.04) Fils**	5.67 Fils

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 Dec 2014 KD	Year ended 31 Dec 2013 KD
(Loss)/profit for the year	**(30,468,966)**	2,768,665
Other comprehensive income:		
Items to be reclassified to statement of profit or loss in subsequent periods:		
Exchange differences arising on translation of foreign operations	**1,231,868**	(3,318,298)
Available for sale investments		
- Net changes in fair value arising during the year	**(117,675)**	31,380
- Transferred to consolidated statement of profit or loss on impairment	**86,295**	-
Total other comprehensive income/(loss) for the year	**1,200,488**	(3,286,918)
Total comprehensive loss for the year	**(29,268,478)**	(518,253)
Attributable to:		
Owners of the Parent Company	**(28,750,563)**	(67,899)
Non-controlling interests	**(517,915)**	(450,354)
	(29,268,478)	(518,253)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 Dec 2014 KD	31 Dec. 2013 KD
Assets			
Non-current assets			
Goodwill		**261,000**	219,248
Property, plant and equipment	16	**120,171,062**	124,852,617
Capital work in progress	17	**45,738,705**	369,506
Investment properties	18	**8,209,603**	54,708,322
Properties under development	21	**135,390,175**	127,409,450
Investment in associates and Joint Ventures	7	**6,524,798**	21,413,450
Available for sale investments	19	**7,386,106**	7,406,263
Total non-current assets		**323,681,449**	336,378,856
Current assets			
Accounts receivable and other assets	20	**21,485,546**	22,469,848
Properties under development	21	**26,962,169**	26,448,558
Trading properties	22	**3,902,163**	4,322,090
Cash and cash equivalents	23	**6,050,753**	14,246,337
Total current assets		**58,400,631**	67,486,833
Total assets		**382,082,080**	403,865,689
Equity and Liabilities			
Equity			
Equity attributable to the owners of the Parent Company			
Share capital	24	**63,543,420**	63,543,420
Share premium	24	**14,524,176**	14,524,176
Treasury shares	25	**(12,519,938)**	(16,853,183)
Statutory reserve	26	**14,228,601**	14,228,601
Voluntary reserve	26	**11,002,519**	11,002,519
Cumulative changes in fair value		**-**	31,380
Foreign currency translation reserve		**(9,236,614)**	(10,437,712)
(Accumulated losses)/retained earnings		**(28,746,566)**	6,077,060
Total equity attributable to the owners of the Parent Company		**52,795,598**	82,116,261
Non-controlling interests		**208,826**	(745,886)
Total equity		**53,004,424**	81,370,375
Non-current liabilities			
Instalments due on purchase of properties and other liabilities	27	**-**	12,714,203
Redeemable preference shares	28	**2,939,281**	2,833,616
Term loans	29	**78,453,456**	81,865,979
Advances received from customers	32	**119,491,375**	114,387,863
Retention payable	30	**208,512**	-
Employee's end of service benefits		**1,071,094**	778,789
Total non-current liabilities		**202,163,718**	212,580,450
Current liabilities			
Due to related parties	36	**41,769,421**	40,348,053
Accounts payable and other liabilities	31	**46,850,160**	46,336,011
Term loans	29	**23,201,698**	8,394,812
Advances received from customers	32	**15,092,659**	14,835,988
Total current liabilities		**126,913,938**	109,914,864
Total liabilities		**329,077,656**	322,495,314
Total equity and liabilities		**382,082,080**	403,865,689

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 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)
Other comprehensive income:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	1,201,098	-	1,201,098	30,770	1,231,868
Net changes in fair value of available for sale investments	-	-	-	-	-	(31,380)	-	-	(31,380)	-	(31,380)
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**

	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 2012	45,388,200	-	(16,672,644)	13,903,932	10,677,850	-	(7,236,311)	5,321,036	51,382,063	(948,427)	50,433,636
Acquisition of treasury shares	-	-	(2,676,674)	-	-	-	-	-	(2,676,674)	-	(2,676,674)
Disposal of treasury shares	-	-	2,496,135	-	-	-	-	(863,671)	1,632,464	-	1,632,464
Capital increase (Note 24)	18,155,220	14,524,176	-	-	-	-	-	-	32,679,396	-	32,679,396
Acquisition of non-controlling interest (Note 7.1)	-	-	-	-	-	-	-	(833,089)	(833,089)	652,895	(180,194)
Transaction with owners	18,155,220	14,524,176	(180,539)	-	-	-	-	(1,696,760)	30,802,097	652,895	31,454,992
Profit/(loss) for the year	-	-	-	-	-	-	-	3,102,122	3,102,122	(333,457)	2,768,665
Other comprehensive income:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(3,201,401)	-	(3,201,401)	(116,897)	(3,318,298)
Net changes in fair value of available for sale investments	-	-	-	-	-	31,380	-	-	31,380	-	31,380
Total other comprehensive income for the year	-	-	-	-	-	31,380	(3,201,401)	-	(3,170,021)	(116,897)	(3,286,918)
Total comprehensive income for the year	-	-	-	-	-	31,380	(3,201,401)	3,102,122	(67,899)	(450,354)	(518,253)
Transfer to reserves	-	-	-	324,669	324,669	-	-	(649,338)	-	-	-
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**

The notes set out on pages 26 to 72 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 Dec 2014 KD	Year ended 31 Dec 2013 KD
OPERATING ACTIVITIES			
(Loss)/profit before taxation, KFAS, NLST and Zakat		**(30,331,803)**	3,015,888
Adjustments:			
Net loss from investment in joint venture and associates		**10,596,267**	5,371,041
Net (loss)/gain on investment properties		**(1,927,195)**	(18,789,140)
Loss on disposal of investment properties		**22,603**	35,360
Interest income		**472,024**	282,586
Depreciation		**4,996,563**	4,201,486
Finance costs		**9,499,092**	8,624,864
Gain on disposal of assets classified as held for sale		**-**	(11,239,885)
Loss on disposal of associate		**-**	-
Impairment in value of joint ventures		**882,117**	776,638
Impairment in value of receivable and other assets		**20,916**	4,850,253
Impairment in value of available for sale investments		**86,295**	-
Impairment in value of property plant and equipment		**2,458,481**	-
Provision for employee end of service benefit		**353,392**	64,454
		(2,871,248)	(2,806,455)
Changes in operating assets and liabilities:			
Accounts receivable and other assets		**963,386**	(5,886,203)
Properties under development		**(3,407,681)**	13,469,015
Trading properties		**419,927**	1,769,129
Accounts payable and other liabilities		**394,807**	786,041
Instalment payment due on purchase of property		**(12,714,203)**	(1,170,399)
Due to related parties		**1,421,368**	9,056,666
Advances received from customers		**5,360,183**	(9,608,729)
Net cash from operation		**(10,433,461)**	5,609,065
Payment of employee end of service benefit		**(135,077)**	(10,225)
Net cash (used in)/from operating activities		**(10,568,538)**	5,598,840
INVESTING ACTIVITIES			
Net additions of property, plant and equipment		**(102,706)**	(423,034)
Proceed on disposals of investment properties		**293,833**	405,401
Proceeds from disposal assets classifies as held for sale		**-**	19,146,814
Purchase of available for sale investments		**(97,518)**	(670,108)
Additions to capital work in progress		**(254,941)**	(7,090,620)
Interest income received		**(472,024)**	(282,586)
Net cash (used in)/from investing activities		**(633,356)**	11,085,867
FINANCING ACTIVITIES			
Issues of shares	24a	**-**	1,630,959
Acquisitions of non-controlling interests	7.1	**-**	(180,194)
Investment made by non-controlling interest		**1,472,627**	-
Purchase of treasury shares		**(3,953,902)**	(2,676,674)
Disposal of treasury shares		**3,383,802**	1,632,464
Increase in other non-current financial liabilities		**208,512**	2,622,272
Increase/(decrease) in term loans		**11,394,363**	(830,307)
Dividends paid		**-**	(6,822)
Finance costs paid		**(9,499,092)**	(8,624,864)
Net cash from/(used in) financing activities		**3,006,310**	(6,433,166)
Net (decrease)/increase in cash and cash equivalents		**(8,195,584)**	10,251,541
Cash and cash equivalents at beginning of the year	23	**14,246,337**	3,994,796
Cash and cash equivalents at end of the year	23	**6,050,753**	14,246,337

