Interim condensed consolidated financial information and review report

International Finance Company – KSC (Closed)

and its Subsidiaries

Kuwait

30 September 2013 (Unaudited)

Contents

Grant Thornton
Al-Qatami, Al-Aiban & Partners
Auditors & Consultants
Souq Al Kabeer Building - Block A 9th Floor
Tel : (965) 2244 3900-9
Fax: (965) 2243 8451
P.O.Box 2986, Safat 13030
Kuwait
E-mail: gt@kw.gt.com
www.gtkuwait.com

BDO
Al Johara Tower, 6th Floor
Khaled Ben Al Waleed Street, Sharq
P.O. Box 25578, Safat 13116
Kuwait
Tel: +965 2242 6999
Fax: +965 2240 1666
www.bdo.com.kw

Report on review of interim condensed consolidated financial information

To the board of directors of
International Finance Company – KSC (Closed)
Kuwait

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of International Finance Company (A Kuwaiti Closed Shareholding Company) (the "parent company") and its subsidiaries (together the "group") as of 30 September 2013 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

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

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

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012 or of the articles and memorandum of association of the parent company, as amended, have occurred during the nine-month period ended 30 September 2013 that might have had a material effect on the business or financial position of the group.

We further report that, during the course of our review, we have not become aware of any material violations during the nine-month period ended 30 September 2013 of the provisions of Law No.32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority (CMA) and its related regulations.

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

Qais M. Al Nisf
(Licence No. 38-A)
of BDO Al Nisf & Partners

Kuwait
21 October 2013

Interim condensed consolidated statement of income

	Notes	Three months ended 30 Sept. 2013 (Unaudited) KD	Three months ended 30 Sept. 2012 (Unaudited) KD	Nine months ended 30 Sept. 2013 (Unaudited) KD	Nine months ended 30 Sept. 2012 (Unaudited) KD
Revenue					
Income from instalment credit debtors		466,437	599,345	1,525,180	1,988,016
Rental income		40,823	45,981	109,946	82,379
Interest income		256,939	59,379	452,135	158,171
Profit on sale of investments at fair value through statement of income		29,473	-	119,671	8,380
Change in fair value of investments at fair value through statement of income		50,437	(335,919)	2,392	532,515
(Loss)/profit on sale of available for sale investments		-	(14,671)	1,243,001	(72,749)
Profit/(loss) on sale of properties held for trading		42,789	(65,497)	135,024	(9,586)
Share of results of associates	11	373,808	(107,268)	313,535	(107,452)
Profit on sale of investment in associate	11	-	-	184,625	-
Dividend income		20,263	84,094	1,032,975	816,865
Brokerage income		113,944	50,274	222,449	288,859
Advisory fees		388,189	-	388,189	-
Gain/(loss) on foreign currency exchange		53,395	(2,675)	(28,404)	(550)
Reversal of provision for instalment credit debtors – net		961,573	256,869	1,653,084	243,097
Other income		3,778	13,739	83,731	91,120
		2,801,848	583,651	7,437,533	4,019,065
Expenses and other charges					
Staff costs		(463,097)	(293,579)	(1,296,393)	(1,030,437)
General and administrative expenses		(258,058)	(216,954)	(1,072,264)	(871,613)
Finance costs		(247,315)	(178,124)	(763,976)	(850,263)
Provision for doubtful debts		-	(105,526)	(603,019)	(1,189,529)
Depreciation		(44,724)	(47,337)	(130,480)	(144,367)
Impairment of available for sale investments	10	(925,763)	(53,910)	(1,470,951)	(153,819)
		(1,938,957)	(895,430)	(5,337,083)	(4,240,028)
Profit/(loss) for the period before provisions for contribution to National Labour Support Tax and Zakat		862,891	(311,779)	2,100,450	(220,963)
Provision for National Labour Support Tax		(33,428)	-	(60,784)	-
Provision for Zakat		(12,954)	-	(18,401)	-
Profit/(loss) for the period		816,509	(311,779)	2,021,265	(220,963)
Attributable to:					
Owners of the parent company		800,796	(257,704)	1,987,503	174,952
Non-controlling interests		15,713	(54,075)	33,762	(395,915)
		816,509	(311,779)	2,021,265	(220,963)
Basic and diluted earnings/(loss) per share attributable to the owners of the parent company (Fils)	6	1.01	(0.32)	2.50	0.22

The notes set out on pages 8 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2013 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD	**30 Sept. 2013 (Unaudited) KD**	30 Sept. 2012 (Unaudited) KD
Profit/(loss) for the period	**816,509**	(311,779)	**2,021,265**	(220,963)
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to statement of income:				
Exchange differences arising on translation of foreign operations	**(66,058)**	1,867	**(85,022)**	75,989
Available for sale investments:				
- Net change in fair value	**6,319,673**	428,963	**9,273,809**	(6,227,245)
- Transferred to consolidated statement of income on sale	**(29,505)**	50,139	**(304,887)**	64,673
- Transferred to consolidated statement of income on impairment	**925,763**	53,910	**1,470,951**	153,819
Total other comprehensive income/(loss) for the period	**7,149,873**	534,879	**10,354,851**	(5,932,764)
Total comprehensive income/(loss) for the period	**7,966,382**	223,100	**12,376,116**	(6,153,727)
Attributable to:				
Owners of the parent company	**7,953,545**	275,541	**12,355,010**	(5,763,864)
Non-controlling interests	**12,837**	(52,441)	**21,106**	(389,863)
	7,966,382	223,100	**12,376,116**	(6,153,727)

