ANNUAL REPORT 2013

Palm Jumeirah, Dubai

Contents

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

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

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

32 Projects

12 Countries

4 Continents

Over 8,853 keys


Fairmont The Palm, Dubai Residence, Palm Jumeirah, Dubai

Project Highlights:

Middle East
Kingdom of Sheba, Palm Jumeirah, Dubai
Residences, Palm Jumeirah, Dubai
Fairmont The Palm, Dubai
Fairmont Heritage Place, The Palm, Dubai
Golden Mile, Palm Jumeirah, 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, 2013

Net Profit (KD)
3,102,122

Earning Per Share (Fils)
5.67

Currency	2013 KD	2012 (Restated) KD
Total Income (Millions)	29,770,016	23,186,103
Shareholders' equity (Millions)	82,116,261	51,382,063
Net profit (Millions)	3,102,122	2,979,773
Earnings Per Share (Fils)	5.67	5.57
Total Assets (Millions)	403,865,689	402,230,538

Net Profit (USD)
10,948,988

Earning Per Share (USD)
2 Cents

Currency	2013 USD	2012 (Restated) USD
Total Income (Millions)	105,073,735	82,366,263
Shareholders' equity (Millions)	289,830,622	182,529,531
Net profit (Millions)	10,948,988	10,585,339
Earnings Per Share (Cents)	2	2
Total Assets (Millions)	1,425,450,239	1,428,882,906

Board Members

Talal Jassim Al-Bahar – Chairman and Group CEO
Ibrahim Saleh Al-Therban – Vice Chairman
Abdulwahab Ahmad Al-Nakib – Member of the Board
Abeyya Ahmed Al-Qatami – Member of the Board
Werner Burger – Member of the Board
Emad Al Essa – Member of the Board

Message from the Chairman and Vice Chairman

Mövenpick Hotel Jumeirah Lakes Towers, Dubai

Laguna Tower, Dubai

Dear Shareholders, For the fiscal year 2013, IFA Hotels & Resorts recorded year end revenue of KD29,770,016 (US$105,073,735), with net profits totalling KD3,102,122 (US$10,948,988) which is 5.67fils per share. Shareholders' equity increased to KD82,116,261 (US$289,830,622) year on year, while the company's total assets also increased 0.41% to KD403,865,689 (US$1,425,450,239) compared to KD402,230,538 (US$1,428,882,906) for 2012.

In last year's annual report we addressed the restructuring of our assets to maximize efficiencies and free capital for new strategic investments. With a continued focus on preparing the company for future growth, 2013 saw us concentrate our efforts on evolving the company even further – from revising and refining the very structure of the organization to refreshing the look and feel of our corporate branding.

In terms of organizational reform, we have added a new Head Office function, which I continue to lead as Chairman and Group CEO of IFA Hotels & Resorts. Reporting into Head Office are now three Regional Offices, each lead by an accomplished CEO.

A former President of IFA Hotels & Resorts Middle East, Werner Burger assumes the role of CEO, IFA Hotels & Resorts South Africa. In addition, Werner will also take on the responsibility of leading the Executive Committee to facilitate collaboration between the Regional Offices and ensure that our company-wide strategies are well aligned. Joe Sita will continue to be responsible for all operational assets on a global scale as CEO, IFA Hotel Investments. As we bring new projects from our pipeline to market, the company's plans for the Middle East warranted a dedicated CEO and as a result, Khaled Esbaitah was appointed CEO IFA Hotels & Resorts, Middle East in April 2013.

To facilitate our renewed focus on targeted growth, the position of Chief Investment Officer was added to the Head Office function and this global role has been taken on by Hubert Viriot, who is re-joining the company after an incredible five years as the CEO of Thai real estate developer Raimon Land. As a non-core asset, we exited Raimon Land in 2013. This strategic decision not only allowed Hubert to re-join us, but is also in line with our focus on consolidating our portfolio in key markets.

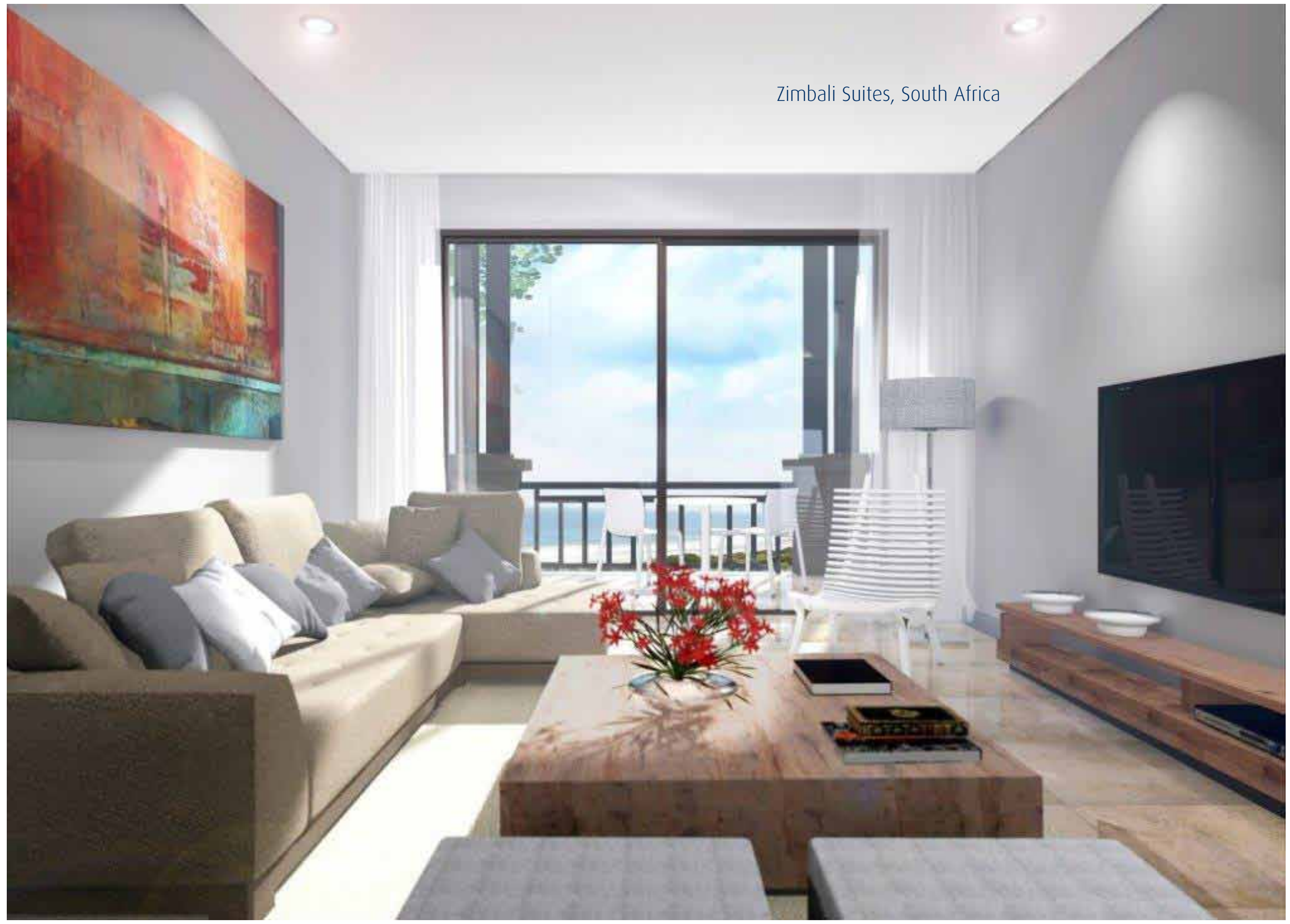
In the following pages, each division will address its progress in 2013 and its plans for 2014 in detail; however, I would like to highlight a few key achievements over the last year of which I am particularly proud.

As predicted, the interest in YOTEL for major market centres has been extremely high. Last year, IFA HI, under Joe's guidance, solidified a deal on Singapore's famous Orchard Road. We have also entered into an agreement with Capitas Group International to help facilitate the entry of YOTEL in Saudi Arabia.

In October, we welcomed Mövenpick Hotel Jumeirah Lakes Towers into our operational folds and since opening its doors, the hotel has exceeded our expectations in every way. It continues to outperform its competitive set in occupancy, RevPAR and ADR. The residential component of this mixed-use building - Laguna Tower - was also successfully handed over earlier in the year.

A significant amount of time and energy over the last year was also spent on laying the foundation for two new business lines: first, a franchising agreement with North America's largest real estate agency; and, second, the development of a global Vacation Club Venture.

YOTEL New York, USA


Zimbali Suites, South Africa

The company's initial franchise agreement with real estate agency Keller Williams was formed in South Africa last year and has been incredibly successful. In the first-ever IFA HR-Keller Williams event, our Zimbali Suites product in South Africa was sold out just a few hours after launching. The partnership, solidified by Werner, has been so mutually beneficial that we will be bringing the franchise to Dubai in 2014 with an eye on expanding across the Middle East.

Fundamentals were also put in place over the course of 2013 for this year's launch of our Vacation Club Venture. Following extensive market research and a detailed business plan, we recruited our first executive to lead the Vacation Club with the aim of bringing it to market in 2014. Naming and branding work is currently underway and we expect it to be revealed at the 2014 Arabian Hotel Investment Conference.

In addition to rolling out the Keller Williams franchise in Dubai and the Vacation Club, 2014 has already seen the much-anticipated launch of our newest development – The 8. The 8 has been Khaled's focus since joining and is a mixed-use residential resort which sits on a plot adjacent to Kingdom of Sheba on the crescent of the Palm Jumeirah.

Overall, we are well placed to make the most of the recovering real estate market in Dubai during the year ahead while continuing to focus on expanding our development pipeline. Our South African operation is making great strides towards becoming a profit centre for the group with its newest product launches being extremely well received. Beyond our core markets of the Middle East and Africa; the US, Europe and Asia will continue to be a focus for the expansion of YOTEL well into 2014 and beyond.

After what were undeniably a few tough years for business around the world, 2013 has been a good year for the company. Our structure has been revised, our focus has been clarified and we are ready to tackle what lies ahead. With this ethos in mind, we also decided the time was right to update the company branding. The clean blue and white of our new look is a reflection of our renewed energy and focus. We hope you like it.

Neither change nor success are possible without support and so I would like to take this opportunity to thank all our partners and employees for their contributions during the last year and for their commitment in the busy months that lie ahead.

As we enter 2014, we have the utmost confidence that the coming year will see us further increase our profitability and maximize shareholders' value. May 2014 be a prosperous year for us all.

Sincerely,

Talal Jassim Al-Bahar
Chairman & Group CEO

Ibrahim Saleh Al-Therban
Vice Chairman

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

Zimbali Suites, South Africa

Legend Golf & Safari Resort, South Africa

IFA Hotels & Resorts South Africa 2013

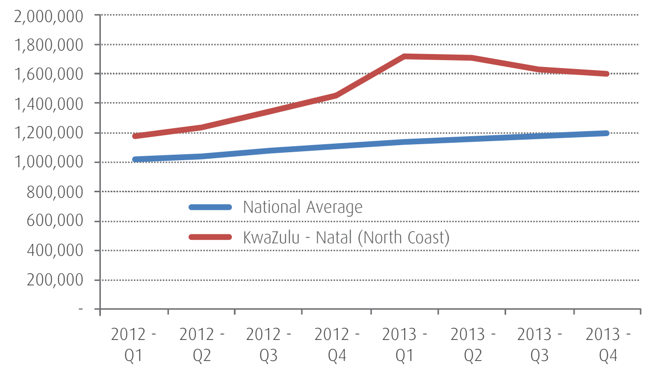
The fiscal year 2013 for IFA Hotels & Resorts South Africa has moved towards profitability much in the manner we expected. We have been successful in reducing overheads across the portfolio and have made strategic investments into our operational properties. Our budgets for the coming year reflect our belief that these changes should result in increased revenue generation for 2014. The refinancing of existing loan facilities will also be a focus for the year ahead.