The notes set out on pages 26 to 72 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 Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Law No. 97 of 2013.

On 29 September 2013, Ministry of Commerce and Industry issued its regulation No. 425/2013 regarding the Executive by-laws of the Companies Law. All existing companies are required to comply with articles of these by-laws within one year from the date of its issuance. The Company has amended its Memorandum of Incorporation and Articles of Association according to the new Law and it was approved by the shareholders at the Extraordinary General Assembly held on 22 May 2014.

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 2015. 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 "statement of 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 financial statements are consistent with those used in previous year except as discussed 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 2014. Information on these new standards which are relevant to the Group is presented below:

Standard or Interpretation	Effective for annual periods beginning
IAS 32 Financial Instruments: Presentation – Amendments	1 January 2014
IAS 36 Impairment of Assets – Amendments	1 January 2014
IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments	1 January 2014
Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27	1 January 2014
IFRIC 21 Levies	1 January 2014

IAS 32 Financial Instruments: Presentation - Amendments

The amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off,
- that some gross settlement mechanisms may be considered equivalent to net settlement.

The amendments are required to be applied retrospectively. The adoption of the amendments had no material effect on the Group's financial statements for any periods presented.

IAS 36 Impairment of Assets - Amendments

The amendments to IAS 36 reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

The amendments have been applied retrospectively in accordance with their transitional provisions. The adoption of the amendments had no material effect on the disclosures in the Group's financial statements for any period presented.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting - Amendments

The Amendments to IAS 39 Financial Instruments: Recognition and Measurement make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

The adoption of the amendments had no material effect on the Group's financial statements for any period presented.

Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27

The Amendments define the term 'investment entity', provide supporting guidance and require investment entities to measure investments in the form of controlling interests in another entity at fair value through profit or loss.

The adoption of the amendments had no material effect on the Group's financial statements for any period presented.

IFRIC 21 Levies

IFRIC 21 clarifies that:

a) the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date
b) the same recognition principles apply in the annual and interim financial statements.

IFRIC 21 is required to be applied retrospectively in accordance with its transitional provisions, but had no material effect on the financial statements for any period presented.

4.2 IASB Standards issued but not yet effective

At the date of authorisation of these Group financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, but 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 be relevant to the Group's financial statements.

Standard or Interpretation	Effective for annual periods beginning
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2017
IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture – Amendments	1 January 2016
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 January 2016
Annual Improvements to IFRSs 2010 – 2012 Cycle	1 January 2014
Annual Improvements to IFRSs 2011 – 2013 Cycle	1 January 2014

4 Changes in accounting policies (continued)
4.2 IASB Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments
The IASB has replaced IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. IFRS 9 (2014) incorporates the final requirements on all three phases of the financial instruments projects: classification and measurement, impairment and hedge accounting. The new standard introduces extensive changes to ISA 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 an application of hedge accounting.

Although earlier application of his 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.

The Group's management have yet to assess the impact of this new standard on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and provides a new control-based revenue recognition model using five step approaches to all contracts with customers.

The five steps in the model are as follows:
- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligations.

The standard includes important guidance, such as
- Contracts involving the delivery of two or more goods or services – when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price, and when to combine contracts
- timing – whether revenue is required to be recognized over time or at a single point in time
- variable pricing and credit risk – addressing how to treat arrangements with variable or contingent (e.g. performance-based) pricing, and introducing an overall constraint on revenue
- time value – when to adjust a contract price for a financing component
- specific issues, including –
  o non-cash consideration and asset exchanges
  o contract costs
  o rights of return and other customer options
  o supplier repurchase options
  o warranties
  o principal versus agent
  o licencing
  o breakage
  o non-refundable upfront fees, and
  o consignment and bill-and-hold arrangements.

The Group's management have yet to assess the impact of IFRS 15 on these Group financial statements.

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 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 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 all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- *Statement of financial position and statement of profit or loss and other comprehensive income:* The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and provides additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

4 Changes in accounting policies (continued)
4.2 IASB Standards issued but not yet effective (continued)

- *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 financial statements.

IAS 16 and IAS 38 Clarifications 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 to the Group's 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 to the Group's financial statements.

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 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 to the Group's 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 statement of comprehensive income.

(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.

4 Changes in accounting policies (continued)
4.2 IASB Standards issued but not yet effective (continued)

(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.

These amendments are not expected to have any material impact to the Group's 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.

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

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 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.

5 Summary of Significant accounting policies (continued)

5.2 Business combinations (continued)

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 comprehensives income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within consolidated statement of 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.

5.4 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.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is made. The following specific recognition criteria should also be met before revenue is recognised;

5 Summary of Significant accounting policies (continued)

5.6 Revenue recognition (continued)

5.6.1 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 on the performance of services.

5.6.2 Revenue from sale of properties

Revenue on sale of condominiums is recognised when risk and reward related to property has been transferred to customer. Risk and reward are transferred when legal notice is served to customer to take the possession of the property or on actual hand over to the customer.

5.6.3 Revenue from 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 and fixtures and equipment	5-7 years
Yacht	10 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 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 Summary of Significant accounting policies (continued)

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. Property under development is stated after deducting cost of properties sold during the year.

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.

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.

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

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*

AFS 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 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. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in consolidated statement of 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 comprehensive income.

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

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 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", "instalment payment due on purchase of properties", "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 37.

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.

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.

5.18 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.

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

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 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 comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the 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 Summary of Significant accounting policies (continued)

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 consolidated 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 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.

6.1.2 Classification of real estate property

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

6.1.3 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 comprehensive income.

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 Significant management judgements and estimation uncertainty (continued)

6.1 Significant management judgments (continued)

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 2014 an impairment loss of KD86,295 (year ended 31 December 2013: KD Nil) 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 2014, an impairment loss of KD20,916 (year ended 31 December 2013: KD4,850,253) has been recognised for loans and receivables.

