Interim condensed consolidated financial information and review report

Al-Deera Holding Company – KPSC and Subsidiaries

Kuwait

30 September 2017 (Unaudited)

Contents

Grant Thornton
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Report on review of interim condensed consolidated financial information

To the board of directors of
Al-Deera Holding Company – KPSC
Kuwait

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Deera Holding Company (Kuwaiti Public Shareholding Company) (the "Parent Company") and its subsidiaries (collectively the "Group") as of 30 September 2017 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". 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 International Accounting Standard 34, "Interim Financial Reporting".

Report on review of other legal and regulatory requirements
Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the nine-month period ended 30 September 2017 that might have had a material effect on the business or financial position of the Parent Company.

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

Kuwait
14 November 2017

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 30 Sept. 2017 (Unaudited) KD	Three months ended 30 Sept. 2016 (Unaudited) KD	Nine months ended 30 Sept. 2017 (Unaudited) KD	Nine months ended 30 Sept. 2016 (Unaudited) KD
Continuing operations					
Revenue					
Change in fair value of investments at fair value through profit or loss		1,136	(477,067)	1,724	(477,577)
Loss on sale of investments at fair value through profit or loss		(31)	-	(418)	(17)
Loss on sale of available for sale investments		(59,392)	-	(51,142)	-
Share of results of associates	6	331,238	99,730	202,288	333,312
Loss on sale of associates		-	-	-	(1,737,737)
Loss on sale of subsidiary		-	-	-	(62,528)
Gain on settlement of term loan		-	12,169,007	-	12,169,007
Dividend income		150	150	223	160
Interest and other income		250	43,452	358	150,588
Gain on foreign exchange		-	-	-	66,050
		273,351	11,835,272	153,033	10,441,258
Expenses and other charges					
Staff costs		(22,247)	(120,656)	(107,267)	(423,035)
General, administrative and other expenses		(143,437)	(59,608)	(162,426)	(210,687)
Finance costs		(128,113)	(125,479)	(379,767)	(641,114)
Impairment of goodwill of a subsidiary		-	(1,573,097)	-	(1,573,097)
Impairment of investment in associates		-	(2,456,980)	-	(2,456,980)
Impairment of available for sale investments		(51)	(3,710,520)	(51)	(3,710,520)
Provision for doubtful debts		-	(784,885)	-	(784,885)
Write off of bad debts		-	(60,266)	-	(60,266)
		(293,848)	(8,891,491)	(649,511)	(9,860,584)
(Loss)/profit for the period from continuing operations		(20,497)	2,943,781	(496,478)	580,674
Discontinued operations					
Profit for the period from discontinued operations		-	-	-	156,320
Total (Loss)/profit for the period before provision for National Labour Support Tax (NLST) and Zakat		(20,497)	2,943,781	(496,478)	736,994
NLST		-	(26,604)	-	(26,604)
Zakat		-	(10,642)	-	(10,642)
(Loss)/profit for the period		(20,497)	2,906,535	(496,478)	699,748
Attributable to:					
Shareholders of the parent company		(20,497)	2,912,775	(496,478)	626,150
Non-controlling interests		-	(6,240)	-	73,598
		(20,497)	2,906,535	(496,478)	699,748
Basic and diluted (loss)/earnings per share attributable to the shareholders of the parent company	5				
- From continuing operations		(0.11)	14.76	(2.52)	2.85
- From discontinued operations		-	-	-	0.32
Total - Fils		(0.11)	14.76	(2.52)	3.17

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

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

	Three months ended		Nine months ended	
	30 Sept. 2017 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD
(Loss)/profit for the period	(20,497)	2,906,535	(496,478)	699,748
Other comprehensive income/(loss):				
Items that will be reclassified subsequently to interim condensed consolidated statement of profit or loss:				
Exchange differences arising on translation of foreign operations	-	-	-	38,688
Available for sale investments:				
- Net change in fair value arising during the period	203,386	(3,539,033)	428,578	(3,629,903)
- Transferred to interim condensed consolidated statement of profit or loss on sale	(84,147)	-	(91,185)	-
- Transferred to interim condensed consolidated statement of profit or loss on impairment	-	3,710,520	-	3,710,520
Share of other comprehensive income/(loss) of associates	1,936,140	(77,590)	2,416,684	(317,754)
Total other comprehensive income/(loss) for the period	2,055,379	93,897	2,754,077	(198,449)
Total comprehensive income for the period	2,034,882	3,000,432	2,257,599	501,299
Attributable to:				
Shareholders of the parent company	2,034,882	3,006,672	2,257,599	427,701
Non-controlling interests	-	(6,240)	-	73,598
	2,034,882	3,000,432	2,257,599	501,299