Without a doubt, the standout moment for IFA HR SA in 2013 was the incredible response to the launch of Zimbali Suites. Selling out within hours of launching, the demand for this product reconfirms our belief that Zimbali Coastal Resort will become a robust profit-centre for the company in the near future. As economies of scale are put in place and revenues increase, our projections for 2014 put us back into a position of profitability nearing ZAR24million.

Zimbali Suites

Zimbali Suites is our newest property development, located directly alongside the prestigious Fairmont Zimbali Hotel and Resort and within close, convenient proximity to the King Shaka International airport and neighbouring Ballito. The development features 131 exclusive apartments, a five-star golf course and a range of services, activities and amenities. Located along one of the most prestigious parts of the Kwa-Zulu Natal's breathtaking Dolphin Coast, Zimbali Suites offers an idyllic escape from city living.

Property Prices in South Africa 2013 per month vs 2012



The one-, two-, and three-bedroom condos were sold as turn-key properties, complete with a rental programme managed by a dedicated operations team. The project launched on November 2nd, 2013 and sold out within hours of release; in fact, investors began lining up outside the doors at 2am to secure their opportunity to buy. It was the first project jointly launched by IFA HR and Keller Williams and laid the foundation on which IFA HR was later awarded the Keller Williams master franchise for the Middle East. The project is scheduled for completion in December 2015.

Zimbali Ocean Club

With Zimbali Coastal Resort practically complete, our partnership with TongaatHulett Developments has set its sights on the next chapter in the Zimbali success story – Zimbali Lakes Resort. Zimbali Lakes Resort is located across from Zimbali Coastal Resort amidst the lakes on the northern banks of the breathtaking and gently flowing Tongati River. The development will echo the ethos and outstanding development principles of Zimbali Coastal Resort, featuring contemporary apartments, hotels, exclusive residences and world-class facilities.

Situated on a prime parcel of elevated land with breathtaking ocean vistas, Ocean Club Zimbali will be the catalyst from which the rest of the resort is developed. Ocean Club Zimbali offers 124 hotel condos, 99 residential units and 152 hotel suites. The development totals 375 units, of which 267 (71%) have already

Fairmont Zimbali Lodge, South Africa

been sold. Each unit will be professionally operated and managed by a world-class hotel management company.

Unique features of the new resort include the addition of another signature championship golf course that will make extensive use of the dramatic undulating terrain and breathtaking views, a state-of-the-art driving range and golf academy.

Located on the beach, the new Zimbali Lakes Beach Club will provide a unique beach experience for residents with its pools, decked areas, beach bars, restaurants, shaded loungers and refreshment kiosks.

Fairmont Zimbali Resort & Fairmont Zimbali Lodge

Although the resort achieved lower than budgeted occupancy, it earned higher average daily rates during 2013. In the lodge, overall EBITDA exceeded the results achieved in 2012. The main focus on operational property was on the Fairmont Zimbali Resort this year; with a number of changes implemented to drive event traffic as well as food and beverage spend across the resort.

In December 2013, the Coral Tree Restaurant doubled its seating capacity through the construction of a covered deck, while Mkhaza Beach Club also constructed a new deck to be utilized for events. Additionally, Mkhaza Beach Club has introduced a Mexican themed menu which has resulted in a higher average check for the operation. A newly introduced Asian theme at the OSA Restaurant has also resulted in revenues higher than budget for 2013. These improvements, along with positive guest feedback on Tripadvisor and the appointment of a new General Manager for the hotel, are the foundation for what we predict to be an encouraging year ahead.

Legend Lodges Golf & Safari Resort

Total Revenue during 2013 for Legend exceeded results achieved in 2012 by nearly 17%. A higher Average Daily Rate coupled with a strong occupancy resulted in an EBITDA exceeding earnings of 2012 by almost 200%. Legend placed a continued focus on property improvements during 2013; with a number of "soft" upgrades to rooms and public areas of the operation.

Entabeni Lodges

Entabeni completed major CAPEX projects at two of its lodges resulting in increased occupancy from international tour groups. LID focused on stabilizing food costs and decreasing food cost per guest to improve profitability of F&B outlets.

Looking Forward

As we move into 2014 we will continue to maximize efficiencies across the South African portfolio. One of our greatest challenges is the expenditure required on infrastructure to service what was a limited number of rooms. Adding more units able to leverage off the existing infrastructure will help to decrease the operational cost per unit and ultimately increase revenues. The robust demand for property within the resort, despite a depressed economy, speaks volumes about the market's confidence in IFA HR SA and leaves us optimistic about the success of products we've yet to roll out from our pipeline.

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

The 8, Dubai

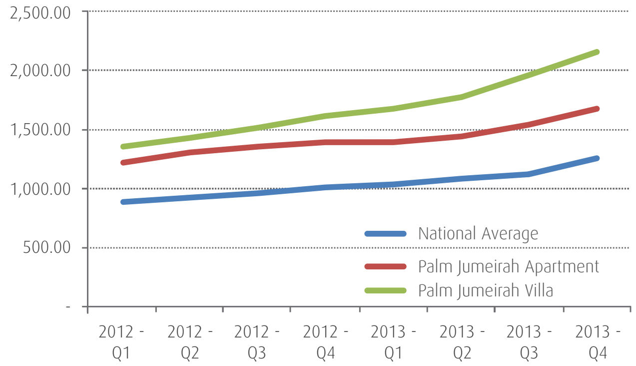
The fiscal year 2013 was a good one for the UAE and an extremely busy one for IFA Hotels & Resorts Middle East. As we focused on laying the groundwork for a number of large projects taking place in 2014, we bore witness to robust growth across almost every sector in Dubai – putting to rest many of the concerns that had been hampering the emirate's economy in the aftermath of 2008.

According to the Department of Economics, Dubai's GDP growth was estimated to be 4.7% in 2013 and is projected to sustain these levels into 2014. A sure sign that the UAE is back in business was the nod it received in June when New York-based MSCI upgraded the country from a frontier market to an emerging market; a move that was mirrored by the S&P Dow Jones Indices in October. While the Expo win has dominated headlines projecting 25 million visitors and more than USD8billion in infrastructure, the S&P upgrade is more significant in the long term as it allows the UAE access to new sources of capital.

Also significant in 2013 were a number of government-backed initiatives within the real estate sector aimed at increasing transparency and decreasing speculation. In terms of transparency, the Dubai Land Department launched eMart, an online portal for property auction, sale and rental. In its inaugural auction, the platform sold 17 residential and commercial properties.

The implementation of measures to curb speculative buying was a frequent headline throughout 2013, fuelled by rapidly increasing sale and rental prices. A quick look at the REIDIN Sale Index confirms this with Y-o-Y sales up 22% as of November 2013. Apartment prices, up 25%, outperformed the villas sector, up 15%, in both sales and leasing. In fact, the REIDIN Rent Index showed apartments up 18% Y-o-Y and villas, while looking less robust by comparison at 13%, reached their highest value since the creation of the index in 2009.

Property Prices in Dubai 2013 per month vs 2012



These rapidly rising indices have caused a great deal of skepticism; however, new mortgage regulations put in place by the UAE Central Bank, as well as several measures introduced by Dubai in 2013 to control speculation in the property market, have eased concerns. Most notably, Dubai doubled the transaction fee on new properties from 2% to 4% in a bid to limit flipping and implemented a stricter mortgage cap, increasing the down payment on properties made by UAE and foreign buyers. Some developers have also taken to banning the re-selling of off-plan properties until handover to curb price escalations. Similar efforts are expected to continue into 2014.

To further diversify the Dubai real estate sector, a long-awaited decree (Decree NO.41 of 2013) was issued to expand the emirate's holiday homes market. The decree established The Department of Tourism and Commerce Marketing (DTCM) as the entity responsible for licensing and controlling the rental of furnished residences on a short-term basis.

Behind the Scenes

As mentioned earlier, our focus for 2013 was on completing a number of essential tasks in order to move projects forward in 2014 and to bring new products to market. These tasks included the successful negotiation of a settlement for the previous

Laguna Tower, Dubai

The 8, Dubai

contractor for Kingdom of Sheba, and the appointment of a new contractor who has committed to completing the project within 18 months. The handover of Laguna Tower's residential component and the hotel condominiums within the Mövenpick Hotel Jumeirah Lakes Towers was also completed in 2013.

Without a doubt the most exciting development of 2013 was the finalizing of the design and branding work for our newest project on the crescent of the Palm Jumeirah – The 8 – as well as the new branding for IFA Hotels & Resorts.

To be launched in 2014, The 8 is a Miami-inspired development, located directly beside the Kingdom of Sheba, featuring eight storeys of residential and hotel apartment units. The chic, largely glass property stands apart from anything else IFA HR has done previously and is an architecturally stunning addition to the island. More art gallery than apartment, the project has attracted the interest of international design house Kenzo Maison, with whom we have solidified a deal to provide furnishings to common areas and the hotel apartments. Despite having just launched in March, only a limited number of units remain available.

A Robust Pipeline

A main focus moving forward into 2014 and beyond is to diversify our development portfolio in terms of location, type and investor profile. One such way is through third parties. In addition to developing our own land bank, IFA Hotels & Resorts Middle East also provides development management services to other parties, and we are currently studying the viability of three new investment opportunities with different partners in prime locations.

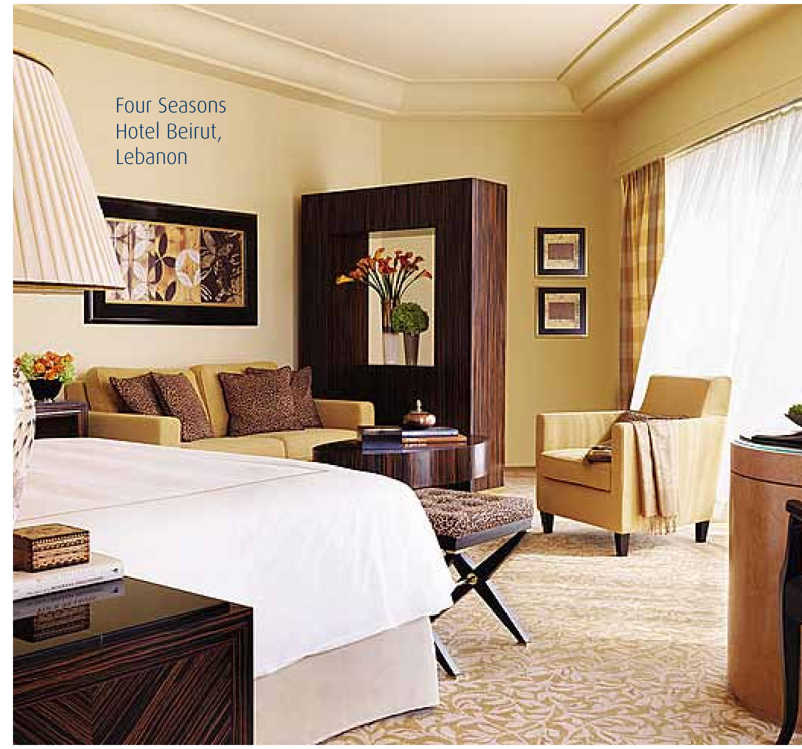
Following on from the launch of The 8 and the release of new Balqis units onto the market, we are currently finalizing the Initial Private Placement Memorandum of our new villa-focused company. The focus of the new company will be the development of luxury villas, both locally and internationally, that offer unique designs at competitive prices.

All in all, 2013 was a banner year for Dubai and it does not appear to be slowing down. The most recent Prime Global Forecast report by property consultancy Knight Frank pegs Dubai as the world's top performing real estate market for 2014. The predicted price growth of between 10-15% puts Dubai ahead of markets such as Beijing, Shanghai, Paris and Sydney.