6.2.3 Percentage of completion

The Group recognises accrual for capital work in progress and 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 capital work in progress and property under development. Any change in estimate for determination of accruals for capital work in progress and property under development is recognised in current consolidated statement of financial position.

6.2.4 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.

6.2.5 Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

6.2.6 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. During the year ended 31 December 2014 an impairment loss of KD882,117 (year ended 31 December 2013: KD776,638) has been recognised on investment in associate and joint venture.

6.2.7 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.

6.2.8 Revaluation of investment properties

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 2014 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 Subsidiary companies

Details of groups 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 %	
				2014	**2013**
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%

The Non controlling interest of the above subsidiary is not individually material to the Group.

* During the year 2013 Group acquired the entire shareholding held by non-controlling interests (15%) with respect of IFA Hotels and Resort Limited, South Africa for a consideration of KD180,194 resulting in a loss of KD833,089 which has been recognised in equity. The proportionate net assets attributable to non-controlling interests at the date of acquisition amounted to KD (652,895).

7.2. Investments in associates and joint ventures

	31 Dec. 2014 (Audited) KD	31 Dec. 2013 (Audited) KD
Investments in joint ventures		
- Interest in Palm Golden Mile joint venture	-	13,474,575
- Interest in others	-	971,850
Investment in associate	6,524,798	6,967,025
	6,524,798	21,413,450

7.2.1 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 %	
		2014	**2013**
Interest in Zilwa Ltd (the principal activity of the joint venture is property development)	South Africa	50%	50%
Interest in Zimbali Estates (PTY) Ltd. (the principal activity of the joint venture is the sale of developed property)*	South Africa	-	50%
Interest in Palm Golden Mile Joint Venture (the principal activity of the Joint Venture is design, development, construction, marketing, sale of apartment and rental of shopping centers and residential apartments)	UAE	-	50%

* During the current year the remaining 50% was acquired by a South African Subsidiary and the entity has been included line by line on the consolidation. The impact of such on the Group's consolidated financial statements is not material.

7 Subsidiary companies, joint ventures and associates (continued)

7.2.2. All of the above joint ventures are accounted for using the equity method in these consolidated financial statements.

7.2.3. Palm Golden Mile Joint Venture

The Palm Golden Mile Joint Venture's asset and liabilities are held through two UAE companies, Souq Residence FZCO and Souq Plam FZCO.

The 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. 2014 KD	31 Dec. 2013 KD
Balance at the beginning of the year	13,474,575	18,851,905
Share of loss	(1,296,662)	(5,377,330)
	12,177,913	13,474,575
Investment in Joint Venture written off	(12,177,913)	
Balance at the end of the year	-	13,474,575

During the 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 AED 38.51(equivalent to KD3 Mn) million owed to the joint venture.

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

	31 Dec. 2014 KD	31 Dec. 2013 KD
Share of loss	1,296,662	5,377,330
Investment in Joint Venture written off	12,177,913	-
	13,474,575	5,377,330
Net Payable to joint venture written back	(2,889,044)	-
Consideration received (AED1)	-	-
Net loss from joint venture	10,585,531	5,377,330

7 Subsidiary companies, joint ventures and associates (continued)

7.2.4 During the year Group has impaired its interest in Zilwa Ltd by KD882,117 (2013: KD776,638).

7.2.5 Details of associate are as follows:

Name and particulars of the Company	**Interest in equity**		**31 Dec. 2014**	31 Dec. 2013
	2014	2013	**KD**	KD
Legend and IFA Developments (Pty) Ltd.(Registered in South Africa and its principal activity is property development and safari resorts accommodation and related service)	**50%**	50%	**6,524,798**	6,967,025
			6,524,798	6,967,025

The above is made-up as follows:

	31 Dec. 2014	31 Dec. 2013
	KD	KD
Equity investments	**15**	14
Shareholders loans	**7,378,849**	7,901,860
Less: provision for impairment in value of shareholders loan	**(854,066)**	(934,849)
	6,524,798	6,967,025

Summarised financial information in respect of the Group's associate, Legend and IFA Developments (Pty) Ltd. 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.

	31 Dec. 2014	31 Dec. 2013
	KD	KD
Non-current asssets	**18,682,153**	19,667,946
Current assets	**443,671**	423,022
Non-current liabilities	**(2,477,279)**	(2,779,790)
Current liabilities	**(18,535,466)**	(18,073,659)
Equity	**(1,886,921)**	(762,481)

7 Subsidiary companies, joint ventures and associates (continued)

	Year ended 31 Dec. 2014 KD	Year ended 31 Dec. 2013 KD
Revenue	**(2,554,816)**	3,307,487
Profit for the year	**(372,378)**	(260,471)
Other comprehensive income for the year	**(225,823)**	-
Total comprehensive income for the year	**(598,201)**	(260,471)

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

	31 Dec. 2014 KD	31 Dec. 2013 KD
Net assets of the associate attributable to the shareholders of the Group	**(1,886,921)**	(762,481)
Proportion of the Group's ownership interest in the associate	**50%**	50%
Proportionate ownership in the net assets of the associate	**(943,461)**	(381,240)
Other adjustments (unrecognised share of losses and foreign exchange translation)	**943,476**	381,254
Shareholder loan	**6,524,783**	6,967,011
Carrying value of the investment	**6,524,798**	6,967,025

Investment in Legend IFA Developments (Pty) Ltd., includes shareholder loans of KD6,524,783 which is non-interest bearing and carried at present value (31 December 2013: KD6,967,011). The loans are unsecured and are not repayable before 31 December 2015.

The accumulated unrecognised losses of Legend and IFA Development (Pty) Ltd amounted to KD564,345 (31 December 2013: KD492,481).

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

8 Revenue

	31 Dec. 2014 KD	31 Dec. 2013 KD
Revenue from sale of properties *	**1,945,834**	18,866,838
Revenue from hotel operations	**27,165,034**	18,640,656
Revenue from beach club operations	**1,951,877**	1,708,353
Management fees	**1,272,507**	853,059
Residential services income	**3,488,904**	2,595,593
Rental income	**613,044**	469,449
	36,437,200	43,133,948

* This represents the revenue from trading properties and properties under development which have been originally purchased by the Group and then developed and sold to customers.

9 Interest income

	31 Dec. 2014 KD	31 Dec. 2013 KD
Interest income on bank balances and deposits	**3,617**	13,102
Interest income on late payment by customers	**105,666**	216,935
Interest income on others	**362,741**	52,549
	472,024	282,586

10 Gain on disposal of asset classified as held for sale

During the year 2013 the Group disposed its 25% holding in Raiman land public Company Limited classified as an assets held for sale as at 31 December 2012 for a consideration equivalent to KD19, 146,814 resulting in a net gain of KD11, 239,885.

11 Other income

During the year 2013 the Group disposed its 25% holding in Raiman land public Company Limited classified as an assets held for sale as at 31 December 2012 for a consideration equivalent to KD19, 146,814 resulting in a net gain of KD11, 239,885.