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
Assets				
Non-current assets				
Property and equipment		12	1,204	1,204
Investment in associates	6	22,042,510	19,423,538	19,423,538
Available for sale investments	7	4,274,137	4,454,872	4,349,838
Receivables and other assets – non-current portion		693,189	693,189	761,250
		27,009,848	24,572,803	24,535,830
Current assets				
Receivables and other assets – current portion		2,195,524	1,727,879	1,744,037
Investments at fair value through profit or loss		14,985	11,990	11,747
Balances with banks and other financial institutions		103,807	119,270	123,778
		2,314,316	1,859,139	1,879,562
Total assets		29,324,164	26,431,942	26,415,392
Equity and liabilities				
Equity				
Share capital		19,737,880	19,737,880	19,737,880
Other components of equity	8	3,906,886	1,152,809	1,047,649
Accumulated losses		(10,012,433)	(9,515,955)	(9,367,840)
Total equity attributable to the shareholders of the parent company		13,632,333	11,374,734	11,417,689
Non-controlling interests		388,929	388,929	390,816
Total equity		14,021,262	11,763,663	11,808,505
Liabilities				
Non-current liabilities				
Payables and other liabilities – non-current portion		10,662,790	10,398,807	-
Provision for employees' end of service benefits		271,213	251,690	266,432
		10,934,003	10,650,497	266,432
Current liabilities				
Payables and other liabilities – current portion		4,368,899	4,017,782	14,340,455
		4,368,899	4,017,782	14,340,455
Total liabilities		15,302,902	14,668,279	14,606,887
Total equity and liabilities		29,324,164	26,431,942	26,415,392

Talal Bader Al-Bahar
Chairman

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the shareholders of the parent company				Non-controlling interests	Total
	Share capital KD	Other components of equity (Note 8) KD	Accumulated losses KD	Sub – total KD	KD	KD
Balance at 1 January 2017 (Audited)	19,737,880	1,152,809	(9,515,955)	11,374,734	388,929	11,763,663
Loss for the period	-	-	(496,478)	(496,478)	-	(496,478)
Other comprehensive income for the period	-	2,754,077	-	2,754,077	-	2,754,077
Total comprehensive income/(loss) for the period	-	2,754,077	(496,478)	2,257,599	-	2,257,599
Balance at 30 September 2017 (Unaudited)	19,737,880	3,906,886	(10,012,433)	13,632,333	388,929	14,021,262

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the shareholders of the parent company					
	Share capital KD	Other components of equity (Note 8) KD	Accumulated losses KD	Sub – total KD	Non-controlling interests KD	Total KD
Balance at 1 January 2016 (Audited)	19,737,880	1,246,098	(10,002,651)	10,981,327	3,407,849	14,389,176
Sale of subsidiary	-	-	-	-	(3,090,631)	(3,090,631)
Total transactions with shareholders	-	-	-	-	(3,090,631)	(3,090,631)
Profit for the period	-	-	626,150	626,150	73,598	699,748
Other comprehensive loss for the period	-	(198,449)	-	(198,449)	-	(198,449)
Total comprehensive (loss)/income for the period	-	(198,449)	626,150	427,701	73,598	501,299
Effect of change in ownership percentage of an associate's subsidiary	-	-	8,661	8,661	-	8,661
Balance at 30 September 2016 (Unaudited)	19,737,880	1,047,649	(9,367,840)	11,417,689	390,816	11,808,505