This kind of aggressive growth, combined with the positive sentiment of the Expo 2020 win, as well as the right to host the 10th session of the World Islamic Economic Forum in October 2014, continues to solidify the economic foundation that puts Dubai at the centre of IFA Hotels & Resorts Middle East's strategic plan for the foreseeable future.

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


Fairmont The Palm, Dubai


Four Seasons Hotel Beirut, Lebanon

IFA Hotel Investments 2013

In its third full year of operation, IFA Hotel Investments (IFA HI) has overseen the management of over USD$126million in operating revenues across the IFA Hotels & Resorts portfolio. In addition to hotels, this includes the management of the company's private residence clubs, vacation clubs and lifestyle ownership products, as well as IFA Residential Services. IFA HI also directly leads the management and expansion of the YOTEL brand, a key driver in the company's growth across developed markets.

Noteworthy achievements for the 2013 fiscal year are outlined below for each operational asset, barring those in Africa, which were addressed by Werner Burger, CEO, IFA Hotels & Resorts South Africa.

Fairmont The Palm & The Residences (North and South)

Following the late-2012 opening of IFA Hotels & Resorts' flagship hotel, Fairmont The Palm, the 381-room property has exceeded expectations in guest room demand. In its first year of operation, the hotel has also surpassed its competitors in occupancy levels, confirming its status as one of Dubai's landmark hotels. A TripAdvisor win for the Traveller's Choice Luxury Award rounds out how well-received the property has been by guests. On the penthouse levels of the hotel, Fairmont Heritage Place, The Palm continues to sell well, adding further to IFA Hotels & Resorts' successful shared ownership portfolio.

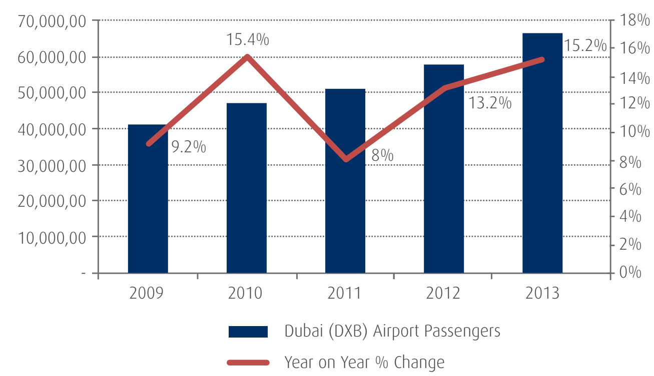
The Palm Residences & RIVA

IFA HR's beach club on the Palm Jumeirah, RIVA Ristorante, Bar & Beach, completed its third year of operation with soaring revenues up 31% year-on-year. In 2013 we completed a full renovation of the restaurant interior enhancing the indoor experience for guests and members of the club. The Mediterranean ambiance of the outdoor pool and beach area creates a unique experience that complements the residential nature of the development. As mixed-use offerings go, The Palm Residences and RIVA are a great example of IFA HR's proven formula of asset-class diversification to generate additional investor value.

Mövenpick Hotel Jumeirah Lakes Towers

The USD$147,535,563 Laguna Tower, IFA Hotels & Resorts' flagship urban mixed-use development, was fully complete on 28 October when the Mövenpick Hotel Jumeirah Lakes Towers opened its doors. Each of the 168 rooms within the Mövenpick was sold to investors with a guaranteed return. Within just months of opening, the hotel recorded higher occupancy and higher ADR than its competition. The full-service hotel provides a unique value proposition to tourists and impressive returns to investors. 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.

Dubai Airport Arrivals 2009-2013



YOTEL New York, USA

Four Season's Hotel Beirut

For most of the year the Four Season's Hotel Beirut performed well, leading the market in average room rate and revenue per available room. Despite the continued turmoil around the hotel, the property was able to navigate through troubled waters and deliver profits in excess of budget and higher than our forecasts throughout the year.

Unfortunately, geopolitical instability caused a decline at year-end. Despite the business environment, we are confident that the Four Season's Hotel Beirut will deliver value in excess of the market average through strategic revenue management and cost saving initiatives while maintaining the Four Season's standard of excellence.

YOTEL

With four locations now operational, our city and airport YOTELs exceeded USD$51million in revenue this year – making 2013 the highest-grossing year in the history of the YOTEL brand. Over the course of the year, we added another property to our growing pipeline with the signing of a landmark city-centre hotel with 600-rooms on Singapore's Orchard Road.

Meanwhile, our flagship city-centre hotel YOTEL New York grew its market share by 3% in 2013. The property has moved from strength to strength throughout the year. Despite America's highly competitive hotel market, YOTEL New York ranks higher than any of its competitors in guest satisfaction. The year ended with YOTEL New York achieving an astounding 87% occupancy for its 669 rooms at an ADR of USD$213.

To spearhead YOTEL's expansion across the Kingdom of Saudi Arabia, IFA HI has signed a joint-venture agreement with Capitas Group International. Under the JV, CGI is IFA HI's exclusive partner to develop YOTEL branded hotels in KSA. IFA HI will invest seed capital in the projects and asset-manage the hotels after development, while YOTEL will be the hotel operator. The YOTEL product will also be customized to local requirements in each market.

In Europe, our airport locations continue to outperform their competitive set, especially our flagship at Heathrow. The Gatwick Airport property is also seeing year-on-year increases in key KPIs with the hotel's ADR position yielding a 107% index to its competitors. Management has done well to bolster profit for the Gatwick site.

YOTEL's newest airport hotel, in Schiphol, saw lower than expected revenues in 2013 due to overnight closures in connection with the renovation of the airport terminal. Even with lower revenue, the hotel still exceeded expectations in profit and contributes well to the overall YOTEL group. We look forward to increasing revenues at the refreshed airport throughout 2014 and in the years to come.

A key focus for the year ahead is the continued expansion of YOTEL across major transportation hubs, especially those in the US, where several deals are currently in the final stages of development. Target markets remain cities like Boston, Atlanta, Miami and San Francisco.

IFA Residential Services

The breadth of services offered by IFA Residential Services (IFA RS) continues to expand – driving the division and revenues forward. In fact, annual revenues for the division increased 44.03% year-on-year, providing services to 94% of its units under contract on the Palm. Within the division, A La Carte Services registered an increase in revenues of 35.5% over 2012, with profitability up 29%. Concierge Services revenue recorded an annual increase of 20%, while Building Services performance improved by 22%.

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


Mövenpick Hotel Jumeirah Lakes Towers, Dubai

Riva Beach, Palm Jumeirah, Dubai

IFA Secure operations completed its first full year of trading with high annual revenues; forecasts for 2014 are set to triple. Public Area Services registered a 25% increase in annual revenues, while Luxury Transportation Services reported an increase of 10.25%. Leisure Services outperformed expectations by 8.95% with the addition of new contracts. At the end of 2013, IFA Residential Services had secured 18 additional service contracts for a total of 54 contracts, which are administered by its 364 employees.

New Ventures
With an eye on refining and expanding the company's vacation ownership offering, 2013 laid the groundwork for the creation of IFA HI's Vacation Club Venture. Currently undergoing a branding exercise, the VCV will be officially launched at the Arabian Hotel Investment Conference in May 2014. The goal of the VCV is to establish an international network of premium leisure destinations offering timeshare and fractional ownership opportunities. Both properties built by IFA Hotels & Resorts and those owned by other luxury operators will be included in the VCV.

While vacation clubs already exist in many developed markets, a clear frontrunner has yet to be established in the emerging markets. One barrier to the success of vacation clubs throughout the region is a lack of financing options in MENA and Asia. To overcome this issue and cement its competitive advantage, the VCV will leverage a comprehensive consumer finance solution that is consistent with the principals of Islamic finance, yet will meet the needs of non-Islamic consumers as well.

Building on this basis, the VCV has set its sights on dominating this untapped market by becoming the first to secure the best marketing locations and the strongest collection of exchange partnerships in the region. The VCV will also bolster its club inventory by entering into timeshare partnerships with third party property developers. A senior executive has been recruited to lead the VCV development and we expect to add further resources to the team in the coming year.

Milestones for 2014
As always, the negotiation of more favourable terms on the company's debt financing sits at the core of IFA HI's company-wide objectives, as does strategic expansion.

In addition to continued efforts to grow YOTEL's global footprint, the focus for IFA HI during the coming months will be on the identification of operators for two of IFA HR's mixed-use projects: Kingdom of Sheba and The 8, both located on the crescent of the Palm Jumeirah.

Kingdom of Sheba will have a Vacation Club component, as well as a hotel in subsequent phases, for which an operator will be identified this year. Similarly, The 8 features 109 hotel apartments for which a boutique hotel operator will be appointed in the coming months.

On Golden Mile, Palm Jumeirah, the team will continue to work with the IFA HR development team to bring the retail area online upon receiving judgments in regard to disputes with the Master Developer. The second quarter of the year should also see the handover of units in Buildings 5 and 6, for which NCCs from Nakheel were ordered and have now been obtained. Overall, 2014 looks to be a busy, yet rewarding year for IFA Hotel Investments.

Fairmont The Palm, Dubai

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

KUWAIT 31 DECEMBER 2013

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 & Resorts (A Kuwaiti Public Shareholding Company) and Subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013 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 & Resorts and Subsidiaries as at 31 December 2013, 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 by the Parent Company's Articles of Association and Memorandum of Incorporation, 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, nor of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, have occurred during the year ended 31 December 2013 that might have had a material effect on the business or financial position of the parent company.

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 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 Dec 2013 KD	(Re-stated) Year ended 31 Dec 2012 KD
Revenue	8	**43,133,948**	17,311,038
Cost of revenue		**(32,946,293)**	(11,289,153)
Net income		**10,187,655**	6,021,885
Net income from ticket sale and related services		**193,172**	115,327
Fees and commission income		**155,739**	184,588
Changes in fair value of investment properties	17	**18,789,140**	19,885,741
(Loss)/gain on disposal of investment properties	17	**(35,360)**	924
Realised gain on investments at fair value through profit or loss		**-**	869,540
Share of results of associates and joint ventures	7	**(5,371,041)**	(947,182)
Loss on disposal of associate	7	**-**	(188,932)
Impairment in value of associates, joint ventures, investments and properties under development	7, 19a & 21b	**(776,638)**	(4,332,424)
Impairment in value of receivable and other assets	20b	**(4,850,253)**	(764,883)
Gain on disposal/ partial disposal of asset classified as held for sale	18	**11,239,885**	2,099,914
Interest income	9	**282,586**	747,270
Other income	10	**(44,869)**	(505,665)
		29,770,016	23,186,103
Expenses and other charges			
Staff costs		**5,980,721**	4,208,107
Real estate sales and marketing expenses		**2,088,808**	626,596
Other operating expenses and charges	11	**5,858,249**	7,885,282
Depreciation	15	**4,201,486**	1,815,335
Finance costs	12	**8,624,864**	5,610,494
Total expenses and other charges		**26,754,128**	20,145,814
Profit before taxation, KFAS, NLST and Zakat		**3,015,888**	3,040,289
Tax expense relating to overseas subsidiaries	13	**(102,658)**	(605,238)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**(29,220)**	(28,052)
Provision for National Labour Support Tax (NLST)		**(82,389)**	(77,923)
Provision for Zakat		**(32,956)**	(31,169)
Profit for the year		**2,768,665**	2,297,907
Attributable to:			
Owners of the Parent Company		**3,102,122**	2,979,773
Non-controlling interests		**(333,457)**	(681,866)
		2,768,665	2,297,907
Basic and diluted earnings per share attributable to the owners of the Parent Company	14	**5.67 Fils**	5.57Fils

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 Dec 2013 KD	(Re-stated) Year ended 31 Dec 2012 KD
Profit for the year	**2,768,665**	2,297,907
Other comprehensive income:		
Items to be reclassified to statement of profit or loss in subsequent periods:		
Exchange differences arising on translation of foreign operations	**(3,318,298)**	660,314
Available for sale investments		
- Net changes in fair value arising during the year	**31,380**	(125,519)
- Transferred to consolidated statement of profit or loss on impairment	**-**	125,519
Total other comprehensive income for the year	**(3,286,918)**	660,314
Total comprehensive income for the year	**(518,253)**	2,958,221
Attributable to:		
Owners of the Parent Company	**(67,899)**	3,434,664
Non-controlling interests	**(450,354)**	(476,443)
	(518,253)	2,958,221