The notes set out on pages 8 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2013 (Unaudited)	31 Dec. 2012 (Audited)	(Restated) 30 Sept. 2012 (Unaudited)
		KD	KD	KD
Assets				
Cash and cash equivalents	7	**7,983,852**	8,313,149	8,549,507
Instalment credit debtors	8	**19,075,700**	23,120,497	28,073,899
Investments at fair value through statement of income	9	**8,116,024**	7,626,053	7,946,135
Accounts receivable and other assets		**4,688,022**	5,029,118	3,956,641
Due from related parties	19	**5,709,666**	802,053	955,159
Properties held for trading		**3,418,136**	3,236,722	1,973,541
Available for sale investments	10	**68,682,927**	51,795,829	43,748,087
Held to maturity investment		**283,050**	283,050	283,050
Investment in associates	11	**28,531,765**	30,410,412	28,134,463
Investment property		**1,964,951**	2,009,247	2,024,014
Property and equipment		**2,735,432**	2,789,239	2,805,401
Total assets		**151,189,525**	135,415,369	128,449,897
Liabilities and equity				
Liabilities				
Due to banks	12	**2,585,664**	2,519,280	2,334,187
Accounts payable and other liabilities		**6,571,214**	6,567,527	5,904,400
Due to related parties	19	**322,968**	2,222,582	1,456,772
Term loans	13	**8,426,700**	1,706,800	2,698,504
Murabaha payable	14	**6,800,000**	8,400,000	8,400,000
Provision for end of service indemnity		**598,810**	495,654	534,540
Total liabilities		**25,305,356**	21,911,843	21,328,403
Equity				
Share capital		**80,288,257**	80,288,257	80,288,257
Share premium		**32,950,027**	32,950,027	32,950,027
Treasury shares	15	**(762,148)**	(931,786)	(931,783)
Legal reserve		**7,074,614**	7,087,901	7,087,901
Voluntary reserve		**-**	151,824	151,824
Foreign currency translation reserve		**(261,944)**	(189,578)	(170,071)
Fair value reserve		**19,055,460**	8,615,587	1,969,864
Accumulated losses		**(13,093,989)**	(15,081,492)	(14,927,344)
Total equity attributable to the owners of the parent company		**125,250,277**	112,890,740	106,418,675
Non-controlling interests		**633,892**	612,786	702,819
Total equity		**125,884,169**	113,503,526	107,121,494
Total liabilities and equity		**151,189,525**	135,415,369	128,449,897

Jassim Hassan Zainal
Chairman and Chief Executive Officer

The notes set out on pages 8 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the parent company										
	Share capital KD	Share premium KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Accumulated losses KD	Sub-Total KD	Non-controlling interests KD	Total KD
Balance at 1 January 2013 (audited)	80,288,257	32,950,027	(931,786)	7,087,901	151,824	(189,578)	8,615,587	(15,081,492)	112,890,740	612,786	113,503,526
Purchase of treasury shares	-	-	(285,710)	-	-	-	-	-	(285,710)	-	(285,710)
Sale of treasury shares	-	-	455,348	(13,287)	(151,824)	-	-	-	290,237	-	290,237
Transactions with owners	-	-	169,638	(13,287)	(151,824)	-	-	-	4,527	-	4,527
Profit for the period	-	-	-	-	-	-	-	1,987,503	1,987,503	33,762	2,021,265
Other comprehensive (loss)/income:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(72,366)	-	-	(72,366)	(12,656)	(85,022)
Available for sale investments:											
- Net change in fair value	-	-	-	-	-	-	9,273,809	-	9,273,809	-	9,273,809
- Transferred to consolidated statement of income on sale	-	-	-	-	-	-	(304,887)	-	(304,887)	-	(304,887)
- Transferred to consolidated statement of income on impairment	-	-	-	-	-	-	1,470,951	-	1,470,951	-	1,470,951
Total other comprehensive (loss)/income for the period	-	-	-	-	-	(72,366)	10,439,873	-	10,367,507	(12,656)	10,354,851
Total comprehensive (loss)/income for the period	-	-	-	-	-	(72,366)	10,439,873	1,987,503	12,355,010	21,106	12,376,116
Balance at 30 September 2013 (unaudited)	**80,288,257**	**32,950,027**	**(762,148)**	**7,074,614**	**-**	**(261,944)**	**19,055,460**	**(13,093,989)**	**125,250,277**	**633,892**	**125,884,169**