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Nine months ended 30 Sept. 2017 (Unaudited) KD	Nine months ended 30 Sept. 2016 (Unaudited) KD
OPERATING ACTIVITIES		
(Loss)/profit for the period from continuing operations	(496,478)	580,674
Adjustments for:		
Depreciation	1,192	224
Foreign exchange gain on non-operating assets and liabilities	-	(66,050)
Interest and other income	(358)	(150,588)
Loss on sale of available for sale investments	51,142	-
Provision for employees' end of service benefits	19,523	46,610
Share of results of associates	(202,288)	(333,312)
Loss on sale of associate	-	1,737,737
Finance costs	379,767	641,114
Provision for doubtful debts	-	784,885
Impairment of available for sale investments	51	3,710,520
Impairment of investment in associates	-	2,456,980
Impairment of goodwill of a subsidiary	-	1,573,097
Gain on settlement of term loan	-	(12,169,007)
Loss on sale of subsidiary	-	62,528
Dividend income	(223)	(160)
	(247,672)	(1,124,748)
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	(2,995)	477,577
Receivables and other assets	(123,859)	(1,979,162)
Payables and other liabilities	235,333	1,345,954
Employees' end of service benefits paid	-	(8,616)
Net cash used in continuing operations	(139,193)	(1,288,995)
Net cash from discontinued operations	-	5,495
Net cash used in operating activities	(139,193)	(1,283,500)
INVESTING ACTIVITIES		
Proceeds on sale and redemption of available for sale investments	123,149	-
Net proceeds from sale of subsidiary	-	4,214,550
Interest income received	358	99,961
Purchase of property, plant and equipment	-	(265)
Investment in associates - net	-	2,126,600
Dividend income received	223	160
Net cash from investing activities	123,730	6,441,006
FINANCING ACTIVITIES		
Settlement of term loan	-	(5,095,440)
Finance costs paid	-	(268,623)
Net cash used in financing activities	-	(5,364,063)
Net decrease in cash and cash equivalents	(15,463)	(206,557)
Cash and cash equivalents at beginning of the period	119,270	330,335
Cash and cash equivalents at end of the period	103,807	123,778

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Al Deera Holding Company ("the parent company") was established on 18 February 1998 as a Kuwaiti limited liability company. On 8 September 2005, the legal status of the company was changed from a limited liability company to a Kuwaiti public shareholding company.

The extraordinary general assembly held on 26 June 2015 approved the amendment of the parent company's objectives to become as follows:

- Management of the parent company's subsidiaries or participation in management of other companies in which it holds ownership stakes and providing the necessary support thereto.
- Investing funds by way of trading in shares, bonds and other financial securities.
- Acquisition of properties and movables necessary to carry out the business activities as allowable by the law.
- Financing and extending loans to investee companies and providing guarantees for third parties, provided that the share of the holding company in the investee company is not less than 20%.
- Acquisition of industrial rights and related intellectual properties or any other industrial trademarks or royalties and any other property related thereto, and renting such properties to the subsidiary companies and others whether inside Kuwait or abroad.

The parent company has the right to carry out its activities inside Kuwait or abroad whether directly or through power of attorney.

The parent company is authorized to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the company in achieving its objectives whether in Kuwait or abroad. The parent company has the right to establish, participate in or acquire such institutions.

The parent company's shares are listed on Kuwait Stock Exchange. The group comprises the parent company and its subsidiaries.

The address of the parent company's registered offices is P.O. Box 4839, Safat 13049 – Kuwait.

The interim condensed consolidated financial information of the group for the nine-month period ended 30 September 2017 was authorized for issue by the directors of parent company on 14 November 2017.

2 Basis of preparation

The interim condensed consolidated financial information of the group for the nine-month period ended 30 September 2017 has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the most recent annual consolidated financial statements of the group for the year ended 31 December 2016 except for adoption of relevant new standards, amendments to certain standards and interpretations discussed below.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional currency of the group.

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 preparation (continued)

Operating results for the nine-month period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017. For further details, refer to the consolidated financial statements and their disclosures for the year ended 31 December 2016.

3 Changes in accounting policies

3.1 New and amended standards adopted by the group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2017 which have been adopted by the group but did not have any significant impact on the financial position or the results for the period. Information on these new standards is presented below:

Standard or Interpretation	*Effective for annual periods beginning*
IAS 7 Statement of Cash Flows- Amendments	1 January 2017
Annual Improvements to IFRSs 2014-2016 Cycle	1 January 2017

IAS 7 Statement of Cash Flows- Amendments

The Amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and noncash changes)

The Amendments:

- require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgement when determining the exact form and content of the disclosures needed to satisfy this requirement
- suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including:
    - changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses
    - a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.