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 Dec 2013 KD	(Re-stated) 31 Dec. 2012 KD	(Re-stated) 31 Dec. 2011 KD
Assets				
Non-current assets				
Goodwill		**219,248**	232,034	234,088
Property, plant and equipment	15	**124,852,617**	29,615,861	31,337,435
Capital work-in-progress	16	**369,506**	87,166,638	81,910,579
Investment properties	17	**54,708,322**	56,408,226	27,170,955
Properties under development	22	**127,409,450**	101,286,107	95,976,538
Investment in associates and Joint Ventures	7	**21,413,450**	28,609,989	35,922,746
Available for sale investments	19	**7,406,263**	6,726,650	6,106,494
Total non-current assets		**336,378,856**	310,045,505	278,658,835
Current assets				
Accounts receivable and other assets	20	**22,469,848**	21,433,898	24,726,939
Properties under development	21	**26,448,558**	53,630,932	50,078,467
Trading properties	22	**4,322,090**	5,048,231	5,683,759
Cash and cash equivalents	23	**14,246,337**	3,994,796	5,885,193
		67,486,833	84,107,857	86,374,358
Asset classified as held for sale	18	**-**	8,077,176	12,126,583
Total current assets		**67,486,833**	92,185,033	98,500,941
Total assets		**403,865,689**	402,230,538	377,159,776
Equity and Liabilities				
Equity				
Equity attributable to the owners of the Parent Company				
Share capital	24	**63,543,420**	45,388,200	45,388,200
Share premium	24	**14,524,176**	-	-
Treasury shares	25	**(16,853,183)**	(16,672,644)	(16,138,303)
Statutory reserve	26	**14,228,601**	13,903,932	13,592,240
Voluntary reserve	26	**11,002,519**	10,677,850	10,366,158
Cumulative changes in fair value		**31,380**	-	-
Foreign currency translation reserve		**(10,437,712)**	(7,236,311)	(7,691,202)
Retained earnings		**6,077,060**	5,321,036	2,964,647
Total equity attributable to the owners of the Parent Company		**82,116,261**	51,382,063	48,481,740
Non-controlling interests		**(745,886)**	(948,427)	(471,984)
Total equity		**81,370,375**	50,433,636	48,009,756
Non-current liabilities				
Instalments due on purchase of properties and other liabilities	27	**12,714,203**	1,170,399	2,310,255
Redeemable preference shares	28	**2,833,616**	2,814,969	2,903,158
Term loans	29	**81,865,979**	39,392,846	62,606,363
Advances received from customers	32	**114,387,863**	121,769,270	108,301,350
Retention payable	30	**-**	10,091,931	9,185,355
Employee's end of service benefits		**778,789**	724,560	608,365
Total non-current liabilities		**212,580,450**	175,963,975	185,914,846
Current liabilities				
Due to related parties	36	**40,348,053**	52,396,187	44,150,563
Accounts payable and other liabilities	31	**46,336,011**	44,731,541	51,689,617
Term loans	29	**8,394,812**	61,641,889	27,807,558
Advances received from customers	32	**14,835,988**	17,063,310	19,587,436
Total current liabilities		**109,914,864**	175,832,927	143,235,174
Total liabilities		**322,495,314**	351,796,902	329,150,020
Total equity and liabilities		**403,865,689**	402,230,538	377,159,776

Talal Jassim Al-Bahar
Chairman & Group CEO

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	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**

	Equity attributable to owners of the Parent Company									
	Share capital KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-Total KD	Non-controlling interests KD	Total KD
Balance as at 31 December 2011	45,388,200	(16,138,303)	13,592,240	10,366,158	-	(7,691,202)	2,964,647	48,481,740	(471,984)	48,009,756
Acquisition of treasury shares	-	(534,341)	-	-	-	-	-	(534,341)	-	(534,341)
Transaction with owners	-	(534,341)	-	-	-	-		(534,341)	-	(534,341)
Profit/(loss) for the year	-	-	-	-	-	-	2,979,773	2,979,773	(681,866)	2,297,907
Other comprehensive income:										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	454,891	-	454,891	205,423	660,314
Net changes in fair value of available for sale investments	-	-	-	-	(125,519)	-	-	(125,519)	-	(125,519)
Transferred to consolidated statement of profit or loss on impairment of available for sale investments	-	-	-	-	125,519	-	-	125,519	-	125,519
Total other comprehensive income for the year	-	-	-	-	-	454,891	-	454,891	205,423	660,314
Total comprehensive income for the year	-	-	-	-	-	454,891	2,979,773	3,434,664	(476,443)	2,958,221
Transfer to reserves	-	-	311,692	311,692	-	-	(623,384)	-	-	-
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**

The notes set out on pages 24 to 70 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 Dec 2013 KD	(Re-stated) Year ended 31 Dec 2012 KD
OPERATING ACTIVITIES			
Profit before taxation, KFAS, NLST and Zakat		**3,015,888**	3,040,289
Adjustments:			
Share of results of associates and joint ventures		**5,371,041**	947,182
Changes in fair value of investment properties		**(18,789,140)**	(19,885,741)
Loss/(gain) on disposal of investment properties		**35,360**	(924)
Interest income		**282,586**	(747,270)
Depreciation		**4,201,486**	1,815,335
Finance costs		**8,624,864**	5,610,766
Gain on disposal/partial disposal of assets classified as held for sale		**(11,239,885)**	(2,099,914)
Loss on disposal of associate		**-**	188,932
Impairment in value of associates, joint ventures, investments and properties under development		**776,638**	4,332,424
Impairment in value of receivable and other assets		**4,850,253**	764,883
Provision for employee end of service benefit		**64,454**	15,192
		(2,806,455)	(6,018,846)
Changes in operating assets and liabilities:			
Accounts receivable and other assets		**(5,886,203)**	1,783,170
Properties under development		**13,469,015**	96,973
Trading properties		**1,769,129**	635,528
Accounts payable and other liabilities		**786,041**	(10,676,639)
Due to related parties		**9,056,666**	8,245,624
Advances received from customers		**(9,608,729)**	10,943,795
Net cash from operation		**6,779,464**	5,009,605
Payment of employee end of service benefit		**(10,225)**	-
Net cash from operating activities		**6,769,239**	5,009,605
INVESTING ACTIVITIES			
Net additions of property, plant and equipment		**(423,034)**	(136,640)
Proceed on disposals of investment properties		**405,401**	161,767
Proceeds from disposal/partial disposal of assets classifies as held for sale		**19,146,814**	5,979,075
Proceeds from disposal of associate		**-**	2,653,600
Purchase of available for sale investments		**(670,108)**	-
Additions to capital work-in-progress		**(7,090,620)**	(20,543,858)
Interest income received		**(282,586)**	747,270
Net cash from/(used in) investing activities		**11,085,867**	(11,138,786)
FINANCING ACTIVITIES			
Issues of shares	24a	**1,630,959**	-
Acquisitions of non-controlling interests	7.1	**(180,194)**	-
Purchase of treasury shares		**(2,676,674)**	-
Disposal of treasury shares		**1,632,464**	(534,341)
Increase in other non-current financial liabilities		**2,622,272**	906,576
(Decrease)/increase in term loans		**(830,307)**	10,620,814
Instalment payment due on purchase of property		**(1,170,399)**	(1,139,856)
Dividends paid		**(6,822)**	(3,643)
Finance costs paid		**(8,624,864)**	(5,610,766)
Net cash (used in)/from financing activities		**(7,603,565)**	4,238,784
Net increase/(decrease) in cash and cash equivalents		**10,251,541**	(1,890,397)
Cash and cash equivalents at beginning of the year	23	**3,994,796**	5,885,193
Cash and cash equivalents at end of the year	23	**14,246,337**	3,994,796

The notes set out on pages 24 to 70 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Incorporation and Activities

IFA Hotels & 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 & Resorts – Kuwaiti Public Shareholding Company.
IFA Hotels & 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 developing 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 on the 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 address of the Parent Company's registered office is PO Box 4694, Safat 13047, State of Kuwait.

The Parent Company's shares are listed on the Kuwait Stock Exchange.

The board of directors of the Parent Company approved these consolidated financial statements for issuance on 31 March 2014. 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 "statement of comprehensive income" in two statements: the "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) and applicable requirements of Ministerial Order No. 18 of 1990.

4 Changes in accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those used in previous period except for the adoption of new and amended standards discussed below:

4.1 New and amended standards adopted by the Group

The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 Consolidated Financial Statements, IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. In addition, the application of IFRS 12 Disclosure of Interest in Other Entities has resulted in additional disclosures in the annual consolidated financial statements.

4 Changes in accounting policies (continued)

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

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim consolidated financial statements of the Group.

The nature and the impact of each new standard/amendment is described below:

Standard	Effective for annual periods beginning
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements	1 January 2013
IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IFRS 7 Financial Instruments: Disclosures – amendments	1 January 2013
Annual Improvements 2009-2011	1 January 2013

IAS 1 Presentation of Financial Statements

The amendment to IAS 1 requires entities to group other comprehensive income items presented in the consolidated statement of comprehensive income based on those:

a) Potentially reclassifiable to consolidated statement of income in a subsequent period, and
b) That will not be reclassified to consolidated statement of income subsequently.

The amendments to IAS 1 changed the current presentation of the consolidated statement of comprehensive income of the Group; however, the amendment affected presentation only and had no impact on the Group's financial position or performance.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities. It revises the definition of control together with accompanying guidance to identify an interest in a subsidiary. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. However, the requirements and procedures of consolidation and the accounting for any non-controlling interests and changes in control remain the same. IFRS 10 did not change the classification (as subsidiaries or otherwise) of any of the Group's existing investees.

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

IFRS 11 supersedes IAS 31 Interests in Joint Ventures (IAS 31). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates. As a consequence of the new IFRS 11, IAS 28 brings investments in joint ventures into its scope; however, the equity accounting methodology under IAS 28 remains unchanged.

The application of this new standard impacted the financial position of the Group by replacing proportionate consolidation of the joint ventures in Zilwa limited, Zimbali Estate (Pty) Ltd and Palm Golden Mile (see Note 7) with the equity method of accounting. IFRS 11 is effective for annual periods beginning on or after 1 January 2013. The effect of IFRS 11 is described in more detail in Note 7.2.5 which includes quantification of the effect on the consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments including subsidiaries, joint arrangements, associates and unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. IFRS 12 disclosures are provided in Note 7.

IFRS 13 Fair Value Measurement

IFRS 13 does not affect which items to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the IFRS 13 disclosures that were required previously by IFRS 7, 'Financial Instruments; Disclosures'.

The group has applied IFRS 13 for the first time in the current year, see note 37.3 and 37.4

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The required disclosures are required to be provided retrospectively.

The adoption of this amendment did not have any significant impact on the financial position or performance of the Group.

4 Changes in accounting policies (continued)
4.1 New and amended standards adopted by the Group (continued)

Annual Improvements 2009-2011 (the Annual Improvements)
The Annual Improvements 2009-2011 (the Annual Improvements) made several minor amendments to a number of IFRSs. The amendments relevant to the Group are summarised below:

Clarification of the requirements for opening statement of financial position (amendments to IAS 1):
- clarifies that the appropriate date for the opening statement of financial position ("third balance sheet") is the beginning of the preceding period (related notes are no longer required to be presented)
- addresses comparative requirements for the opening statement of financial position when an entity changes accounting policies or makes retrospective restatements or reclassifications, in accordance with IAS 8.