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the parent company											
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Legal reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Accumulated losses KD	Sub-Total KD	Non-controlling interests KD	Total KD
Balance at 1 January 2012 (as previously reported) (audited)	80,288,257	32,950,027	(1,432,303)	157,713	7,087,901	501,900	(240,008)	7,978,617	(15,003,587)	112,288,517	1,092,682	113,381,199
Prior year adjustments (note 22a)	-	-	-	-	-	-	-	-	(98,709)	(98,709)	-	(98,709)
Balance at 1 January 2012 (as restated) (audited)	80,288,257	32,950,027	(1,432,303)	157,713	7,087,901	501,900	(240,008)	7,978,617	(15,102,296)	112,189,808	1,092,682	113,282,490
Purchase of treasury shares	-	-	(538,714)	-	-	-	-	-	-	(538,714)	-	(538,714)
Sale of treasury shares	-	-	1,039,234	(157,713)	-	(350,076)	-	-	-	531,445	-	531,445
Transactions with owners	-	-	500,520	(157,713)	-	(350,076)	-	-	-	(7,269)	-	(7,269)
Profit/(loss) for the period	-	-	-	-	-	-	-	-	174,952	174,952	(395,915)	(220,963)
Other comprehensive income/(loss):												
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	69,937	-	-	69,937	6,052	75,989
Available for sale investments:												
- Net change in fair value	-	-	-	-	-	-	-	(6,227,245)	-	(6,227,245)	-	(6,227,245)
- Transferred to consolidated statement of income on sale	-	-	-	-	-	-	-	64,673	-	64,673	-	64,673
- Transferred to consolidated statement of income on impairment	-	-	-	-	-	-	-	153,819	-	153,819	-	153,819
Total other comprehensive income/(loss) for the period	-	-	-	-	-	-	69,937	(6,008,753)	-	(5,938,816)	6,052	(5,932,764)
Total comprehensive income/ (loss)/ for the period	-	-	-	-	-	-	69,937	(6,008,753)	174,952	(5,763,864)	(389,863)	(6,153,727)
Balances at 30 September 2012 (unaudited)	80,288,257	32,950,027	(931,783)	-	7,087,901	151,824	(170,071)	1,969,864	(14,927,344)	106,418,675	702,819	107,121,494

The notes set out on pages 8 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Notes	Nine months ended 30 Sept. 2013 (Unaudited) KD	Nine months ended 30 Sept. 2012 (Unaudited) KD
OPERATING ACTIVITIES			
Profit/(loss) for the period		2,021,265	(220,963)
Adjustments:			
Interest income		(452,135)	(158,171)
Dividend income		(1,032,975)	(816,865)
(Profit)/loss on sale of available for sale investments		(1,243,001)	72,749
Profit on sale of investment in associate	11	(184,625)	-
Impairment of available for sale investments	10	1,470,951	153,819
(Profit)/loss on sale of properties held for trading		(135,024)	9,586
Share of results of associates	11	(313,535)	107,452
Reversal of provision for instalment credit debtors – net		(1,653,084)	(243,097)
Provision for doubtful debts		603,019	1,189,529
Depreciation		130,480	144,367
Finance costs		763,976	850,263
Provision for end of service indemnity		181,356	127,493
		156,668	1,216,162
Changes in operating assets and liabilities:			
Instalment credit debtors		5,732,572	9,937,335
Investments at fair value through statement of income		(489,971)	(576,551)
Accounts receivable and other assets		295,290	277,412
Due from / to related parties		(6,186,496)	(853,329)
Accounts payable and other liabilities		3,687	(1,640,499)
Provision for end of service indemnity paid		(78,200)	(863,183)
Net cash (used in)/from operating activities		(566,450)	7,497,347
INVESTING ACTIVITIES			
Net purchase of property and equipment		(41,386)	(47,643)
Purchase of investment in associate	11	(218,620)	(75,000)
Proceeds from sale of investment in associate	11	1,322,188	-
Purchase of properties held for trading		(760,299)	-
Proceeds from sale of properties held for trading		705,460	1,274,339
Purchase of held to maturity investment		-	(283,050)
Purchase of available for sale investments		(10,403,858)	(771,561)
Proceeds from sale of available for sale investments		3,719,058	432,871
Dividends income received		1,032,975	816,865
Dividend received from associate	11	35,062	-
Interest income received		452,135	158,171
Net cash (used in)/from investing activities		(4,157,285)	1,504,992
FINANCING ACTIVITIES			
Net change in due to banks		66,384	(2,276,124)
Proceeds from/(repayment of) term loans		6,719,900	(1,553,378)
Repayment of murabaha payable		(1,600,000)	(1,600,000)
Purchase of treasury shares		(285,710)	(538,714)
Sale of treasury shares		290,237	531,445
Finance costs paid		(763,976)	(850,263)
Net cash from/(used in) financing activities		4,426,835	(6,287,034)
Net (decrease)/increase in cash and cash equivalents		(296,900)	2,715,305
Translation of foreign operations		(32,397)	25,185
Cash and cash equivalents at beginning of the period	7	8,313,149	5,809,017
Cash and cash equivalents at end of the period	7	7,983,852	8,549,507

The notes set out on pages 8 to 24 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

International Finance Company – KSC (Closed) (the "parent company") was incorporated in Kuwait on 15 April 1980 in accordance with the Commercial Companies Law under the name of International Transport Equipment Company – KSC (Closed). On 14 December 1996, an extraordinary general assembly resolved to change the name of the parent company to International Murabaha Company – KSC (Closed). Later, on 24 April 2002, an extraordinary general assembly resolved to change the name of the parent company to International Finance Company – KSC (Closed) and to expand its permitted activities. The parent company is listed on the Kuwait Stock Exchange and is governed under the directives of Central Bank of Kuwait and Capital Markets Authority.