Annual Improvements to IFRSs 2014-2016 Cycle

Amendments to IFRS 12 - Clarifies the scope of IFRS 12 by specifying that its disclosure requirements (except for those in IFRS 12. B17) apply to an entity's interests irrespective of whether they are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with IFRS 5.

3.2 IASB Standards issued but not yet effective

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

Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the group's consolidated 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 interim consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture - Amendments	No stated date
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Annual Improvements to IFRSs 2014-2016 Cycle	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed.

IFRS 9 Financial Instruments

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

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

- the classification and measurement of the financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.
- an expected credit loss-based impairment will need to be recognised on the trade receivables and investments in debt-type assets currently classified as available for sale and held-to-maturity, unless classified as at fair value through profit or loss in accordance with the new criteria.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments (continued)

- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless an irrevocable designation is made to present them in other comprehensive income.
- if the fair value option continues to be elected for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to own credit risk.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 "Revenues", IAS 11 "Construction Contract" and several revenues – related Interpretations and provides a new control-based revenue recognition model using five-step approach to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard includes important guidance, such as

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

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

Annual Improvements to IFRSs 2014-2016 Cycle

Amendments to IAS 28 - Clarifies that a qualifying entity is able to choose between applying the equity method or measuring an investment in an associate or joint venture at fair value through profit or loss, separately for each associate or joint venture at initial recognition of the associate or joint venture. Amendment is effective for annual periods beginning on or after 1 January 2018.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The Interpretations looks at what exchange rate to use for translation when payments are made or received in advance of the related asset, expense or income. A diversity was observed in practice in circumstances in which an entity recognises a non-monetary liability arising from advance consideration. The diversity resulted from the fact that some entities were recognising revenue using the spot exchange rate at the date of the receipt of the advance consideration while others were using the spot exchange rate at the date that revenue was recognized. IFRIC 22 addresses this issue by clarifying that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

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 annual audited consolidated financial statements as at and for the year ended 31 December 2016.

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

Basic and diluted (loss)/earnings per share is calculated by dividing the (loss)/profit for the period attributable to the shareholders of the parent company by weighted average number of shares outstanding during the period (excluding treasury shares).

Notes to the interim condensed consolidated financial information (continued)

5 Basic and diluted (loss)/earnings per share attributable to the shareholders of the parent company (continued)

The parent company had no outstanding dilutive potential shares.

	Three months ended		Nine months ended	
	30 Sept. 2017 (Unaudited)	30 Sept. 2016 (Unaudited)	30 Sept. 2017 (Unaudited)	30 Sept. 2016 (Unaudited)
(Loss)/profit for the period attributable to the shareholders of the parent company from continuing operations (KD)	(20,497)	2,912,775	(496,478)	563,622
Profit for the period attributable to the shareholders of the parent company from discontinued operations (KD)	-	-	-	62,528
	(20,497)	2,912,775	(496,478)	626,150
Weighted average number of shares outstanding during the period (excluding treasury shares)	197,378,800	197,378,800	197,378,800	197,378,800
Basic and diluted earnings/(loss) per share attributable to the shareholders of the parent company				
- From continuing operations	(0.11)	14.76	(2.52)	2.85
- From discontinued operations	-	-	-	0.32
Total-Fils	(0.11)	14.76	(2.52)	3.17

6 Investment in associates

The movement of investment in associates during the period/year was as follows:

	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
Balance at beginning of the period/year	19,423,538	25,643,387	25,643,387
Disposal of associates	-	(3,853,957)	(3,853,957)
Share of results	202,288	333,312	333,312
Share of other comprehensive income/(loss) of associates	2,416,684	(317,754)	(317,754)
Impairment of investment in associates	-	(2,456,980)	(2,456,980)
Reclassification from receivables and other assets	-	66,869	66,869
Effect of changes in ownership percentage of associate's subsidiary	-	8,661	8,661
	22,042,510	19,423,538	19,423,538

- Investment in associates amounting to KD279,738 (31 December 2016: KD1,622,678 and 30 September 2016: KD1,622,678) is pledged against balances due to related parties (note 10).