Clarification of the requirements for comparative information provided beyond minimum requirements (amendments to IAS 1):
- clarifies that additional financial statement information need not be presented in the form of a complete set of financial statements for periods beyond the minimum requirements
- requires that any additional information presented should be presented in accordance with IFRS and the entity should present comparative information in the related notes for that additional information.

4.2 IASB Standards issued but not yet effective
At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been early adopted 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 pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Standard	Effective for annual periods beginning
IAS 32 Financial Instruments: Presentation – amendments	1 January 2014
IAS 36 Impairment of Assets – Amendments	1 January 2014
IFRS 9 Financial Instruments	To be determined
IFRIC 21 Levies	1 January 2014

4.2.1 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 systems may be considered equivalent to net settlement.

The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively. Management does not anticipate a material impact on the Group's consolidated financial statements from these amendments.

4.2.2 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 are applicable to annual periods beginning on or after 1 January 2014. Management does not anticipate a material impact on the Group's consolidated financial statements from these amendments.

4.2.3 IFRS 9 Financial Instruments
The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities, and hedge accounting have been issued. A chapter dealing with impairment methodology is still being developed. The effective date for the entire standard will be determined after completion of the new impairment model.

Further, in November 2013, the IASB made limited modifications to IFRS 9's financial asset classification model to address application issues. Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice.

The Group's management have yet to assess the impact of this new standard on the Group's consolidated financial statements. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

4.2.4 IFRIC 21 Levies
IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The Interpretation clarifies that 'economic compulsion' and the going concern principle do not create or imply that an obligating event has occurred.

IFRIC 21 provides the following guidance on recognition of a liability to pay levies, a) the liability is recognised progressively if the obligating event occurs over a period of time, and b) if an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. The Group is not currently subjected to any significant levies so this amendment is not expected to have a significant impact on the Group's financial statements. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014.

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 subsidiary, 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 other comprehensive income to 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 profit or loss.

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

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

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

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in 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 5.15 for a description of impairment testing procedures.

5 Summary of Significant accounting policies (continued)

5.4 Investment in associates and joint ventures

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

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

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

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

The share of results of an associate and joint ventures is shown on the face of the consolidated 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 consolidated financial statements. The associate's and joint venture's 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;

5.6.1 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 the 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, is 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 Summary of Significant accounting policies (continued)

5.7 Operating expenses

Operating expenses are recognised in 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 transaction data 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.

5.12 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.

5 Summary of Significant accounting policies (continued)
5.14 Impairment testing of goodwill and non financial assets (continued)

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.

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 profit or loss are presented under separate heading in the 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.

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

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 receivables 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 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 profit or loss. All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the fair value reserve within equity, except for impairment losses, and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

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

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in 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:

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

- *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.

5.15.7 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 the 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 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.

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

5 Summary of Significant accounting policies (continued)
5.19 Treasury shares (continued)

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 consolidated 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 consolidated 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 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 other comprehensive income.

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

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

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

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

5.23 Taxation

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

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

5 Summary of Significant accounting policies (continued)
5.23 Taxation *(continued)*

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 consolidated 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 statement of income or other comprehensive income.

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

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

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

6.1.2 Classification of 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 statement of profit or loss or other 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.

6.1.3 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 2013 an impairment loss of KD Nil (year ended 31 December 2012: KD125,519) 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 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 2013, an impairment loss of KD4,850,253 (year ended 31 December 2012: KD764,883) 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 2013 an impairment loss of KD776,638 (year ended 31 December 2012: KD3,216,178) has been recognised on investment in associate and joint venture.

6.2.7 Fair value of financial instruments

Management apply 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 2013 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 an arm's length transaction at the reporting date.

7 Subsidiary companies, joint ventures and associates

7.1 Subsidiary companies

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

Consolidated subsidiaries	Country of incorporation	Principal activity	Incorporation/Acquisition date	Percentage ownership %	
				2013	2012
IFA Hotels & Resorts – Jebel 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%	85%
IFA Hotels & Resorts 2 Limited	Cayman Island	Hotelier	2003	100%	100%
IFA Yotel Investment FZE	UAE	Hotelier	2008	100%	100%
IFA Fairmont Zimbali Hotels & Resorts (Pty) Ltd.	South Africa	Hotelier	2006	100%	100%
Yotel Investment Limited	Jersey	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, the Group acquired the entire shareholding held by non-controlling interests (15%) with respect of IFA Hotels & Resorts 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. 2013 (Audited) KD	(Restated) 31 Dec. 2012 (Audited) KD
Investments in associates	**6,967,025**	8,145,144
Investment in joint ventures	**14,446,425**	20,464,845
	21,413,450	28,609,989

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 %	
		2013	**2012**
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%	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%	50%

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

7.2.3. Under IAS 31 Investment in Joint Ventures (prior to the transition to IFRS 11), the Group's interest in the above joint ventures were classified as jointly controlled entities and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, the Group has determined its interest to be a joint venture and it is required to be accounted for using the equity method. The effect of applying IFRS 11 is as follows:

Impact on the consolidated statement of profit or loss	**12 Months 31 Dec 2012 KD**
Decrease in the reported revenue (sale of real estate)	(201,897)
Decrease in cost of revenues	77,612
Decrease in net income	(124,285)
Increase in share of results of associates and joint ventures	(947,182)
Increase in other income	800,063
Decrease in staff costs	8,495
Decrease in real estate sales and marketing expenses	62,219
Decrease in other operating expenses and charges	175,531
Decrease in depreciation	1,082
Decrease in finance costs	271
Decrease in profit before taxation, provision for KFAS, NLST and Zakat	(23,806)
Decrease in tax income relating to overseas subsidiaries	23,806
Net impact on profit for the period	-

7 Subsidiary companies, joint ventures and associates (continued)

Impact on the consolidated statement of financial position	12 Months 31 Dec 2012 KD	12 Months 31 Dec. 2011 KD
Increase in investment is associates and joint ventures (non-current)	20,464,845	21,902,862
Decrease in property, plant and equipment (non-current)	(44,620)	(45,460)
Decrease in capital work-in-progress (non-current)	(22,058,082)	(21,770,005)
Decrease in properties under development (current)	(972,898)	(1,010,364)
Decrease in accounts receivables and other assets (current)	(8,807,136)	(10,953,630)
Decrease in cash & cash equivalents	(881,098)	(748,616)
Increase in due to related parties	(2,306,204)	(2,273,599)
Decrease in accounts payable and other liabilities (current)	5,850,990	6,258,833
Decrease in advance received from customers (current)	3,832,000	3,782,000
Decrease in term loans (current)	4,343,260	4,857,979
Increase in term loans (non-current)	578,943	-
Net impact on equity	-	-

7.2.4 Summarised financial information in respect of the material Joint Venture, Palm Golden Mile Joint Venture, is set out on the following page. The summarised financial information on the following page represents the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the Joint Venture.

7 Subsidiary companies, joint ventures and associates (continued)

	31 Dec. 2013 KD	31 Dec. 2012 KD
Non-current assets	**41,598,447**	41,291,945
Current assets	**58,882,363**	59,950,306
Current liabilities	**73,532,461**	63,787,682
Equity	**26,948,349**	37,454,569
The above assets and liabilities includes the following:		
Cash and cash equivalents included in current assets	**981,465**	1,603,974
Borrowings included in current liabilities	**9,909,622**	9,844,408
Profit for the year	**(10,775,349)**	(1,974,275)
Total comprehensive income for the year	**(10,775,349)**	(1,974,275)

	31 Dec. 2013 KD	31 Dec. 2012 KD
The above loss for the year includes followings:		
Interest expenses	**7,885,838**	-

A reconciliation of the above summarised financial information to the carrying amount of the investment in Palm Golden Mile Joint Venture is set out below:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Net assets of the joint venture attributable to the shareholders of the joint venture	**26,948,349**	37,454,569
Proportion of the Company's ownership interest in the joint venture	**50%**	50%
Carrying value of the investment	**13,474,174**	18,727,285

Palm Golden Mile Joint Venture is an unquoted investment.

7 Subsidiary companies, joint ventures and associates (continued)

7.2.5. Aggregate information of Joint Ventures that are not individually material to the Group.

	31 Dec. 2013 KD	31 Dec. 2012 KD
Group's share of profit for the year	**16,634**	39,956
Group's share of total comprehensive income	**16,634**	39,956
Aggregate carrying amount of the Group's interest in these joint ventures	**972,251**	1,737,560

During the year, the Group made impairment provisions of KD776,638 with respect of joint ventures (Interest in Zilwa Ltd.) (2012: KD Nil).

7.2.6 Details of associates are as follows:

	Interest in equity		**31 Dec. 2013**	31 Dec. 2012
	2013	2012	**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%	**6,967,025**	8,145,144
			6,967,025	8,145,144

The above is made-up as follows:

	31 Dec. 2013 KD	(Re-stated) 31 Dec. 2012 KD
Equity investments	**14**	14
Shareholders loans	**6,967,011**	11,361,308
Less: provision for impairment in value of shareholders loan	**-**	(3,216,178)
	6,967,025	8,145,144

Summarised financial information in respect of the Group's associate, Legend and IFA Developments (Pty) Ltd. are set out on the following page. The summarised financial information on the following page represents the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

7 Subsidiary companies, joint ventures and associates (continued)

	31 Dec. 2013 KD	31 Dec. 2012 KD
Non-current assets	**19,667,946**	22,976,538
Current assets	**423,022**	520,427
Non-current liabilities	**2,779,790**	3,436,737
Current liabilities	**18,073,659**	21,331,543
Equity	**(762,481)**	(1,271,315)

	Year ended 31 Dec. 2013 KD	Year ended 31 Dec.2012 KD
Revenue	**3,307,487**	3,507,235
Profit for the year	**(260,471)**	(663,595)
Total comprehensive income for the year	**(260,471)**	(663,595)

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

	31 Dec. 2013 KD	31 Dec. 2012 KD
Net assets of the associate attributable to the shareholders of the Group	**(762,481)**	(1,271,315)
Proportion of the Group's ownership interest in the associate	**50%**	50%
Proportionate ownership in the net assets of the associate	**(381,240)**	(635,658)
Other adjustments (unrecognised share of losses and foreign exchange translation)		
Shareholder loan	**381,254**	635,672
Carrying value of the investment	**6,967,011**	8,145,130
	6,967,025	8,145,144

7 Subsidiary companies, joint ventures and associates (continued)

Investment in Legend IFA Developments (Pty) Ltd., includes shareholder loans of KD6,967,011 which is non interest bearing and carried at present value (31 December 2012: KD8,145,130). The loans are unsecured and are not repayable before 31 December 2014.

The accumulated unrecognised losses of Legend and IFA Development (Pty) Ltd amounted to KD492,481 (31 December 2012: KD534,203).

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

During the year, the Group made impairment provisions of KD Nil (2012: KD3,216,178) for shareholders loan of Legend IFA Development (Pty) Ltd. respectively.

During 2012, a South African subsidiary disposed one of its associates, Boschendal (Pty) ltd, (37.33% ownership interest) carried at KD2,842,532 (including shareholders loan) for a consideration of KD2,653,600 resulting in a loss of KD188,932.