	31 Dec. 2014 KD	31 Dec. 2013 KD
Advances from customers written-back on default of sales contracts	-	245,299
Reversal of provision (a)	-	2,278,011
Land department fees related to UAE subsidiary	-	(1,515,758)
Others	-	(1,052,421)
	-	(44,869)

a) On 17 May 2005, Souq Residence FZCO (Part of the UAE Joint Venture, Palm Golden Mile) entered into the sale and leaseback of certain properties in the UAE Joint Venture, Palm Golden Mile with Tamweel PJSC for which the Ultimate Parent Company acted as a guarantor. However, the amount payable against the finance agreement wentinto dispute and, based on prudence, Souq Residence FZCO as well as UAE subsidiary booked provision of KD2.3 Mn (equivalent to AED29.71Mn) and KD2.27 Mn (equivalent to AED29.47Mn) respectively, in this regard during the previous years.

During the previous year, the dispute has been settled by the ICC, International Court of Arbitration (the "Court"). As per the method of calculation in the Court's award, KD10.18 Mn (equivalent to AED131.73 Mn) has been determined as payable to Tamweel PJSC as at 30 June 2013.

Accordingly, during the previous year a further provision of KD7.88 Mn. (equivalent to AED102.02 Mn) has been recorded directly by Souq Residence FZCO, (50% of which is reflected in the share of results from Joint Venture during 2013) and consequently the amount which has been provided by the UAE subsidiary (KD2.27 Mn) has been reversed to other income in the previous year.

12 Other operating expenses and charges

Other operating expenses and charges include the following:

	31 Dec. 2014 KD	31 Dec. 2013 KD
Travel expenses	**263,622**	333,437
Office expenses	**3,256,995**	1,680,906
Hotel operations management fee	**983,679**	-
Hotel's property operation and maintenance	**1,934,507**	-
Administration and management fee	**146,591**	227,067
Loss from foreign currency exchange differences	**21,255**	12,672
Commissions paid	**211,027**	358,205
Rent	**341,081**	409,549
Professional fees	**567,379**	810,129
Legal expenses	**1,315,347**	220,639
Advertising	**171,371**	56,296
Utilities	**706,064**	326,260

13 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. 2014 KD	31 Dec. 2013 KD
Loans and receivables		
- Cash and cash equivalents	**3,617**	13,102
- Accounts receivable and other assets and shareholder loans to associates	**468,407**	269,484
- Impairment in value of receivable and other assets	**(20,916)**	(4,850,253)
Available for sale investments		
- Recognised directly in consolidated statement of comprehensive income	**(31,380)**	31,380
- Recycled from other comprehensive income to consolidated statement of profit or loss on impairment	**(86,295)**	-
	333,433	(4,536,287)
Net loss recognised in the consolidated statement of profit or loss	**364,813**	(4,567,667)
Net loss recognised in the consolidated statement of comprehensive income	**(31,380)**	31,380
	333,433	(4,536,287)

b. Finance costs

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

14 Tax expense relating to overseas subsidiaries

	31 Dec. 2014 KD	31 Dec. 2013 KD
Current tax:		
Current year charge	**(83,830)**	(16,117)
Deferred tax credit:		
Current year debit	**(53,333)**	(86,541)
	(137,163)	(102,658)

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

Basic and diluted (loss)/earnings per share is computed by dividing the (loss)/profit 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. 2014	31 Dec. 2013
(Loss)/profit for the year attributable to the owners of the Parent Company (KD)	**(29,920,281)**	3,102,122
Weighted average number of shares outstanding during the year (excluding treasury shares)	**610,099,168**	547,392,910
Basic and diluted (loss)/earnings per share	**(49.04) Fils**	5.67Fils

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	Yachts KD	Total KD
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 18)	**-**	**-**	**-**	**-**	**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 16.2)	**-**	**(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 and impairment	**-**	**(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**
Year ended 31 December 2013									
Opening net book amount	1,848,519	16,960,520	7,284,481	181,033	2,789,754	47,010	32,057	472,487	29,615,861
Additions	-	58,441	5,664	247,578	459,669	-	31,864	-	803,216
Transfers from capital working in progress (Note 17c)	6,344,121	88,751,769	-	-	3,365,825	3,225,803	-	-	101,687,518
Disposals	-	-	-	-	(11,368)	-	-	(368,814)	(380,182)
Foreign exchange adjustment	(326,903)	(2,074,350)	145,692	(20,203)	(389,235)	(4,474)	(2,837)	-	(2,672,310)
Depreciation for the year	-	(1,976,393)	(436,281)	(19,738)	(886,494)	(771,223)	(7,684)	(103,673)	(4,201,486)
Closing net book value	**7,865,737**	**101,719,987**	**6,999,556**	**388,670**	**5,328,151**	**2,497,116**	**53,400**	**-**	**124,852,617**
At 31 December 2013									
Cost	7,865,737	105,497,042	9,662,896	780,992	8,337,691	3,564,027	173,771	1,017,293	136,899,449
Accumulated depreciation	-	(3,777,055)	(2,663,340)	(392,322)	(3,009,540)	(1,066,911)	(120,371)	(1,017,293)	(12,046,832)
Net book value	**7,865,737**	**101,719,987**	**6,999,556**	**388,670**	**5,328,151**	**2,497,116**	**53,400**	**-**	**124,852,617**

16.1 Land and building with a carrying value of KD7,008,840 (31 December 2013: KD2,658,876) located in South Africa have been pledged as security for the term loan facility obtained by a South African subsidiaries and building with a carrying value of KD91,369,911 (2013: KD88,085,244) located in UAE, has been pledged as security for the term loan facility obtained by a UAE subsidiary (see note 29).

16.2 At the end of the year the Group recognised an impairment loss of KD2,458,481 (2013: KD Nil) against a Hotel Property in South Africa based on information available to management at the reporting date.

17 Capital work-in-progress

Capital work in progress represents mainly hotels and other capital projects under construction in UAE and United Kingdom and Europe (2013: in United Kingdom and Europe).

The movement in capital work in progress is as follows:

	31 Dec. 2014 KD	31 Dec. 2013 KD
Carrying value at the beginning of the year	**369,506**	87,166,638
Additions during the year	**254,941**	7,090,620
Transfer from properties under development (b)	**-**	10,077,085
Transferred to property under development (a)	**-**	(499,640)
Transferred to investments properties (18b)	**-**	(2,533,719)
Transfer from investments properties (18a)	**43,853,544**	-
Transferred to property, plant and equipment (b)	**-**	(101,687,518)
Foreign currency translation adjustment	**1,260,714**	756,040
Carrying value at the end of the year	**45,738,705**	369,506

The above balance consists of the following:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Land cost		
- Crescent, Palm Jumeirah (Kingdom of Sheba Hotel)	**45,133,824**	-
	45,133,824	-
Construction, piling and enabling work	**572,905**	369,506
Other construction related costs	**31,976**	-
	45,738,705	369,506

a) During the previous year UAE subsidiary transferred the cost of pent houses and condominiums in “Fairmont The Palm” to properties under development as the management intends to sell these once completed (refer note 21).

b) During the previous year the UAE subsidiary transferred the total cost of construction related to Moven Pick Hotel amounting to AED 130,365,984 (equivalent to KD10,077,085) which was under construction (included in property under development), to capital work in progress. Upon completion the UAE subsidiary transferred the total cost of construction of Fairmount The Palm and Moven Pick Hotels in UAE which amounted to AED1,315,518,660 (equivalents to KD101,687,518) from capital work in progress to Property, plant and equipment. The hotels have commenced commercial operations in 2013.