The extraordinary general assembly held on 24 July 2013 approved to the change the name of the parent company from International Finance Company – KSCC to Arzan Financial Group for Finance and investment – KSCC. The management of the parent company is in the process of finalizing the necessary formalities to change the name.

The group comprises the parent company and its subsidiaries (together referred as "the group"). The details of the subsidiaries are noted in note 5.

The principal activities of the parent company are as follows:

1- Trading through transportation and related heavy equipment,

2- Financing the purchases of capital commodities and durable and non durable goods,

3- Leasing the capital goods and the durable goods,

4- Granting short and medium term loans for individuals and legal entities,

5- Real estate investment transactions to manage and develop residential land, and constructing of commercial and residential units and complexes in order to sell them in cash or instalments or rent them,

6- Managing all types and forms of financial portfolios, investing and developing of funds by utilizing them locally and globally for the company or on behalf of its customers including required lending and borrowing operations,

7- Mediation in lending, borrowing, brokerage and guarantees transactions for a commission or fee,

8- Financing and brokerage in the international and local trading,

9- Managing and establishing mutual funds in accordance with the law and after obtaining the approval of the competent authorities,

10- Brokerage in international investment instruments and securities,

11- Investment in real estate, industrial, agricultural and other economic sectors, either directly or by participating in the establishment of specialized entities or buying the shares of these entities,

12- Buying and selling of foreign currencies and trading in precious metals for the parent company only,

13- Conducting researches and studies related to real estate projects as well as those relating to the utilization of funds for the parent company or for others,

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities (continued)

14- Trading in securities such as shares, investment certificates and the like,

15- The parent company may have interest or participate in any way with the companies practicing similar activities or which may assist it to achieve its objectives inside or outside the State of Kuwait. The company may also purchase these companies or affiliate them therewith.

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 26442, Safat 13125, State of Kuwait.

The board of directors approved this interim condensed consolidated financial information for the nine month period ended 30 September 2013 for issue on 21 October 2013.

2 Basis of presentation

The interim condensed consolidated financial information of the group for the nine month period ended 30 September 2013 has been prepared in accordance with IAS 34, "Interim Financial Reporting", except for regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (CBK) as noted below.

These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the CBK's requirement for a minimum general provision. The impairment provision for loans and advances complies in all material respects with the specific provision requirements of the CBK and IFRS. According to the CBK requirements the basis of making general provisions on facilities at the rate of 1% for cash facilities and 0.5% for non cash facilities.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in preparation of audited consolidated financial statements for the year ended 31 December 2012, except for adoption of relevant new standards, amendments to certain standards and interpretations discussed below.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) which is the functional currency of the parent company.

This interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

Operating results for the interim period are not indicative of the results that may be expected for the year ending 31 December 2013. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2012.

3 Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those used in previous year except as follows.

3.1 Adoption of new IASB Standards and amendments during the period

The group has adopted the following new and amended IFRS during the period:

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IAS 19 Employee Benefits	1 January 2013
IAS 27 Consolidated and Separate Financial Statements - Revised as IAS 27 Separate Financial Statements	1 January 2013
IAS 28 Investments in Associates - Revised as IAS 28 Investments – Associates and Joint Ventures	1 January 2013
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 12 Disclosure of Interest 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

3.1.1 IAS 1 Presentation of Financial Statements- amendment

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

a) Potentially reclassifiable to interim condensed consolidated statement of income in a subsequent period, and

b) That will not be reclassified to interim condensed consolidated statement of income subsequently.

The adoption of this amendment has resulted in presentation changes in statement of comprehensive income.

3.1.2 IAS 19 Employee Benefits (Revised)

The numerous amendments to IAS 19 have been issued by IASB and range from fundamental changes such as removing the corridor approach and the concept of expected returns on plan assets to simple clarifications and re-wordings.

The adoption of amendments did not have any significant impact on the financial position or performance of the group.

3.1.3 IAS 27 Consolidated and Separate Financial statements – Revised as IAS 27 Separate Financial Statements.

As a result of the consequential amendments, IAS 27 now deals with separate financial statements.

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

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 Adoption of new IASB Standards and amendments during the period (continued)

3.1.4 IAS 28 Investments in Associates – Revised as IAS 28 Investments in Associates and Joint Ventures

As a result of the consequential amendments, IAS 28 brings investments in joint ventures into its scope. However, the equity accounting methodology under IAS 28 remains unchanged.