Notes to the interim condensed consolidated financial information (continued)

7 Available for sale investments

	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
Investment portfolios	367,511	305,290	284,607
Quoted investments	1,991,641	1,636,651	1,552,300
Equity participations	1,914,985	2,512,931	2,512,931
	4,274,137	4,454,872	4,349,838

- Equity participations are investments with the objective of future medium and long-term capital growth. These investments include investments with a carrying value of KD43,299 (31 December 2016: KD43,299 and 30 September 2016: KD43,299) which are stated at cost due to unavailability of reliable fair market value.

- Available for sale investments having a carrying value of KD277,466 (31 December 2016: KD302,337 and 30 September 2016: KD281,788) are pledged as security against balances due to related parties (note 10).

- During the period the group sold an available for sale investment to a related party for a total consideration of KD342,439. The transaction resulted in no gain or loss.

8 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2017 (Audited)	1,182,807	(29,998)	1,152,809
Share of other comprehensive income/(loss) of associates	2,441,374	(24,690)	2,416,684
AFS financial assets:			
- Net change in fair value arising during the period	428,578	-	428,578
- Transferred to interim condensed consolidated statement of profit or loss on sale	(91,185)	-	(91,185)
Total other comprehensive income/(loss) for the period	2,778,767	(24,690)	2,754,077
Balance at 30 September 2017 (Unaudited)	3,961,574	(54,688)	3,906,886
Balance at 1 January 2016 (Audited)	1,237,383	8,715	1,246,098
Exchange differences arising on translation of foreign operations	-	38,688	38,688
Share of other comprehensive loss of associates	(240,226)	(77,528)	(317,754)
AFS financial assets:			
- Net change in fair value arising during the period	(3,629,903)	-	(3,629,903)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	3,710,520	-	3,710,520
Total other comprehensive loss for the period	(159,609)	(38,840)	(198,449)
Balance at 30 September 2016 (Unaudited)	1,077,774	(30,125)	1,047,649

Notes to the interim condensed consolidated financial information (continued)

9 Annual general assembly

The Annual General Assembly of the parent company for the year ended 31 December 2016 held on 30 July 2017 approved the consolidated financial statements for the year ended 31 December 2016 without dividends.

10 Related party balances and transactions

Related parties represent associates, directors and key management personnel of the group, and other related parties such as 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.

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

	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
Interim condensed consolidated statement of financial position:			
Due from related parties (included in receivables and other assets)	1,409,398	955,911	385,567
Due from associates (included in receivables and other assets)	1,015	7,307	7,307
Due to related parties (included in payables and other liabilities)	12,352,881	11,725,218	11,667,567

	Three months ended		Nine months ended	
	30 Sept. 2017 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD
Transactions included in interim condensed consolidated statement of profit or loss:				
Finance costs (other related parties)	128,113	125,479	379,767	372,491
Management and advisory fees	-	40,250	-	123,750
Provision for doubtful debts	-	448,885	-	448,885
Compensation of key management personnel:				
Short-term benefits	14,714	24,000	62,488	70,000
Employees' end of service benefits	12,868	3,056	19,524	34,313
	27,582	27,056	82,012	104,313

11 Segmental information

The group's reportable segments under IFRS 8 are as follows:

- Telecommunication
- Investments

Notes to the interim condensed consolidated financial information (continued)

11 Segmental information (continued)

The revenues and profits generated by the group from segments are summarised as follows:

	Telecommunication		Investments		Total	
	30 Sept. 2017 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD
Nine months ended:						
Segment revenue						
From continuing operations	-	-	153,033	10,441,258	153,033	10,441,258
From discontinued operations	-	2,883,698	-	-	-	2,883,698
	-	2,883,698	153,033	10,441,258	153,033	13,324,956
Segment (loss)/profit:						
From continuing operations	-	-	(496,478)	543,428	(496,478)	543,428
From discontinued operations	-	156,320	-	-	-	156,320
Profit/(loss) for the period	-	156,320	(496,478)	543,428	(496,478)	699,748
Three months ended:						
Segment revenue						
From continuing operations	-	-	273,351	11,835,272	273,351	11,835,272
From discontinued operations	-	-	-	-	-	-
	-	-	273,351	11,835,272	273,351	11,835,272
Segment (loss)/profit):						
From continuing operations	-	-	(20,497)	2,906,535	(20,497)	2,906,535
From discontinued operations	-	-	-	-	-	-
(Loss)/profit for the period	-	-	(20,497)	2,906,535	(20,497)	2,906,535
As at 30 September :						
Total segment assets	-	-	29,324,163	26,415,392	29,324,163	26,415,392
Total segment liabilities	-	-	15,302,902	14,606,887	15,302,902	14,606,887

12 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 2016.