18 Investment properties

The Group's investment properties consist of the following:

	31 Dec. 2014 KD	31 Dec. 2013 KD
Portugal – Pinecliff Resorts (refer 29d)	**8,209,603**	9,187,934
Land – Crescent Palm Jumeriah (Plot A and B)	**-**	45,517,143
Private freehold land in "IFA Zimbali Hotels and Resorts" – South Africa	**-**	3,245
	8,209,603	54,708,322

18.1 The movement in investment properties is as follows:

	31 Dec. 2014 KD	31 Dec. 2013 KD
Carrying value at the beginning of the year	**54,708,322**	56,408,226
Transferred to property, plant, and equipment	**(3,102)**	-
Transfer from capital working in progress (note b)	**-**	2,533,719
Transferred to capital working in progress (a)	**(43,853,544)**	-
Transfer to properties under development (c)	**-**	(23,189,527)
Utilised in the settlement of dispute with Nakheel PJSC (d and Note 18.2)	**(15,550,902)**	-
Change in fair value (Note 18.2)	**13,623,707**	18,789,140
Disposal during the year *	**(316,436)**	(440,761)
Foreign currency translation adjustment	**(398,442)**	607,525
Carrying value at the end of the year	**8,209,603**	54,708,322

* The loss on disposal of investment properties amounted to KD22,603 (31 December 2013: KD35,360).

a) On December 31, 2014, based on market conditions the management of the UAE subsidiary decided to utilise 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) During the previous year, the management decided to call off the project for construction of the Kingdom of Sheba (KOS) Vacation Club on Plot A in UAE subsidiary and to hold the property for capital appreciation. Accordingly, plot A was transferred from capital work in pogress to investment properties (refer Note 17).

c) On 1 December 2013, the management decided to utilise a plot of land(plot C) included in investment property registered in the name of the UAE subsidiary for construction of a project. Accordingly KD23,189,527 (equivalent to AED300,000,000) being the fair value of the said plot on that date determined by an independent valuer, was transferred to property under development(refer note 21) and the difference in fair value and carrying amount was recognised as fair valuation gain during the previous year.

d) Due to the management's decision to call off the project for construction of Kingdom of Sheba Vacation Club on Plot A, the UAE subsidiary and Nakheel PJSC went into certain disputes. During the year, a settlement was initiated to resolve all the claims and disputes with Nakheel PJSC. As a result, on February 10, 2015 the title of plot A in the UAE subsidiary, having a carrying value of AED200Mn (KD15.55Mn), 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. The said event has been treated as an adjusting event in these consolidated financial statements.

18 Investment properties (continued)

18.2 Net (loss)/gain on investment property

	31 Dec. 2014 KD	31 Dec. 2013 KD
Fair value gain on:		
Investment properties in UAE		
- Plot A	-	12,925,966
- Plot B	13,529,285	3,864,921
- Plot C	-	1,932,461
Investment property in Portugal	94,422	65,792
	13,623,707	18,789,140
Loss on settlement of dispute (d above)	(15,550,902)	-
	(1,927,195)	18,789,140

Independent valuers were engaged to determine the fair market value of the land and they held relevant professional qualification and experience. The independent valuer's report for Plot B was dated December 31, 2014.

19 Available for sale investments

	31 Dec. 2014 KD	31 Dec. 2013 KD
Foreign investments – unquoted shares	7,087,827	6,990,310
Local investments – quoted shares	188,279	305,953
Local investments – unquoted shares	110,000	110,000
	7,386,106	7,406,263

a. During the year, the Group recognised an impairment loss of KD86,295 (2013: KD Nil) for local quoted shares as the market value of these shares, declined significantly below their cost.

b. Foreign and local unquoted investments of KD7,197,827 (2013: KD7,100,310) 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.

20 Accounts receivable and other assets

	31 Dec. 2014 KD	31 Dec. 2013 KD
Financial assets:		
Accounts receivable	**6,763,407**	4,296,723
Due from other related parties (note 36)	**2,862,522**	3,621,881
Loan to related parties (a)	**-**	283,479
Other financial assets	**6,129,762**	5,655,641
	15,755,691	13,857,724
Non-financial assets:		
Advance to contractors	**2,385,165**	253,799
Advance payment to acquire properties	**-**	3,312,286
Differed Tax assets	**482,237**	1,554,590
Other non-financial assets	**2,862,453**	3,491,449
	5,729,855	8,612,124
	21,485,546	22,469,848

a. Loan to related parties represented short term unsecured loans provided by the UAE subsidiary for an unspecified term but repayable on demand. The loan carried effective rate of 8% per annum on the principal amount of loan.

b. During the year Group recognised an impairment loss of KD20,916 and KD4,850,253 for the year ended 2013 against an amount from a related party based on information available at the reporting date.

21 Properties under development

The Group's properties under development consists of the following:

	31 Dec. 2014 KD	31 Dec. 2013 KD
Land cost:		
- The Trunk, Palm Jumeirah	**573,246**	552,639
- Kingdom of Sheba Heritage Place	**4,361,459**	4,204,668
- C14	**24,007,353**	23,144,310
- Balqis Residence	**24,809,745**	23,917,857
- Tilal Al Abadiyah	**4,593,976**	4,496,140
- Zimbali Prescint Real Estate	**425,472**	589,515
	58,771,251	56,905,129
Construction, piling and enabling works	**79,536,063**	74,916,302
Other construction related costs	**24,045,030**	22,036,577
	162,352,344	153,858,008
Less: Current Portion (a)	**(26,962,169)**	(26,448,558)
	135,390,175	127,409,450

The movement in properties under development is as follows:

	31 Dec. 2014 KD	31 Dec. 2013 KD
Carrying value at the beginning of the year	**153,858,008**	154,917,039
Additions during the year	**4,127,342**	5,652,407
Transfers to capital work in progress (Note 17b)	**-**	(10,077,085)
Transfers from capital work in progress (Note 17a)	**-**	499,640
Transfer to trading properties (b)	**-**	(1,042,988)
Transfer from investment properties (note 18c)	**-**	23,189,527
Cost absorbed during the year (b)	**(719,660)**	(19,121,422)
Foreign exchange adjustments	**5,086,654**	(159,110)
	162,352,344	153,858,008

21 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 within the next 12 months has been classified as current assets.

In the opinion of the management, there has been no impairment in the carrying values of the property under development as at 31 December 2014 (31 December 2013: Nil).

b) During the previous year the UAE subsidiary completed the construction of Laguna Tower residence FZE. Accordingly KD17,783,396 (equivalent to AED230,511,035) pertaining to sold units handed over to customer was transferred to cost of sales, and KD1,042,988 (equivalent AED13,493,005) relating to unsold units was transferred to trading properties.

c) 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 until April 2015; to ensure the notation is removed. A Presidential decree is issued that allows the Group legally to own the land and the legal formalities for the transfer of ownership are completed. Otherwise the original owner would have the right to take legal action to redeem the land on condition he repays the price he originally received from the subsidiary on the sale of the land (as adjusted for interest).