8 Revenue

	31 Dec. 2013 KD	31 Dec. 2012 KD
Revenue from sale of properties*	**18,866,838**	8,765,305
Revenue from hotel operations	**18,640,656**	6,465,595
Revenue from beach club operations	**1,708,353**	949,606
Management fees	**853,059**	390,188
Residential services income	**2,595,593**	-
Rental income	**469,449**	740,344
	43,133,948	17,311,038

* 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. 2013 KD	31 Dec. 2012 KD
Interest income on bank balances and deposits	**13,102**	24,701
Interest income on late payment by customers	**216,935**	269,162
Interest income on shareholder loans to associates	**-**	377,389
Interest income on others	**52,549**	76,018
	282,586	747,270

10 Other income

	31 Dec. 2013 KD	31 Dec. 2012 KD
Advances from customers written-back on default of sales contracts (a)	**245,299**	142,940
Discounts given to customers on early settlement of dues	**-**	(127,482)
Government grant received by a South African subsidiary	**-**	1,023,375
Reversal of provision (b)	**2,278,011**	-
Land department fees related to UAE subsidiary	**(1,515,758)**	(1,819,213)
Others	**(1,052,421)**	274,715
	(44,869)	(505,665)

a) The Government authorities in Dubai, UAE, have authorized the subsidiary, IFA Hotel & Resorts - FZE, [in accordance with the land department of Dubai Government regulation Law No. 9] retain a specified percentage of the sale price from advance payments received on the sale of certain residential units under development relating to the customers who have defaulted on settling the payments due in accordance with dully executed sale contracts. The total amount written-back by the subsidiary Company (IFA Hotels & Resorts – FZE) from these advances and for which the sale contracts were forfeited amounted to UAE Dirhams 3,173,396 equivalent to KD245,299 (2012: UAE Dirhams 1,877,829 equivalent to KD142,940) and this has been recognised as income in the consolidated statement of profit or loss for the year.

b) On May 17, 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 went into dispute and, based on prudence, Souq Residence FZCO as well as UAE subsidiary booked provision of KD2.3 Mn (equivalent to AED29.71 Mn) and KD2.27 Mn (equivalent to AED29.47 Mn) respectively, in this regard during the previous years.

During the 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, a further provision of KD7.88 Mn. (equivalent to AED 102.02 Mn) has been recorded directly by Souq Residence FZCO, (50% of which is reflected in the share of results from the Joint Venture) and consequently the amount which has been provided by the UAE subsidiary (KD2.27 Mn) has been reversed to other income.

11 Other operating expenses and charges

Other operating expenses and charges include the following:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Travel expenses	**333,437**	183,853
Office expenses	**1,680,906**	2,319,492
Administration and management fee	**227,067**	378,234
Loss from foreign currency exchange differences	**12,672**	3,401
Commissions paid	**358,205**	573,765
Rent	**409,549**	710,061
Professional fees	**810,129**	1,251,070
Legal expenses	**220,639**	192,707
Advertising	**56,296**	63,944
Utilities	**326,260**	287,063

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

a. Net (loss) or gain on financial assets

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

	31 Dec. 2013 KD	31 Dec. 2012 KD
Loans and receivables		
- Cash and cash equivalents	**13,102**	24,701
- Accounts receivable and other assets and shareholder loans to associates	**269,484**	722,569
- Impairment in value of receivable and other assets	**(4,850,253)**	(764,883)
- Impairment on loans to associates	**-**	(3,216,178)
Investment at fair value through profit or loss	**-**	869,540
Available for sale investments		
- Recognised directly in consolidated statement of comprehensive income	**31,380**	-
- Recycled from other comprehensive income to consolidated statement of profit or loss		(125,519)
• on impairment	**-**	(2,489,770)
	(4,536,287)	
Net loss recognised in the consolidated statement of profit or loss	**(4,567,667)**	(2,489,770)
Net loss recognised in the consolidated statement of comprehensive income	**31,380**	-
	(4,536,287)	(2,489,770)

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

b. Finance costs

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

13 Tax (expense)/income relating to overseas subsidiaries

	31 Dec. 2013 KD	31 Dec. 2012 KD
Current tax:		
Current year (charge)/reversal	**(16,117)**	159,002
Deferred tax credit:		
Current year debit	**(86,541)**	(764,240)
	(102,658)	(605,238)

14 Basic and diluted earnings per share attributable to the owners of the Parent Company

Basic and diluted earnings per share is computed by dividing the 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. 2013 KD	31 Dec. 2012 KD
Profit for the year attributable to the owners of the Parent Company (KD)	**3,102,122**	2,979,773
Weighted average number of shares outstanding during the year (excluding treasury shares)	**547,392,910**	534,700,655
Basic and diluted earnings per share	**5.67 Fils**	5.57 Fils

Earnings per share reported for the year ended 31 December 2012 was 6.91 Fils, before retroactive adjustment relating to rights issue.

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 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 work-in-progress (Note 16c)	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**
Year ended 31 December 2012									
Opening net book amount	1,871,431	17,675,673	7,521,528	153,802	3,413,969	38,203	50,972	611,857	31,337,435
Additions	-	94,177	4,405	84,025	31,725	38,876	-	-	253,208
Transfers from properties under development (note 21)	-	-	-	-	109,139	-	-	-	109,139
Disposals	-	-	-	(2,182)	(111,850)	-	(2,536)	-	(116,568)
Foreign exchange adjustment	(22,912)	(268,694)	188,943	(207)	(49,885)	561	176	-	(152,018)
Depreciation for the year	-	(540,636)	(430,395)	(54,405)	(603,344)	(30,630)	(16,555)	(139,370)	(1,815,335)
Closing net book value	1,848,519	16,960,520	7,284,481	181,033	2,789,754	47,010	32,057	472,487	29,615,861
At 31 December 2012									
Cost	1,848,519	19,046,826	9,398,430	652,900	5,770,826	342,245	222,339	1,386,107	38,668,192
Accumulated depreciation	-	(2,086,306)	(2,113,949)	(471,867)	(2,981,072)	(295,235)	(190,282)	(913,620)	(9,052,331)
Net book value	1,848,519	16,960,520	7,284,481	181,033	2,789,754	47,010	32,057	472,487	29,615,861

15.1 Land and building with a carrying value of KD 2,658,876 (31 December 2012: KD3,242,772) located in South Africa have been pledged as security for the term loan facility obtained by a South African subsidiary and building with a carrying value of KD88,085,244 (2012: KD5,218,900) located in the UAE, has been pledged as security for the term loan facility obtained by a UAE subsidiary (see note 29).

16 Capital work-in-progress

Capital work-in-progress represents mainly hotels under construction in United Kingdom and Europe (2012: in UAE, United Kingdom and Europe).

The movement in capital work-in-progress is as follows:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Carrying value at the beginning of the year	**87,166,638**	81,910,579
Additions during the year	**7,090,620**	20,761,570
Transfer from properties under development (c)	**10,077,085**	(7,563,500)
Transferred to property under development (a)	**(499,640)**	-
Transferred to investments properties (b)	**(2,533,719)**	(8,843,016)
Transferred to property, plant and equipment (c)	**(101,687,518)**	-
Disposal/written off	**-**	(217,712)
Foreign currency translation adjustment	**756,040**	1,118,717
Carrying value at the end of the year	**369,506**	87,166,638

The above balance consists of the following:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Land cost		
- The Trunk, Palm Jumeirah	**-**	6,081,453
- Crescent, Palm Jumeirah (Kingdom of Sheba vacation club)	**-**	1,170,399
	-	7,251,852
Construction, piling and enabling work	**369,506**	50,261,324
Other construction related costs*	**-**	29,653,462
	369,506	87,166,638

* Other construction related cost include KD Nil (31 December 2012: KD5,525,007) borrowing cost on the borrowing from a foreign bank by the UAE subsidiary.

a) During the year UAE subsidiary transferred the cost of penthouses and condominiums in "Fairmont The Palm" to properties under development as the management intends to sell these once completed (refer note 22).

b) Further, during the year, the UAE subsidiary also transferred the land of Kingdom of Sheba Vacation Club carried at AED32,778,400 (equivalent to KD2,533,719) from capital work-in-progress to investment properties (refer Note 17a).

c) During the year the UAE subsidiary transferred the total cost of construction related to the Mövenpick Hotel Jumeirah Lakes Towers 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 Mövenpick Hotel Jumeirah Lakes Towers in the 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.

17 Investment properties

The movement in investment properties is as follows:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Carrying value at the beginning of the year	**56,408,226**	27,170,955
Transfer from Capital work-in-progress (note a)	**2,533,719**	8,843,016
Transfer to properties under development (note b)	**(23,189,527)**	-
Disposal during the year *	**(440,761)**	(160,843)
Change in fair value	**18,789,140**	19,885,741
Foreign currency translation adjustment	**607,525**	669,357
Carrying value at the end of the year	**54,708,322**	56,408,226

* The loss on disposal of investment properties amounted to KD35,360 (31 December 2012: KD924).

The investment properties consist of the following:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Portugal – Pine Cliffs Resort	**9,187,934**	9,102,096
Land – Crescent Palm Jumeriah	**45,517,143**	47,133,600
Private freehold land in "IFA Zimbali Hotels and Resorts"– South Africa	**3,245**	172,530
	54,708,322	56,408,226

a) During the year, the management decided to call off the project for construction of the Kingdom of Sheba (KOS) Vacation Club in UAE subsidiary and to hold the property for capital appreciation. Accordingly, the carrying amount of the capital work-in-progress pertaining to KOS Vacation Club has been transferred to investment properties (refer Note 16 b).

b) On 1 December 2013, the management decided to utilise a plot of land 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 22) and the difference in fair value and carrying amount was recognised as fair valuation gain.

18 Asset classified as held for sale

The balance at 31 December 2012, represents 25% holding in Raimon Land Public Company Limited. At the end of 2011 this investment was classified as "held for sale" because the Parent Company's management had decided to commit to a plan to sell this investment and therefore its carrying amount will be recovered principally through the sale transaction rather than through continuing use.

During the current year the Group disposed its holding (25%) in the asset classified as held for sale for a consideration equivalent to KD19,146,814 resulting in a net gain of KD11,239,885.

19 Available for sale investments

	31 Dec. 2013 KD	31 Dec. 2012 KD
Foreign investments – unquoted shares	**6,990,310**	6,342,077
Local investments – quoted shares	**305,953**	274,573
Local investments – unquoted shares	**110,000**	110,000
	7,406,263	6,726,650

a. During 2012, the Group recognised an impairment loss of KD125,519 for local quoted shares as the market value of these shares, declined significantly below their cost.

b. Foreign and local unquoted investments of KD7,100,310 (2012: KD6,452,077) 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. 2013 KD	31 Dec. 2012 KD
Financial assets:		
Accounts receivable	**4,296,723**	3,466,385
Due from related parties (note 36)	**3,621,881**	7,928,334
Loan to related parties (a)	**283,479**	281,614
Payment towards acquisition of investments	**-**	38,648
Other financial assets	**5,655,641**	5,546,000
	13,857,724	17,260,981
Non-financial assets:		
Advance to contractors	**253,799**	1,156,739
Advance payment to acquire properties	**3,312,286**	-
Differed Tax assets	**1,554,590**	1,658,088
Other non-financial assets	**3,491,449**	1,358,090
	8,612,124	4,172,917
	22,469,848	21,433,898

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

b. During the year Group recognised an impairment loss of KD4,850,253 (31 December 2012: KD764,883) against an amount from a related party based on information available at the reporting date.

21 Properties under development

The movement in properties under development is as follows:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Carrying value at the beginning of the year	**154,917,039**	146,055,004
Additions during the year	**5,652,407**	8,383,520
Transfers to capital work-in-progress (Note 16c)	**(10,077,085)**	7,563,500
Transfers from capital work-in-progress (Note 16b)	**499,640**	-
Transfer to trading properties (c)	**(1,042,988)**	-
Transfer to property, plant and equipment (note 15)	**-**	(109,139)
Transfer from investment properties (note 17b)	**23,189,527**	-
Cost absorbed during the year (c)	**(19,121,422)**	(8,480,493)
Impairment made during the year	**-**	(990,727)
Foreign exchange adjustments	**(159,110)**	2,495,374
	153,858,008	154,917,039
Less: Non-current portion (a)	**(127,409,450)**	(101,286,107)
	26,448,558	53,630,932

a) Properties under development relates to the revenue project which are offered for sale. Cost of project expected to be completed after 12 months has been classified as non-current assets.

In the opinion of the management, there has been no further impairment in the carrying values of the property under development as at 31 December 2013 (31 December 2012: Nil).

b) During 2012, a South African subsidiary and the Lebanon subsidiary recognised an impairment loss of KD990,727 against certain properties under development based on the estimates made by the management as per information available to them at the reporting date.

c) During the year the UAE subsidiary completed the construction of Laguna Tower Residence FZE. Accordingly KD17,783,396 (equivalent to AED 230,511,035) 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.