Notes to the interim condensed consolidated financial information (continued)

13 Fair value measurement

13.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

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

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

	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
Financial assets:			
Loans and receivables at amortised cost:			
- Receivables and other assets	2,888,713	2,421,068	2,505,287
- Balances with banks and other financial institutions	103,807	119,270	123,778
Investments at fair value through profit or loss:			
Investments at fair value through profit or loss – at fair value	14,985	11,990	11,747
Available for sale investments:			
Available for sale investments – at fair value	4,230,838	4,411,573	4,306,539
Available for sale investments – at cost	43,299	43,299	43,299
	7,281,642	7,007,200	6,990,650
Financial liabilities at amortised cost:			
Payables and other liabilities	15,031,689	14,416,589	14,340,455
	15,031,689	14,416,589	14,340,455

Management considers that the carrying amounts of loans and receivable and all financial liabilities, which are stated at amortised cost, approximate their fair values.

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.

Notes to the interim condensed consolidated financial information (continued)

13 Fair value measurement (continued)

13.1 Fair value hierarchy (continued)

The financial assets measured at fair value on a recurring basis in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

30 September 2017

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through profit or loss					
Designated on initial recognition					
Investment portfolios	c	14,985	-	-	14,985
Available for sale investments					
Investment portfolios	c	367,511	-	-	367,511
Quoted investments	a	1,991,641	-	-	1,991,641
Equity participations	d	-	957,891	913,795	1,871,686
Net fair value		2,374,137	957,891	913,795	4,245,823

31 December 2016

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through profit or loss					
Designated on initial recognition					
Investment portfolios	c	11,990	-	-	11,990
Available for sale investments					
Investment portfolios	c	305,290	-	-	305,290
Quoted investments	a	1,636,651	-	-	1,636,651
Equity participations	d	-	1,181,559	1,288,073	2,469,632
Net fair value		1,953,931	1,181,559	1,288,073	4,423,563

30 September 2016

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through profit or loss					
Designated on initial recognition					
Unquoted investments	b	-	-	4	4
Investment portfolios	c	11,743	-	-	11,743
Available for sale investments					
Investment portfolios	c	284,607	-	-	284,607
Quoted investments	a	1,552,300	-	-	1,552,300
Equity participations	d	-	1,181,559	1,288,073	2,469,632
Net fair value		1,848,650	1,181,559	1,288,077	4,318,286

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

Notes to the interim condensed consolidated financial information (continued)

13 Fair value measurement (continued)

13.2 Fair value measurement of financial instruments

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 in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Unquoted securities
The financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates.

c) Investment portfolios
The underlying investments of investment portfolios primarily comprise of local and foreign securities whose fair value has been determined by reference to their quoted bid prices at the reporting date.

d) Equity participations
Equity participations are investments with the objective of future medium and long-term capital growth.

e) Financial liabilities
The group does not have any financial liabilities at fair value.

Level 3 fair value measurements
The group's financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	30 Sept. 2017 (Unaudited)		31 Dec. 2016 (Audited)		30 Sept. 2016 (Unaudited)	
	Investments at fair value KD	Available for sale investments KD	Investments at fair value KD	Available for sale investments KD	Investments at fair value KD	Available for sale investments KD
Opening balance	-	1,288,073	476,082	3,866,034	476,082	3,866,034
Gains or losses recognised in:						
- Statement of profit or loss	-	-	(476,082)	(2,577,961)	(476,078)	(2,577,961)
- Other comprehensive income	-	-	-	-	-	-
- Sales	-	(374,278)	-	-	-	-
Additions during the period/year	-	-	-	-	-	-
Closing balance	-	913,795	-	1,288,073	4	1,288,073

Gains or losses recognized in the consolidated statement of profit or loss for the period/year are included in change in fair value of investments at fair value through profit or loss and impairment of available for sale investments.

Notes to the interim condensed consolidated financial information (continued)

13 Fair value measurement (continued)

13.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements (continued)

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the consolidated statement of profit or loss, total assets, total liabilities or total equity.

The impact on interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.