22 Trading properties

	31 Dec. 2014 KD	31 Dec. 2013 KD
Residential flats in Dubai, UAE	79,766	143,090
Properties in South Africa	3,822,397	4,179,000
	3,902,163	4,322,090

Trading properties in Dubai represented completed but unsold units of Laguna Tower Residence FZE. 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 29 b).

23 Cash and cash equivalents

	31 Dec. 2014 KD	31 Dec. 2013 KD
Cash and bank balances	**5,861,217**	13,887,658
Term deposits – due within three months	**189,536**	358,679
Cash and cash equivalents for cash flow purposes	**6,050,753**	14,246,337

The term deposits carry effective interest rates of 5.5%% per annum (2013: 5.5% per annum).

Cash and bank balances include escrow account balances maintained by UAE subsidiary amounting to KD305,885 (31 December 2013: KD1,767,257) which are subject to Law No 8 of 2007 concerning guarantee accounts of real estate developments in the Emirates of Dubai.

Term deposits include a short term deposit of KD189,536 (31 December 2013: KD283,305) placed with one of the joint venture's by a South African subsidiary.

24 Share capital and Share Premium

	31 Dec 2014		31 December 2013	
	Authorised	Paid-up	**Authorised**	Paid-up
Shares of KD0.100 each	**635,434,200**	635,434,200	**635,434,200**	635,434,200

a) At the ordinary and extra-ordinary General Meeting held on 10 July 2013, the shareholders of the Parent Company approved to increase the paid up share capital by 181,552,200 shares (40%) by way of an issue of shares, at par value of 100 fils per share and premium of 80 fils per share. On 29 August 2013, the Parent Company's Article of Association has been amended to incorporate the revised authorised share capital of KD63,543,420 (consisting of 635,434,200 shares of 100 Fils each) and this was recorded in the register of Ministry of Commerce on 8 December 2013.

Accordingly during the previous year the Parent Company completed the relevant formalities with regards to capital increase which resulted in an increase in the issued share capital and share premium by KD18,155,220 and KD14,524,176 respectively. The increase was done partly by cash (KD1,630,959) and the balance by way of utilising "due to related parties" (KD21,104,800) and, term loan from a related party (KD9,943,637).

b) Share premium is not available for distribution.

25 Treasury shares

	31 Dec. 2014	31 Dec. 2013
Number of shares	**26,988,002**	24,791,702
Percentage of issued shares	**4.25%**	3.9%
Market value (KD)	**5,397,600**	6,693,760
Cost (KD)	**12,519,938**	16,853,183

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

26 Statutory and voluntary reserves

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.

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.

27 Instalments due on purchase of properties and other liability

a) Instalment due on purchase of properties

These instalments as at 31 December 2013 represented amounts payable on purchase of land in various projects in the UAE subsidiary. The maturity details of the instalments due were as follows:

	31 Dec. 2014 KD	31 Dec. 2013 KD
Total amount due	**-**	1,178,152
Amounts due within one year (note 31)	**-**	(1,178,152)
Amounts due after one year	**-**	-

b) Other liability

	31 Dec. 2014 KD	31 Dec. 2013 KD
Payable to contractor	**12,840,747**	14,126,006
Less: Amounts due within one year (note 31)	**(12,840,747)**	(1,411,803)
Total amount due after one year	**-**	12,714,203

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 AED160,460,181 (equivalent to KD12,840,747 at 31 December 2014), which is due to be paid on March 31, 2015, and has been categorised as a current liability under trade and other payables.

28 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 KD11.515). 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.

b. 127,610.50 Series B Preferred Shares with a par value of USD 0.0001 (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 KD11.515). 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.

29 Term loans

	Effective interest rates %	31 Dec. 2014 KD	31 Dec. 2013 KD
Term loan – UAE	5% - 18%	**81,756,609**	66,380,541
Term loan – South Africa	2% - 9.25%	**12,006,329**	14,313,208
Term loan – Jersey	4.5%	**260,241**	338,314
Term loan – Lebanon	8.6%	**2,772,697**	3,213,988
Term loan – Portugal	6.5%	**4,859,277**	6,014,740
		101,655,154	90,260,791
Less: Amount due within one year		**(23,201,698)**	(8,394,812)
Amount due after more than one year		**78,453,456**	81,865,979

a. Term loans represent loans obtained by the Parent Company and 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 KD7,008,840 (31 December 2013: KD2,544,348).
- The mortgage of properties under development with a carrying value of KD3,957,258 (2013: KD2,621,893).
- The mortgage of trading properties with a carrying value of KD3,822,397 (2013: KD4,179,000).

c. The loan obtained by the Lebanon subsidiary is secured by Land Plots (classified as properties under development) amounting to KD4,232,016 (31 December 2013: KD4,079,880).

d. The loan obtained by the Portugal subsidiaries is secured by investments properties with a carrying value of KD8,209,603 (31 December 2013: KD9,187,934).

29 Term loans (continued)

e. *Loan obtained by UAE subsidiaries amounting to KD4,705,156 (2013: KD6,820,977) from Drake & Scull International Company (DSI):*
This includes 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 serves 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.

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, would be repaid by way of a post dated cheque, having maturity date of 30 June 2015, and the remaining balance of KD2,363,013 (equivalent to AED29,530,284) relating to the additional credit facility be repaid by way of three equal post-dated cheques, having maturity dates of 31 May 2014, 31 October 2014 and 31 March 2015. In return of these post-dated cheques, all guarantees furnished by the Parent Company as the guarantor expired. The addendum also obligated the UAE subsidiary to bear all discounting costs borne by DSI in relation to the post-dated cheques, and to pay these costs along with the loan repayments.

f. *Loan obtained by UAE subsidiaries amounting to KD51,222,951 (2013: KD45,366,215) from a foreign bank:*
On 13 December 2010, Trunk Propco FZE (a UAE sub – subsidiary) secured a KD33,797,350 (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 September 15, 2013, Trunk Propco FZE and IFA HI Trunk FZE, sub-subsidiaries of the UAE subsidiary, extended an increased the credit facility agreement with the foreign bank to KD51,430,750 (equivalent to USD175,000,000) (the 'Second Facility'). The Second Facility requires a Debt Service Reserve (DSR) amounting to KD2,351,120 (equivalent to USD8,000,000) to be maintained with the foreign bank. "Fairmont The Palm Hotel", included under property, plant and equipment, is pledged against the second facility. Repayments are due from June 30, 2015 until June 30, 2018.

KD51,222,951 (equivalent to USD175,000,000), have been utilised under the Second Facility as at year end.

g. *Loan obtained by UAE subsidiaries amounting to KD5,033,595 (2013: KD1,527,040) 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 KD5,633,254 (equivalent to AED70,394,113) specifically for its Laguna Tower project. Amounts drawn under this facility will 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 KD6,536,246 (equivalent to AED81,678,049). 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. GTCC & RGCC is entitled to get the post dated cheque discounted from any financial institution and the UAE subsidiary has to bear the discounting or other charges incurred thereon.