21 Properties under development (continued)

	31 Dec. 2013 KD	31 Dec. 2012 KD
The above balance consists of the following:		
Land cost:		
- The Trunk, Palm Jumeirah	**552,639**	549,002
- Jumeirah Lake Towers, Dubai	**-**	2,714,403
- Kingdom of Sheba Heritage Place	**4,204,668**	4,176,998
- C14	**23,144,310**	-
- Balqis Residence	**23,917,857**	23,760,457
- Zimbali Prescint Real Estate	**589,515**	616,409
	52,408,989	31,817,269
Construction, piling and enabling works	**79,412,442**	91,692,808
Other construction related costs	**22,036,577**	31,406,962
	153,858,008	154,917,039

22 Trading properties

	31 Dec. 2013 KD	31 Dec. 2012 KD
Residential flats in Dubai, UAE	**143,090**	-
Properties in South Africa	**4,179,000**	5,048,231
	4,322,090	5,048,231

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 Group (see note 29).

23 Cash and cash equivalents

	31 Dec. 2013 KD	31 Dec. 2012 KD
Cash and bank balances	**13,887,658**	3,249,172
Term deposits – due within three months	**358,679**	745,624
Cash and cash equivalents for cash flow purposes	**14,246,337**	3,994,796

The term deposits carry effective interest rates of 5.5% per annum (2012: 4% to 7.5% per annum).

Cash and bank balances include escrow account balances maintained by UAE subsidiary amounting to KD1,767,257 (31 December 2012: KD106,081) which are subject to Law No 8 of 2007 concerning guarantee accounts of real estate developments in the Emirates of Dubai.

Term deposits includes a short term deposit of KD283,305 (31 December 2012: KD727,003) placed with one of the joint venture's by a South African subsidiary.

24 Share capital

	31 Dec 2013		31 December 2012	
	Authorised	Paid-up	**Authorised**	Paid-up
Shares of KD0.100 each	**635,434,200**	635,434,200	**453,882,000**	453,882,200

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, 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. 2013 KD	31 Dec. 2012 KD
Number of shares	**24,791,702**	23,192,882
Percentage of issued shares	**3.9%**	5.11%
Market value (KD)	**6,693,760**	10,204,868
Cost (KD)	**16,853,183**	16,672,644

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 the Parent Company's articles of association, a 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 discretion of the board of directors as to what is to be approved at the general assembly. For the period ended 31 December 2013 the board of directors propose to transfer 10% of the above mentioned profit to the voluntary reserve and this is subject to the approval of the general assembly. 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 represent amounts payable on purchase of land in various projects in the UAE subsidiary (classified as capital work-in-progress and property under development). The maturity details of the instalments due are as follows:

	31 Dec. 2013 KD	31 Dec. 2012 KD
Amounts due within one year (note 31)	1,178,152	5,990,772
Amounts due after one year	-	1,170,399
Total amount due	1,178,152	7,161,171

b) Other liability

	31 Dec. 2013 KD	31 Dec. 2012 KD
Payable to contractor	14,126,006	-
Less: Amounts due within one year (note 31)	(1,411,803)	-
Total amount due after one year	12,714,203	-

Other liability represents amount payable to the main contractor, Dubai Contracting Company (DCC) with respect of Balqis Residence FZE and Kingdom of Sheba Heritage Place FZE, subsidiaries of the UAE subsidiary. During the year, the DCC contract was terminated under agreement dated 8 October 2013 to discharge all the contractual and financial obligations. As a result, AED183,103,399 (equivalent to KD14,126,006) was determined as payable to DCC in two instalments of AED 18,300,000 (equivalent to KD1,411,803) and AED164,803,399 (equivalent to KD12,714,203) due on 31 March 2014 and 31 March 2015 respectively. The amount due on 31 March 2014 has been shown as current liability under accounts payable and other liabilities.

28 Redeemable preference shares

During 2011, IFA Hotels & Resorts 1, a subsidiary of IFA Hotels & 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 (KD0.00002833). These shares have voting rights (in reference to Series A preferred shares) and are redeemable and non-convertible. The entitlement of each share is USD39.1817 (KD11.102). 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 USD0.0001 (KD0.00002833). These shares have voting rights (in reference to Series B preferred shares) and are cumulative, redeemable and non-convertible. The entitlement of each share is USD 39.1817 (KD11.102). These shares carry a fixed dividend of 6% per annum from the sixth to the tenth year and thereafter 10%. 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. 2013 KD**	31 Dec. 2012 KD
Term loan – UAE	7% to 12%	**66,380,541**	63,079,142
Term loan – South Africa	2% to 8.5%	**14,313,208**	18,097,164
Term loan – Jersey	4.5%	**338,314**	397,983
Term loan – Lebanon	9%	**3,213,988**	2,993,338
Term loan – Portugal	6.5%	**6,014,740**	6,523,471
Term loan – Kuwait	6.5%	**-**	9,943,637
		90,260,791	101,034,735
Less: Amount due within one year		**(8,394,812)**	(61,641,889)
Amount due after more than one year		**81,865,979**	39,392,846

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. Loan obtained by South African Subsidiary include a loan of KD1,070,060 (2012: KD1,284,764) obtained by one of its joint operations. The loan is secured by mortgage over Westbrook properties.

c. The loans obtained by the South African subsidiaries are secured by:
- the mortgage of property, plant and equipment with a carrying value of KD2,544,348 (31 December 2012: KD3,242,772).

d. The loan obtained by the Lebanon subsidiary is secured by Land Plot (classified as properties under development) amounting to KD4,079,880 (31 December 2012: KD4,053,600).

e. The loan obtained by the Portugal subsidiaries is secured by investment properties with a carrying value of KD9,187,934 (31 December 2012: KD9,102,096).

29 Term loans (continued)

f. *Loans obtained by the UAE subsidiaries amounting to KDNil (31 December 2012: KD11,143,456) from Emirates NBD Bank:*
This facility was secured by the plots on the Palm Jumeriah including additions from time to time, all fixtures, fitting and other appurtenants and also secured against the collections deposited in the Escrow account opened in an Emirates NBD bank. Further it was also secured by buildings with a carrying value of KD5,218,901 located at Al Shalal beach club (refer note 15), in the UAE subsidiary by way of mortgage together with treasury shares and South Africa properties of the Parent Company. The whole amount of loan has been repaid during the year.

g. *Loan obtained by UAE subsidiaries amounting to KD6,820,977 (2012: KD9,193,448) from Drake & Scull International Company (DSI):*
This includes financing of KD6,820,977 (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 KD12,411,213 (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 last year the UAE Subsidiary secured an additional credit facility with DSI amounting KD2,987,951 (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 has been fully drawn during the year through conversion of existing trade payables of the UAE subsidiary to DSI.

Repayments under these facilities were scheduled until December 2013. However the management has re-negotiated with DSI and as per the revised repayments schedule, these facilities are to be repaid by June 2015.

The Parent Company serves as the guarantor under these investment support agreements and has 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.

During the year a total of KD2,596,020 (equivalent to AED33,650,000) has been repaid towards the principle amount of these facilities (2012: KD6,144,814 equivalents to AED79,650,000).

h. *Loan obtained by UAE subsidiaries amounting to KDNil (2012: KD5,587,214) from Dubai Contracting Company LLC (DCC):*
This represents a financing facility from DCC on 2 December 2010 and was utilized to settle outstanding amounts due to DCC under the constructions contract dated 4 June 2007. The loan was unsecured and subordinated by a loan facility obtained by a UAE subsidiary referred to in (i) below. The facility was due 18 months from the issue of the "Taking Over certificate", and the repayment in full of the loan facility secured from a foreign bank. The amount utilised under this facility amounting to KD5,620,402 was fully settled during the year from the second facility from a foreign bank (refer i).

i. *Loan obtained by UAE subsidiaries amounting to KD45,366,215 (2012: KD35,723,901) from a foreign bank:*
On 13 December 2010, a UAE subsidiary secured a KD32,582,375 (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. A subsidiary incorporated in the Cayman Islands, the Parent Company of the UAE subsidiary, is a guarantor of the loans facility.

On September 15, 2013, Trunk Propco FZE and IFA HI Trunk FZE, sub-subsidiaries of the UAE subsidiary, entered into a new credit facility agreement with the foreign bank for KD49,581,875 (equivalent to USD175,000,000 (the 'Second Facility'). The Second Facility requires a Debt Service Reserve (DSR) amounting to KD2,266,600 (equivalent to USD8,000,000) to be maintained with the foreign bank. Repayments are due from June 30, 2015 until June 30, 2018. The Parent Company of the UAE subsidiary (stated above) is also the guarantor of the Second Facility.

KD45,991,070 (equivalent to USD162,326,198), excluding the DSR maintained with the foreign bank, have been utilised under the Second Facility to repay the First Facility and to settle the amount payable to Dubai Construction Company LLC (refer j) as well as Al Tilal Investment (see (k) below).

j. *Loan obtained by UAE subsidiaries amounting to KD1,527,040 (2012: KD1,431,123) 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 for a credit facility aggregating to KD5,430,0744 (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 with a total value of KD6,301,274 (equivalent to AED81,678,041). The UAE subsidiary has also guaranteed the repayment of the principal amounts drawn under the facility and the charges accruing thereon. As at 31 December 2013 the UAE subsidiary has utilized KD1,440,604 (equivalent to AED18,673,323) of the facility by converting existing trade payables to the counterparties.

29 Term loans (continued)

k. During the year, the UAE subsidiary obtained an interest free and unsecured loan of USD2,823,452 (AED36,598,000) from a related party, which has been subsequently repaid from the proceeds of the Second Facility (see note j).

L. *Loan obtained by UAE subsidiary amounting to KD12,666,309 (2012: KD Nil) from Invest bank*
On July 18, 2013, the UAE subsidiary obtained a Real Estate Loan from Invest Bank PSC for an amount of KD4,165,976 (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 UAE subsidiary as well as post-dated cheques covering the monthly interest amount. Irrevocable undertaking from the UAE subsidiary is given to settle any shortfall in repayment from own sources of income. Repayment is to be made through the sale proceeds of mortgaged apartments within a maximum period of two years and deposited minimum 80% of sales proceeds of the apartments (and also rentals of apartments if rented out) into the UAE subsidiary's account with Invest Bank PSC, for reduction/full settlement of the loan.

On September 14, 2013, an addendum to the First IB Loan facility was executed to obtain a further loan of KD8,871,986 (equivalent to AED115,000,000), the 'Second IB Loan' to be utilized in the settlement of the Emirates NBD facility (see note f). 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 subsidiary. A 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 UAE Subsidiary is given to settle any shortfall in repayment from own sources of income.

M. Kuwait term loan represented a short term loan obtained from a related party which carried interest at 4.5% above the Central Bank of Kuwait discount rate per annum. The loan was secured by investment securities of the ultimate Parent Company with a carrying value KD12,773,828 at 31 December 2012. The loan has been fully settled during the year against the increase in the share capital (see note 24).

30 Retention payable

	31 Dec. 2013 KD	31 Dec. 2012 KD
Retention payable	**2,019,055**	11,874,769
Payable within one year (note 31)	**(2,019,055)**	(1,782,838)
Payable after one year	**-**	10,091,931

31 Accounts payable and other liabilities

	31 Dec. 2013 KD	31 Dec. 2012 KD
Accounts payable*	**9,945,173**	12,014,504
Accrued construction costs	**2,840,317**	3,948,433
Instalment payments due on purchase of properties – current portion (note 27)	**1,178,152**	5,990,772
Other accruals	**6,342,598**	5,134,330
Deferred tax	**1,100,343**	1,120,385
Deferred income	**1,595,738**	1,443,136
Dividend payable	**517,645**	521,468
Retentions payable – curent portion (note 30)	**2,019,055**	1,782,838
KFAS, NLST and Zakat payables	**3,581,890**	3,437,325
Refundable deposits due to customers in relation to forfeited sale contracts	**1,985,862**	2,658,819
Land transfer fee payable	**1,131,461**	1,689,720
Advance receive against sale of shares (a)	**8,486,247**	-
Other payables	**5,611,530**	4,989,811
	46,336,011	44,731,541

* Accounts payable includes current portion of other payable amounting to KD1,411,803 (refer note 27 b).

a) This represents amounts received in advance (AED110 Mn) from an investor by the UAE subsidiary to acquire 32.5% of one of its 100% owned subsidiary's under investment arrangements which were in process at the year end and completed subsequently. Consequently, the amount received from the investor is recorded as advance received against sales of shares at the year end.