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

3.1.5 IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements. It revised the definition of control together with accompanying guidance to identify an interest in subsidiary. However, the requirements and procedures of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

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

3.1.6 IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is designed to complement the other new standards. It sets out consistent disclosure requirements for subsidiaries, joint ventures and associates, as well as unconsolidated structured entities. The disclosure requirements are extensive and will result in significant amounts of new disclosures for some companies. Structured entities were previously referred to in SIC 12 as special purpose entities. The disclosures required by IFRS 12 aim to provide transparency about the risks a company is exposed to through its interests in structured entities.

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

3.1.7 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 adoption of this standard did not have any significant impact on the financial position or performance of the group.

3.1.8 IFRS 7 Financial Instruments: Disclosures – Amendments

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 should be provided retrospectively.

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

3.1.9 Annual Improvements 2009-2011

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:

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 Adoption of new IASB Standards and amendments during the period (continued)

3.1.9 Annual Improvements 2009-2011 (continued)

Clarification of the requirements for opening statement of financial position:

- clarifies that the appropriate date for the opening statement of financial position 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:

- 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.

Tax effect of distribution to holders of equity instruments:

- addresses a perceived inconsistency between IAS 12 'Income Taxes' (IAS 12) and IAS 32 'Financial Instruments: Presentation' (IAS 32) with regards to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
- clarifies that the intention of IAS 32 is to follow the requirements in IAS 12 for accounting for income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.

Segment information for total assets and liabilities:

- clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed if, and only if: (i) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; (ii) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment.

The adoption of the above amendments did not have any significant impact on the financial position or performance of the group.

3.2 IASB Standards issued but not yet effective

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

Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. Management is yet to determine impact of these pronouncements in the consolidated financial statements. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below.

Standard or Interpretation	*Effective for annual periods beginning*
IAS 32 Financial Instruments: Presentation – amendments	1 January 2014
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015

Notes to the interim condensed consolidated financial information (Unaudited) (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

3.2.1 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.

3.2.2 IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety, with the replacement standard to be effective for annual periods beginning 1 January 2015. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

- Phase 1: Classification and Measurement
- Phase 2: Impairment methodology
- Phase 3: Hedge accounting

In addition, a separate project is dealing with derecognition.

4 Judgement and estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2012.

Notes to the interim condensed consolidated financial information (continued)

5 Subsidiary companies

Details of subsidiary companies are set out below:

Company name	Ownership percentage %			Place of incorporation	Activity
	30 Sept. 2013 (Unaudited)	31 Dec. 2012 (Audited)	30 Sept. 2012 (Unaudited)		
Al-Addan Real Estate Co. – WLL	97%	97%	97%	Kuwait	Trading in all real estate activities.
Al-Addan International for Collection Co. – WLL	80%	80%	80%	Kuwait	Trading in real estate activities and collect the money on behalf of other.
Kuwait Invest Real Estate Co.– WLL	99%	99%	99%	Kuwait	Real estate services
International Finance Company – SAL	100%	100%	100%	Lebanon	Finance services including financing, management and brokerage.
IFA Securities Brokerage Co.- SAE	74.67%	74.67%	74.67%	Egypt	Brokerage services
International Financial Advisers Company – WLL	65.2%	65.2%	65.2%	Jordan	Brokerage services
Saudi Invest Real Estate Co. – WLL	100%	100%	100%	Saudi Arabia	Real estate services
Lot 67 Zimbali South Africa Investments (Pty) Ltd	100%	100%	100%	South Africa	Investments activities
Arzan Wealth (DIFC) Limited	100%	-	-	UAE	Financial advisory services

During the period, the parent company established a new wholly owned subsidiary in the United Arab Emirates under the name of Arzan Wealth (DIFC) Limited with a capital of USD1,000,000 (equivalent to KD283,900). The subsidiary company has commenced operations during the period and is engaged in financial advisory services.

6 Basic and diluted earnings/(loss) per share attributable to the owners of the parent company

Basic and diluted earnings per share is computed by dividing the profit for the period attributable to the owners of the parent company by the weighted average number of shares outstanding during the period less treasury shares.

The parent company had no outstanding dilutive shares.

	Three months ended		Nine months ended	
	30 Sept. 2013 (Unaudited)	30 Sept. 2012 (Unaudited)	30 Sept. 2013 (Unaudited)	30 Sept. 2012 (Unaudited)
Profit/(loss) for the period attributable to the owners of the parent company – KD	**800,796**	(257,704)	**1,987,503**	174,952
Weighted average number of shares issued (excluding treasury shares)	**795,739,581**	796,545,035	**796,255,443**	796,507,110
Basic and diluted earnings/(loss) per share attributable to the owners of the parent company (Fils)	**1.01**	(0.32)	**2.50**	0.22

Notes to the interim condensed consolidated financial information (continued)

7 Cash and cash equivalents

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Cash and bank balances	5,260,071	5,524,357	3,784,991
Term deposits – 1 to 3 months	2,723,781	2,788,792	4,764,516
	7,983,852	8,313,149	8,549,507

The term deposits carry effective interest of 6.5% (31 December 2012: 1.75% and 30 September 2012: 6.25%)

8 Instalment credit debtors

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Gross instalment credit debtors	33,701,195	39,636,721	47,058,593
Deferred income	(941,030)	(1,179,136)	(1,203,906)
	32,760,165	38,457,585	45,854,687
Specific provision for doubtful debts	(11,803,686)	(14,767,423)	(16,891,932)
General provision for doubtful debts	(1,880,779)	(569,665)	(888,856)
	19,075,700	23,120,497	28,073,899

Gross instalment credit debtors are repayable as follows:

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Within one year	24,878,090	30,326,338	37,802,685
More than a year	8,823,105	9,310,383	9,255,908
	33,701,195	39,636,721	47,058,593

The effective annual interest rate earned on instalment credit ranged from 3% to 9% per annum (31 December 2012: 3% to 9% and 30 September 2012: 5.5% to 9.25%).