29 Term loans (continued)

h. *Loan obtained by UAE subsidiary amounting to KD10,254,456 (2013: KD 12,666,309) from Invest bank:*
On July 18, 2013, the UAE subsidiary obtained a Real Estate Loan from Invest Bank PSC for an amount of KD4,321,324 (equivalent to AED54,000,000 (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 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 September 14, 2013, an addendum to the First IB Loan facility was executed to obtain a further loan of KD9,202,819 (equivalent to AED115,000,000) ,the 'Second IB Loan'. The Second IB Loan has been drawn on December 31, 2013 and is payable in three equal instalments after a grace period of 12 months from the date of draw down. 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.

i. *Loan obtained by UAE subsidiary amounting to KD9,062,417 (2013: KD Nil) from C View Fourteen Limited.:*
During the year ended December 31, 2013, the UAE subsidiary entered into investment arrangements with C View Fourteen Limited (the "Investor"). In relation to these investment arrangements, KD8,486,247 (equivalent to AED110,000,000) 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, upon finalisation of these investment arrangements, KD8,486,247 (equivalent to AED110,000,000) has been transferred to term loans (note 31). 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 January 1, 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.

30 Retention payable

	31 Dec. 2014 KD	31 Dec. 2013 KD
Retention payable	**208,512**	2,019,055
Payable within one year (note 31)	**-**	(2,019,055)
Payable after one year	**208,512**	-

31 Accounts payable and other liabilities

	31 Dec. 2014 KD	31 Dec. 2013 KD
Accounts payable (a)	**23,589,220**	9,945,173
Accrued construction costs	**1,123,249**	2,840,317
Instalment payments due on purchase of properties – current portion (note 27a)	**-**	1,178,152
Other accruals (b)	**3,289,593**	6,342,598
Deferred tax	**173,644**	1,100,343
Deferred income	**1,534,122**	1,595,738
Dividend payable	**515,320**	517,645
Retentions payable – curent portion (note 30)	**-**	2,019,055
KFAS, NLST and Zakat payables	**3,581,890**	3,581,890
Refundable deposits due to customers in relation to forfeited sale contracts	**3,456,366**	1,985,862
Land transfer fee payable	**2,847,315**	1,131,461
Advance received (c)	**-**	8,486,247
Other payables	**6,739,441**	5,611,530
	46,850,160	46,336,011

(a) Accounts payable includes current portion of other liabilities amounting to KD12,840,747 (2013: 1,411,803) (refer note 27 b).

(b) Accrued expenses include the accruals against legal cases filed against the UAE subsidiary (note 35).

(c) This represents AED110 Mn received by the UAE subsidiary and it has been transferred to term loans during the year (note 29 i).

32 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 completed within next twelve months have been classified as current liabilities.

	31 Dec. 2014 KD	31 Dec. 2013 KD
Balance at the beginning of the year	**129,223,851**	138,832,580
Advances received during the year	**2,139,587**	5,592,921
Revenue recognised during the year	**(1,279,990)**	(16,086,692)
Unallocated deposits transferred to other payable	**(156,025)**	-
Foreign exchange adjustment	**4,656,611**	885,042
Balance at end of the year	**134,584,034**	129,223,851
Less: Current portion	**(15,092,659)**	(14,835,988)
	119,491,375	114,387,863

33 Proposed distributions and proposal to set off of losses

The board of directors of the Parent Company propose not to distribute any dividend for the year ended 31 December 2014 (31 December 2013: Nil). This proposal is subject to the approval of the annual general assembly of shareholders.

Subject to the requisite consent of the relevant authorities and approval from the shareholders at the General Assembly, the board of directors propose to set off the accumulated losses against voluntary reserve, legal reserve and share premium.

34 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. 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)

34 Segmental information (continued)

	Year Ended 31 Dec. 2013				
	Property development KD	Hoteliering KD	Investments KD	Others KD	Total KD
Segment revenue	**38,945,752**	**20,349,009**	**6,697,300**	**(3,275,752)**	**62,716,309**
Less:					
Net income from ticket sale and related services					(193,172)
Fees and commission income					(155,739)
Net gain from investment properties					(18,789,140)
Loss on disposal of investment properties					35,360
Net loss from investment in joint venture and associates					5,371,041
Impairment in value of joint ventures					776,638
Impairment in value of receivable other assets					4,850,253
Gain on disposal of assets classified as held for sale					(11,239,885)
Interest income					(282,586)
Other income					44,869
Revenue as per consolidated statement of profit or loss					43,133,948
Segment profit/(loss) before taxation, KFAS, NLST and Zakat	(107,905)	(1,244,374)	9,214,570	(4,846,403)	3,015,888
Depreciation	3,309,415	779,708	103,784	8,579	4,201,486
Impairment in value of receivable and other assets	-	-	-	(4,850,253)	(4,850,253)
Impairment in value of joint ventures	-	-	(776,638)	-	(776,638)
Segment assets	336,994,282	28,961,059	37,345,396	564,952	403,865,689
Segment liabilities	(264,975,433)	(27,127,330)	(30,059,165)	(333,386)	(322,495,314)

Geographical segments:

The geographical analysis is as follows:

	Assets		Revenue	
	31 Dec. 2014	31 Dec. 2013	**31 Dec. 2014**	31 Dec. 2013
Kuwait	**17,465,610**	16,436,902	**155,820**	325,107
UAE and Asia	**321,405,358**	335,750,741	**16,031,494**	54,289,742
Africa	**29,305,307**	35,406,817	**1,706,642**	4,425,010
Others	**13,905,805**	16,271,229	**3,284,422**	3,676,450
	382,082,080	403,865,689	**21,178,378**	62,716,309

35 Capital commitments and contingencies

Capital expenditure commitments
At 31 December 2014, 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. 2014 KD	31 Dec. 2013 KD
Estimated and contracted capital expenditure for construction of properties under development and trading properties	**27,001,086**	15,633,091
	27,001,086	15,633,091

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

Contingencies
Certain customers have initiated legal proceeding against the UAE Group for the delay in completion of its projects and cancellation of units. Based on the legal opinion of the UAE Group's legal advisors, the Group has sufficiently provided for the expected loss that could accrue from these litigations (Note 31).

36 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. 2014 KD	31 Dec. 2013 KD
Balances included in the consolidated statement of financial position:		
Loans to related party (note 20)	**-**	283,479
Amounts due from other related parties (note 20)	**2,862,522**	3,621,881
Amounts due to ultimate Parent Company	**15,895,488**	15,201,968
Amounts due to other related parties	**25,873,933**	25,146,085
Short term deposit placed with joint venture (note 23)	**189,536**	283,305
Term loan (note 29)	**1,300,000**	-

36 Related party transactions (continued)

	Year ended 31 Dec. 2014 KD	Year ended 31 Dec. 2013 KD
Transactions included in the consolidated statement of income		
Interest income	-	169,725
Finance costs	373,202	1,019,715
Impairment in value of receivable and other assets (note 20 b)	-	4,850,253
Impairment in value of joint venture (note 7)	882,117	776,638
Compensation of key management personnel of the Group		
Short-term employee benefits	816,457	631,136

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 KD9,419,882 (31 December 2013: KD9,476,468) 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 KD16,454,051 (31 December 2013: KD15,669,617) 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.