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. 2013 KD	31 Dec. 2012 KD
Balance at the beginning of the year	**138,832,580**	127,888,786
Advances received during the year	**5,592,921**	15,678,299
Revenue recognised during the year	**(16,086,692)**	(6,478,491)
Foreign exchange adjustment	**885,042**	1,743,986
Balance at end of the year	**129,223,851**	138,832,580
Less: Current portion	**(14,835,988)**	(17,063,310)
	114,387,863	121,769,270

33 Proposed distributions

The board of directors of the Parent Company propose not to distribute any dividend for the year ended 31 December 2013 (31 December 2012: Nil). This proposal is subject to the approval of the annual general assembly of shareholders.

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 and 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. 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 ticketing and related services					(193,172)
Fees and commission income					(155,739)
Change in fair value of investment properties					(18,789,140)
Loss on disposal of investment properties					35,360
Share of results of associates and joint ventures					5,371,041
Impairment in value of associates and joint ventures					776,638
Impairment in value of receivable other assets					4,850,253
Gain on partial disposal of asset 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 associates and joint venture	-	-	(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)

34 Segmental information (continued)

	Year Ended 31 Dec. 2012				
	Property development KD	Hoteliering KD	Investments KD	Others KD	Total KD
Segment revenue	26,765,769	7,606,939	(1,495,455)	1,598,003	34,475,256
Less:					
Net income from ticketing & related services					(115,327)
Fees and commission income					(184,588)
Change in fair value of investment properties					(19,885,741)
Gain on disposal of investment properties					(924)
Realized gain from investments at fair value through profit or loss					(869,540)
Loss on disposal of associate					188,932
Share of results from associates and joint ventures					947,182
Impairment in value of associates and joint ventures					3,216,178
Impairment in value of available for sale investments					125,519
Impairment in value of receivable other assets					764,883
Impairment in value of properties under development					990,727
Gain on partial disposal of asset classified as held for sale					(2,099,914)
Interest income					(747,270)
Other income					505,665
Revenue as per consolidated statement of income					17,311,038
Segment profit/(loss) before taxation, KFAS, NLST and Zakat	7,181,228	(2,192,319)	(1,852,498)	(96,122)	3,040,289
Depreciation	995,741	660,561	144,887	14,146	1,815,335
Impairment in value of available for sale investments	-	-	(125,519)	-	(125,519)
Impairment in value of receivable and other assets	-	-	(764,883)	-	(764,883)
Impairment in value of associates and joint ventures	-	-	(3,216,178)	-	(3,216,178)
Segment assets	333,006,952	37,410,040	31,121,807	691,739	402,230,538
Segment liabilities	(269,798,578)	(29,267,790)	(52,538,665)	(191,869)	(351,796,902)

Geographical segments:

The geographical analysis is as follows:

	Assets		Revenue	
	31 Dec 2013	31 Dec 2012	**31 Dec 2013**	31 Dec 2012
Kuwait	**16,436,902**	13,395,030	**325,107**	(2,904,582)
UAE and Asia	**335,750,741**	328,920,729	**54,289,742**	22,005,227
Africa	**35,406,817**	43,154,756	**4,425,010**	6,267,982
Others	**16,271,229**	16,760,023	**3,676,450**	9,106,629
	403,865,689	402,230,538	**62,716,309**	34,475,256

35 Capital commitments and contingencies

Capital expenditure commitments
At 31 December 2013, 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. 2013 KD	31 Dec. 2012 KD
Estimated and contracted commitments for property, plant and equipments and capital work in progress	-	5,630
Estimated and contracted capital expenditure for construction of properties under development and trading properties	15,633,091	37,051,784
	15,633,091	37,057,414

The Group may 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.

Expected financing rates from the above sources are dependent on the source of financing and management estimates of the best financing available at that time.

Contingencies
During the period ended 31 December 2011 a master property developer (Nakheel) initiated legal proceedings for claim of KD7,714,770 (AED100 Million) against a joint venture formed by a UAE subsidiary with another party. Where as the joint venture lodged a counter claim of KD70,975,884 (AED920 Million), against sale of retail space in Golden Mile.

Certain customers have also initiated legal proceeding against the UAE subsidiary for the delay in completion of its projects and cancellation of units.

Since these litigations are in the preliminary stage, the probable outcome cannot be estimated reliably. However, the Group management is of the view that these cases will ultimately be decided in favour of the Group.

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.

36 Related party transactions (continued)

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

	31 Dec. 2013 KD	31 Dec. 2012 KD
Balances included in the consolidated statement of financial position:		
Amounts due from joint ventures (note 20)	-	534,601
Loans to related party (note 20)	283,479	281,614
Amounts due from other related parties (note 20)	3,621,881	7,393,733
Amounts due to ultimate Parent Company	15,201,968	31,385,889
Amounts due to other related parties	25,146,085	21,010,298
Short term deposit placed with joint venture (note 23)	283,305	727,003
Term loan (note 29 m)	-	9,943,637

	31 Dec. 2013 KD	31 Dec. 2012 KD
Transactions included in the consolidated statement of income		
Interest income	169,725	402,109
Finance costs	1,019,715	875,760
Impairment in value of receivable and other assets (note 20 b)	4,850,253	764,883
Commission income	-	50,137
Impairment in value of associate and joint venture (note 7)	776,638	3,216,178
Compensation of key management personnel of the Group		
Short-term employee benefits	631,136	580,156

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 joint ventures and other related parties are interest free and have no specific repayment dates.

Amount due to other related parties include short term advance of KD9,476,468 (31 December 2012: KD6,542,618) which carry interest at 2% above the Central Bank of Kuwait discount rate per annum with no specific repayment dates and the remaining balances of KD15,669,617 (31 December 2012: KD14,467,680) are non-interest bearing and have no specific repayment terms. Further, the amounts due to ultimate Parent Company are non-interest bearing and have no specific repayment dates.

During the year the UAE subsidiary obtained an interest free advance of USD10,000,000 (equivalent to KD2,823,452), from a related party and the amount was fully settled during the year.

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. 2013 KD	31 Dec. 2012 KD
Financial assets:		
Available for sale investments		
- at cost or cost less impairment	7,100,310	6,452,077
- at fair value	305,953	274,573
	7,406,263	6,726,650
Loans and receivables (at amortised costs):		
- Loans to associates (note 7)	6,967,011	8,145,130
- Accounts receivable and other assets (note 20)	13,857,724	17,260,981
- Cash and cash equivalents	14,246,337	3,994,796
	35,071,072	29,400,907
Total financial assets	42,477,335	36,127,557
Financial liabilities at (amortised cost):		
- Term loans	90,260,791	101,034,735
- Instalments due on purchase of properties and other liability	12,714,203	1,170,399
- Redeemable preference shares	2,833,616	2,814,969
- Other financial liabilities	-	10,091,931
- Due to related parties	40,348,053	52,396,187
- Accounts payable and other liabilities	46,336,011	44,731,541
Total financial liabilities	192,492,674	212,239,762

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 38.3 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 2013		**Level 1**	**Level 2**	**Level 3**	**Total Balance**
	Note	**KD**	**KD**	**KD**	**KD**
Assets at fair value					
Available for sale investments					
- Quoted shares	a	305,953	-	-	305,953
Total assets		**305,953**	-	-	**305,953**

31 December 2012		**Level 1**	**Level 2**	**Level 3**	**Total Balance**
	Note	**KD**	**KD**	**KD**	**KD**
Assets at fair value					
Available for sale investments					
- Quoted shares	a	274,573	-	-	274,573
Total assets		274,573	-	-	274,573

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 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 the above has been determined by independent valuers using market comparison and profit and residual methods based on the current property market condition in the UAE and Portugal 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
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

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

37.4 Fair value measurement of non-financial assets (continued)

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 investment properties within this level can be reconciled from beginning to ending balances as follows:

	Investment properties Total KD
31 December 2013	
Opening balance	**56,408,226**
Disposal	**(440,761)**
Transfers	**(20,655,808)**
Foreign currency translation adjustment	**607,525**
Total gains for the year included in profit or loss for assets held at the end of the reporting period:	
- Changes in fair value recognised in profit or loss	**18,789,140**
Closing balance	**54,708,322**

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", "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 Dollars, UAE Dirhams, UK Pounds, Euros 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.

38 Risk management objectives and policies (continued)

38.1 Market risk (continued)

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. 2013 Equivalent KD	31 Dec. 2012 Equivalent KD
US Dollars	86,203	121,211
Euro	152,319	54,235

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. 2013		31 Dec. 2012	
	Inc/(Dec) %	Profit for the year KD	Inc/(Dec) %	Profit for the year KD
US Dollars	0.22%	187	0.66%	800
	(0.22)%	(187)	-0.66%	(800)
Euro	2.16%	3,289	3.01%	1,632
	(2.16)%	(3,289)	-3.01%	(1,632)

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% (2012: + 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. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
	1%	1%	1%	1%
	KD	KD	KD	KD
Profit for the year	(827,084)	(601,615)	827,084	601,615

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. 2013	31 Dec. 2012
	1%	1%
	KD	KD
Available for sale investments	30,595	27,457
	30,595	27,457

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. 2013 KD	31 Dec. 2012 KD
Available for sale investments	7,406,263	6,726,650
Loans to associates (note 7)	6,967,011	8,145,130
Accounts receivable and other assets (note 20)	13,857,724	17,260,981
Cash and cash equivalents	14,246,337	3,994,796
	42,477,335	36,127,557

Except for certain available for sale investments, loans to associates and due from related parties referred in notes 17, 19, 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 2013 and 2012 are as follows:

	Kuwait KD	Asia & Middle East KD	Africa KD	UK & Europe KD	Total KD
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 assets (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**
At 31 December 2012					
Available for sale investments	384,574	4,110,679	66,340	2,165,057	6,726,650
Loans to associates (note 7)	-	-	8,145,130	-	8,145,130
Accounts receivable and other assets (note 20)	3,566,824	10,716,858	1,375,163	1,602,136	17,260,981
Cash and cash equivalents	58,362	2,343,818	1,426,754	165,862	3,994,796
	4,009,760	17,171,355	11,013,387	3,933,055	36,127,557

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	1-3 Months	3-12 Months	1-5 years	More than 5 years	Total
	KD	KD	KD	KD	KD	KD
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**
					-	

	On demand	1-3 Months	3-12 Months	1-5 years	More than 5 years	Total
At 31 December 2012						
Financial liabilities						
Instalment due on purchase of properties and other liability	-	-	-	1,170,399	-	1,170,399
Redeemable preference shares	-	-	-	2,814,969	-	2,814,969
Term loans	-	397,983	66,397,715	43,008,537	-	109,804,235
Other financial liabilities	-	-	-	10,091,931	-	10,091,931
Due to related parties	-	52,396,187	-	-	-	52,396,187
Accounts payable and other liabilities	-	44,731,541	-	-	-	44,731,541
	-	97,525,711	66,397,715	57,085,836	-	221,009,262

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. 2013	31 Dec. 2012
	KD	KD
Profit attributable to the owners of the Parent Company	**3,102,122**	2,979,773
Equity attributable to the owners of the Parent Company	**82,116,261**	51,382,063
Return on equity attributable to the owners of the Parent Company	**3.78%**	5.80%

40 Comparative amounts

Comparative figures have been restated due to the 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.