The provision for doubtful debts is in agreement, in all material respect, with the specific provision requirements of the Central Bank of Kuwait and IFRS. Furthermore, a general provision of 1% on instalment credit balances, where no specific provision is made, is taken in accordance with the instructions of the Central Bank of Kuwait.

Included within the gross installment credit debtors is an amount of KD13,023,812 (31 December 2012: KD13,379,803 and 30 September 2012: KD15,063,668) in respect of related parties (note 19). This amount is secured by way of pledge of certain local and foreign shares.

The gross installment credit debtors include an amount of KD344,299 (KD747,059 as of 31 December 2012, 30 September 2012: KD934,929) representing a portfolio of customer loans which have been discounted to a bank according to a debt factoring agreement (note 12).

Notes to the interim condensed consolidated financial information (continued)

9 Investments at fair value through statement of income

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Local quoted shares	1,862,403	1,289,837	1,373,547
Foreign quoted shares	210,397	264,531	311,163
Investment in managed portfolios	6,043,224	6,071,685	6,261,425
	8,116,024	7,626,053	7,946,135

An investment portfolio with a carrying value of KD6,043,224 (31 December 2012: KD6,071,685 and 30 September 2012: KD6,261,425) is pledged against term loans and murabaha payable (notes 13 and 14).

10 Available for sale investments

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Local quoted shares	32,103,916	23,267,347	18,581,200
Local unquoted shares	24,949,898	16,435,138	11,353,643
Foreign unquoted shares	7,391,845	9,328,058	10,014,652
Investment in managed portfolios	4,050,599	2,545,007	2,689,989
Investment funds	186,669	220,279	1,108,603
	68,682,927	51,795,829	43,748,087

The unquoted investments include investments with a carrying value of KD8,882,043 (31 December 2012: KD10,989,685 and 30 September 2012: KD21,368,295) stated at cost due to the unavailability of reliable sources to determine their fair values. Management studies and cash flow expectations for these investments do not indicate any impairment for these investments.

Quoted and unquoted local shares and investment in managed portfolios with an aggregate carrying value of KD33,495,817(31 December 2012: KD18,507,181 and 30 September 2012: KD17,149,160) are pledged against due to banks, term loans and murabaha payable (notes 12, 13 and 14).

During the period the group recognised an impairment loss of KD1,470,951 (30 September 2012: KD153,819) on certain investments. Management has performed an analysis of the underlying investment which indicates that there is no further impairment.

Notes to the interim condensed consolidated financial information (continued)

11 Investment in associates

Below is the movement in the investment in associates during the period:

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	(Restated) 30 Sept. 2012 (Unaudited) KD
At 1 January	30,410,412	28,166,915	28,166,915
Additions (see a below)	218,620	2,347,488	75,000
Share of results	313,535	(3,451)	(107,452)
Restatement adjustment in associate	-	(100,540)	-
Reduction of an associate's capital (see b below)	(1,223,750)	-	-
Disposals (see c below)	(1,151,990)	-	-
Dividends from associates	(35,062)	-	-
	28,531,765	30,410,412	28,134,463

a. During the period the group participated in the establishment of Hilltop 2 UK Limited with an amount of KD31,131 representing its 33.79% equity interest in the associate.

   Also, the group participated in the establishment of Hilltop 3 UK Limited with an amount of KD187,489 representing 41.54% equity interest in the associate.

b. During the period one of the associates, Offset Holding Company – KSC (Holding), reduced its capital by way of settling the amounts due from shareholders.

c. During the period, the group partly sold its interest in Al-Wafir Marketing Services Company– KSCC for KD1,322,188 resulting into a profit of KD184,625. As a result, the ownership interest in the associate reduced from 29.77% to 26.95%.

12 Due to banks

This represents credit facilities granted to the group from a local bank in the form of overdraft facilities. The credit facilities carry interest rate of 4.5% per annum (31 December 2012: 4.5% per annum and 30 September 2012: 5% per annum) and payable on demand. Credit facilities are granted against pledge of available for sale investments (note 10).

This balance also includes an amount of KD133,548 (31 December 2012: KD528,078 and 30 September 2012: KD702,856) due to a bank against the factoring of certain instalment credit debtors (note 8).

Notes to the interim condensed consolidated financial information (continued)

13 Term loans

Term loans are repayable to local and foreign banks in different periods and bear interest at annual rates ranging from 4.5% to 6% (31 December 2012: 5.5% and 30 September 2012: 4.16% to 8.50%).