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

37.1 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. 2014 KD	31 Dec. 2013 KD
Financial assets:		
Available for sale investments		
- at cost or cost less impairment	7,197,827	7,100,310
- at fair value	188,279	305,953
	7,386,106	7,406,263
Loans and receivables (at amortised costs):		
- Loans to associates (note 7)	6,524,783	6,967,011
- Accounts receivable and other assets (note 20)	15,755,691	13,857,724
- Cash and cash equivalents	6,050,753	14,246,337
	28,331,227	35,071,072
Total financial assets	35,717,333	42,477,335
Financial liabilities at (amortised cost):		
- Term loans	101,655,154	90,260,791
- Instalments due on purchase of properties and other liability	-	12,714,203
- Redeemable preference shares	2,939,281	2,833,616
- Retention payable	208,512	-
- Due to related parties	41,769,421	40,348,053
- Accounts payable and other liabilities	46,850,160	46,336,011
Total financial liabilities	193,422,528	192,492,674

37.2 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 19 to the consolidated financial statements) at fair value and measurement details are disclosed in note 37.3 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 37.4).

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

37.3 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy.

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

31 December 2013	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total Balance KD
Assets at fair value					
Available for sale investments					
- Quoted shares	a	305,953	-	-	305,953
Total assets		305,953	-	-	305,953

Measurement at fair value

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.

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

37.4 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 2014:

Investment properties	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
- Apartments in Portugal			**8,209,603**	**8,209,603**
	-	**-**	**8,209,603**	**8,209,603**

31 December 2013 **Investment properties**	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
- Land in UAE	-	-	45,517,143	45,517,143
- Apartments in Portugal	-	-	9,191,179	9,191,179
	-	-	54,708,322	54,708,322

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 (2013: 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:

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Apartments in Portugal	Market comparison approach	Estimated market price (per sqf)	KD99.73 to KD216.31	The higher the estimated market price, the higher the fair value
Land in UAE	Residual approach	Construction period	1.5 - 3 years	The higher the construction period , the lower the fair value
		Average Daily Rate (ADR)	KD117.26 with 3% increase	The higher Average Daily Rate, the higher the fair value
		WACC	10% - 10.75%	The higher WACC, the lower the fair value
	Market comparison approach	Estimated Market price (per sqf)	KD192.87 to KD231.44	The higher the estimated Market price, the higher the fair value
Apartments in Portugal	Market comparison approach	Estimated market price (per sqf)	KD108.86 to KD236.11	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 18.

38 Risk management objectives and policies

The Group's principal financial liabilities comprise "instalments due on purchase of properties and other libility", "redeemable preference shares", "term loans", "other non-current financial liabilities", "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.

38.1 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. 2014 Equivalent KD	31 Dec. 2013 Equivalent KD
US Dollars	**611,903**	86,203
Euro	**259,784**	152,319

38 Risk management objectives and policies (continued)

38.1 Market risk (continued)

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. 2014		31 Dec. 2013	
	Inc/(Dec)	**Profit for the year**	Inc/(Dec)	Profit for the year
	%	**KD**	%	KD
US Dollars	**2.83%**	**17,297**	0.22%	187
	(2.83)%	**(17,297)**	(0.22)%	(187)
Euro	**6.80%**	**17,675**	2.16%	3,289
	(6.80)%	**(17,675)**	(2.16)%	(3,289)

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.

38 Risk management objectives and policies (continued)

38.1 Market risk (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 for the year to a possible change in interest rates of + 1% and – 1% (2013: + 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. 2014	31 Dec. 2013	**31 Dec. 2014**	31 Dec. 2013
	1%	1%	**1%**	1%
	KD	KD	**KD**	KD
Profit for the year	**(1,297,505)**	(827,084)	**1,297,505**	827,084

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 exposed to equity price risk with respect to its listed equity investments which are primarily located in Kuwait. Equity investments are classified as available for sale investments.

The equity price risk sensitivity is determined on the exposure to equity price risks at the reporting date. If equity prices had been 10% higher/lower, the effect on the other comprehensive income for the year ended 31 December would have been as follows:

A positive number below indicates an increase in other comprehensive income where the equity prices increase by 10%. All other variables are held constant.

	Other Comprehensive Income	
	31 Dec. 2014	31 Dec. 2013
	KD	KD
Available for sale investments	**18,828**	30,595
	18,828	30,595

For a 10% decrease in the equity prices there would be an equal and opposite impact on the other comprehensive income.

38 Risk management objectives and policies (continued)

38.2 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. 2014 KD	31 Dec. 2013 KD
Available for sale investments	**7,386,106**	7,406,263
Loans to associates (note 7)	**6,524,783**	6,967,011
Accounts receivable and other assets (note 20)	**15,755,691**	13,857,724
Cash and cash equivalents	**6,050,753**	14,246,337
	35,717,333	42,477,335

Except for certain available for sale investments, loans to associates and due from related parties referred in notes 19, 7, and 20 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.

38.3 Concentration of assets

The distribution of financial assets by geographic region for 2014 and 2013 are as follows:

	Kuwait KD	Asia & Middle East KD	Africa KD	UK & Europe KD	Total KD
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 assets (note 20)	**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**
At 31 December 2013					
Available for sale investments	415,953	4,185,921	44,042	2,760,347	7,406,263
Loans to associates (note 7)	-	-	6,967,011	-	6,967,011
Accounts receivable and other asset (note 20)	3,644,280	7,139,405	1,962,498	1,111,541	13,857,724
Cash and cash equivalents	248,875	13,661,142	(32,430)	368,750	14,246,337
	4,309,108	24,986,468	8,941,121	4,240,638	42,477,335

38 Risk management objectives and policies (continued)

38.4 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 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**
Retention payable	**-**	**-**	**-**	**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**
At 31 December 2013						
Financial liabilities						
Redeemable preference shares	-	-	-	2,833,616	-	2,833,616
Term loans	-	2,296,024	7,463,752	81,943,270	-	91,703,046
Instalments due on purchase of properties and other liability	-	-	-	12,714,203	-	12,714,203
Due to related parties	-	40,348,053	-	-	-	40,348,053
Accounts payable and other liabilities	-	46,336,011	-	-	-	46,336,011
	-	88,980,088	7,463,752	97,491,089	-	193,934,929

39 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. 2014 KD	31 Dec. 2013 KD
Profit attributable to the owners of the Parent Company	(29,920,281)	3,102,122
Equity attributable to the owners of the Parent Company	52,795,598	82,116,261
Return on equity attributable to the owners of the Parent Company	(56.67)%	3.78%

40 Post-reporting date events

During the year, an out of court settlement was initiated to resolve all the claims and disputes with Nakheel PJSC in the UAE subsidiary. Some of these claims and disputes were settled before the yearend (refer note 7), while others were settled subsequent to the year end (refer note 18 (d)). For the purposes of these consolidated financial statements, claims and disputes settled subsequent to the yearend have been considered as adjusting events.

41 Comparative amounts

Comparative figures have been restated due to adoption of IFRS11 (note 7). 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.