Loans are repayable as follows:

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Kuwaiti Dinar	8,426,700	1,706,800	2,133,500
US Dollar	-	-	565,004
	8,426,700	1,706,800	2,698,504
Within one year	3,106,700	1,706,800	2,271,804
After one year	5,320,000	-	426,700
	8,426,700	1,706,800	2,698,504

Loans are secured by the assignment of installment credit contracts and pledge of investments at fair value through statement of income, available for sale investments and property and equipment (notes 9 and 10).

14 Murabaha payable

This represents Islamic financing obtained from a local financial institution, carrying an effective profit rate of 6% (31 December 2012: 6.00% and 30 September 2012: 6.5%). This financing is secured by way of mortgage of certain investments at fair value through statement of income and available for sale investments (notes 9 and 10).

Murabaha payable is due as follows:

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Within one year	2,400,000	1,600,000	2,400,000
After one year	4,400,000	6,800,000	6,000,000
	6,800,000	8,400,000	8,400,000

15 Treasury shares

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Number of treasury shares	6,363,449	6,363,449	6,393,449
Percentage of ownership	0.793%	0.793%	0.796%
Market value (KD)	496,349	445,434	421,968
Cost (KD)	762,148	931,786	931,783

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

Notes to the interim condensed consolidated financial information (continued)

16 Annual general assembly

The Annual General Assembly of the shareholders held on 16 May 2013 approved the consolidated financial statements for the year ended 31 December 2012 without any dividend.

17 Fiduciary accounts

Investment portfolios managed by the group and assets held in trust or in a fiduciary capacity and related liabilities are not treated as the group's assets or liabilities and accordingly are not included in the interim condensed consolidated financial position. Total fiduciary assets as at the financial position date were KD2,682,046 (31 December 2012: KD2,089,882 and 30 September 2012: KD2,158,340).

18 Segmental information

Operating segments are identified based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and is reconciled to group profit or loss. The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its annual audited consolidated financial statements.

The group's principal trading activities are carried out within the State of Kuwait and all of the group's assets and liabilities are located in Kuwait in addition to GCC, Middle East and other countries. The group operates in four business segments; instalment credit, investment, brokerage and real estate. The segmental analysis of total revenues, profit for the year, total assets and total liabilities for the business segments are as follows:

	Instalment credit KD	Investments KD	Financial brokerage KD	Real estate investment KD	Total KD
Nine months ended 30 September 2013					
Total revenues	3,070,600	3,553,162	568,801	244,970	7,437,533
Profit for the period	302,236	1,274,615	214,210	230,204	2,021,265
Three months ended 30 September 2013					
Total revenues	1,441,592	944,358	407,444	8,454	2,801,848
(Loss)/profit for the period	828,107	(319,802)	67,618	240,586	816,509
As at 30 September 2013					
Total assets	34,670,362	89,905,433	18,630,643	7,983,087	151,189,525
Total liabilities	12,563,307	9,674,910	3,067,139	-	25,305,356
Net assets	22,107,055	80,230,523	15,563,504	7,983,087	125,884,169
Nine months ended 30 September 2012					
Total revenues	2,384,932	1,438,018	73,038	123,077	4,019,065
Profit/(loss) for the period	471,390	675,742	72,792	(1,440,887)	(220,963)
Three months ended 30 September 2012					
Total revenues	907,822	(306,360)	30,768	(48,579)	583,651
Profit/(loss) for the period	372,845	(454,633)	(1,533,196)	1,303,205	(311,779)
As at 30 September 2012					
Total assets (restated)	41,770,898	62,660,800	4,573,540	19,444,659	128,449,897
Total liabilities	5,326,332	13,361,870	-	2,640,201	21,328,403
Net assets	36,444,566	49,298,930	4,573,540	16,804,458	107,121,494

Notes to the interim condensed consolidated financial information (continued)

19 Related party transactions and balances

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

Details of significant related party transactions and balances are as follows:

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Interim condensed consolidated statement of financial position			
Instalment credit debtors-gross (note 8)	**13,023,812**	13,379,803	15,063,668
Due from related parties (19.1)	**5,709,666**	802,053	955,159
Due to shareholders (included in accounts payable and other liabilities)	**224,113**	225,476	627,861
Due to related parties	**322,968**	2,222,582	1,456,772

	Three months ended		Nine months ended	
	30 Sept. 2013 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD	30 Sept. 2013 (Unaudited) KD	30 Sept. 2012 (Unaudited) KD
Interim condensed consolidated statement of income				
Income from instalment credit debtors	**188,120**	237,336	**617,685**	810,328
Profit on sale of investment in associate	**-**	-	**184,625**	-
Profit on sale of available for sale investment	**-**	-	**461,241**	-
Interest income	**170,698**	-	**239,248**	-
Profit on sale of properties held for trading	**-**	-	**42,789**	-
Provision for doubtful debts	**-**	-	**603,019**	-
Key management compensation:				
Salaries and other short term benefits	**53,687**	44,325	**160,461**	136,199
Provision for end of service indemnity	**5,021**	4,181	**15,063**	12,537

19.1 Due from related parties includes unsecured notes receivable from foreign associates amounting to KD5,382,211. These notes carry effective interest rates ranging from of 8% to 8.54% and are repayable at various dates ending 2018.

20 Summary of financial assets and liabilities

The group adopted IFRS 13 Fair Value Measurement effective from 1 January 2013. In the first year of adoption comparative information need not be presented for the disclosures required by the standard. Accordingly the disclosure for the fair value hierarchy is only presented for the 30 September 2013 period end.

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

Notes to the interim condensed consolidated financial information (continued)

20 Summary of financial assets and liabilities (continued)

	30 Sept. 2013 (Unaudited) KD
Financial assets:	
Cash and cash equivalents	7,983,852
Instalments credit debtors	19,075,700
Investments at fair value through statement of income	8,116,024
Accounts receivable and other assets	4,688,022
Due from related parties	5,709,666
Available for sale investments	68,682,927
Held to maturity investment	283,050
Total	114,539,241
Financial liabilities:	
Due to banks	2,585,664
Accounts payable and other liabilities	6,571,214
Due to related parties	322,968
Term loans	8,426,700
Murabaha payable	6,800,000
Provision for end of service indemnity	598,810
Total	25,305,356

Fair value is 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. In the opinion of the group's management, except for certain available for sale investments which are carried at cost for reasons specified in note 10 to this interim condensed consolidated financial information, the carrying amounts of financial assets and liabilities as at 30 September 2013 approximate their fair values.

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

	30 Sept. 2013 (Unaudited)	
	Carrying amount KD	Fair value KD
Financial assets:		
Cash and cash equivalents	7,983,852	-
Installments credit debtors	19,075,700	-
Investments at fair value through statement of income	-	8,116,024
Accounts receivable and other assets	4,688,022	-
Due from related parties	5,709,666	-
Available for sale investments	8,882,043	59,800,884
Held to maturity investment	283,050	-
	46,622,333	67,916,908

Notes to the interim condensed consolidated financial information (continued)

20 Summary of financial assets and liabilities (continued)

	30 Sept. 2013 (Unaudited) Carrying amount KD	Fair value KD
Financial liabilities:		
Due to banks	2,585,664	-
Accounts payable and other liabilities	6,571,214	-
Due to related parties	322,968	-
Term loans	8,426,700	-
Murabaha payable	6,800,000	-
Provision for end of service indemnity	598,810	-
	25,305,356	-

Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The 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 and liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

30 September 2013

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through statement of income:				
Quoted securities	8,116,024	-	-	8,116,024
Available for sale investments:				
Quoted securities	36,154,515	-	-	36,154,515
Unquoted securities	-	-	23,459,700	23,459,700
Managed funds	-	186,669	-	186,669
	44,270,539	186,669	23,459,700	67,916,908

There have been no transfers between levels during the reporting period.

Notes to the interim condensed consolidated financial information (continued)

20 Summary of financial assets and liabilities (continued)

Fair value measurements

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

	30 Sept. 2013 (Unaudited) KD
Opening balance	14,773,511
Additions during the period:	
- Purchases	8,686,189
Closing balance	23,459,700

Changing inputs to the level 3 valuations to reasonably possible alternative assumption would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Quoted securities

All the listed equity securities are publicly traded on a recognized stock exchange. Fair value has been determined by referring to their quoted bid prices at the reporting date.

b) Managed funds

The underlying investments of managed funds primarily comprise of quoted and unquoted securities. The fair value of the quoted underlying securities has been determined by reference to their quoted bid prices at the reporting date. The fair value of the unquoted underlying securities has been determined using valuation techniques that are normally used by fund managers. All significant inputs into the model are based on observable market prices

c) Unquoted securities

Unlisted securities are measured at fair value estimated using various models like discounted cash flow model, and market multiples which includes some assumptions that are not supportable by observable market prices or rates or the latest financial statements or information available on these investments the future financial flows of which are unpredictable.

21 Financial risk management

All aspects of the group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements for the year ended 31 December 2012.

Notes to the interim condensed consolidated financial information (continued)

22 Prior year adjustments

a) In the group's 2012 annual consolidated financial statements, the group restated its prior year financial statements as a result of the remeasurement of goodwill relating to acquisition of an associate. The interim condensed consolidated financial information has also been restated to reflect this adjustment. For more details refer to the consolidated financial statements for the year ended 31 December 2012.

b) During 2012, the group reclassified certain portion of its land and building which was earlier accounted for as property and equipment under IAS 16. The reclassification was necessitated since part of the building was rented and therefore, should have been accounted for part as an investment property under IAS 40.

The interim condensed consolidated financial information has been restated to reflect the above adjustments with retrospective effect. Since the group adopted cost model for the investment property, there was no effect on the results for the nine months ended 30 September 2012 as well as equity as at 30 September 2012.

The reclassification had the following impact on the interim condensed consolidated financial position of the group:

- Increase in investment property at 30 September 2012 by KD2,024,014
- Decrease in property and equipment at 30 September 2012 by KD2,024,014