Interim condensed consolidated financial information and review report

Al-Deera Holding Company – KPSC and Subsidiaries

Kuwait

31 March 2018 (Unaudited)

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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 - KPSC ("the Parent Company") and its subsidiaries ("the Group") as of 31 March 2018 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 three-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 Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2018 that might have had a material effect on the business or financial position of the Parent Company.

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of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
15 May 2018

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2018 (Unaudited) KD	Three months ended 31 March 2017 (Unaudited) KD
Revenue			
Change in fair value of investments at fair value through profit or loss		(1,486)	2,530
Gain on sale of investments at fair value through profit or loss		91	579
Share of results of associates	6	143,278	(239,637)
Dividend income		-	4
Interest and other income		70	108
		141,953	(236,416)
Expenses and other charges			
Staff costs		(34,978)	(60,168)
General, administrative and other expenses		(57,420)	(11,049)
Finance costs		(125,372)	(124,934)
		(217,770)	(196,151)
Loss for the period		(75,817)	(432,567)
Attributable to:			
Shareholders of the parent company		(75,789)	(432,567)
Non-controlling interests		(28)	-
		(75,817)	(432,567)
Basic and diluted loss per share attributable to the shareholders of the parent company	5	(0.38) Fils	(2.19) Fils

The notes set out on pages 7 to 19 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 31 March 2018 (Unaudited) KD	Three months ended 31 March 2017 (Unaudited) KD
Loss for the period	(75,817)	(432,567)
Other comprehensive (loss) / income:		
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Available for sale investments:		
- Net change in fair value arising during the period	-	780,992
Share of other comprehensive (loss)/income of associates	(1,532,201)	240,679
Total other comprehensive (loss)/income that may be reclassified to consolidated statement of profit or loss in subsequent periods	(1,532,201)	1,021,671
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
Equity investments at fair value through other comprehensive income		
- Net change in fair value arising during the period	(238,937)	-
Total other comprehensive loss that will not be reclassified to consolidated statement of profit or loss in subsequent periods	(238,937)	-
Total other comprehensive (loss)/income	(1,771,138)	1,021,671
Total comprehensive (loss)/ income for the period	(1,846,955)	589,104
Attributable to:		
Shareholders of the parent company	(1,846,927)	589,104
Non-controlling interests	(28)	-
	(1,846,955)	589,104

The notes set out on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		12	12	12
Investment in associates	6	18,853,249	20,242,172	19,424,580
Available for sale investments		-	3,694,304	5,235,864
Investments at fair value through other comprehensive income	7	3,455,367	-	-
Receivables and other assets – non-current portion		-	420,938	693,189
		22,308,628	24,357,426	25,353,645
Current assets				
Receivables and other assets – current portion		1,154,085	2,492,921	1,784,847
Investments at fair value through profit or loss		11,552	12,693	16,479
Balances with banks and other financial institutions		88,444	85,860	112,302
		1,254,081	2,591,474	1,913,628
Total assets		23,562,709	26,948,900	27,267,273
Equity and liabilities				
Equity				
Share capital		19,737,880	19,737,880	19,737,880
Other components of equity	8	106,390	1,937,594	2,174,480
Accumulated losses		(12,790,814)	(10,975,083)	(9,948,522)
Total equity attributable to the shareholders of the parent company		7,053,456	10,700,391	11,963,838
Non-controlling interests		364,857	364,885	388,929
Total equity		7,418,313	11,065,276	12,352,767
Liabilities				
Non-current liabilities				
Payables and other liabilities – non-current portion		11,291,135	11,139,915	10,398,807
Provision for employees' end of service benefits		284,069	274,593	262,818
		11,575,204	11,414,508	10,661,625
Current liabilities				
Payables and other liabilities – current portion		4,569,192	4,469,116	4,252,881
Total liabilities		16,144,396	15,883,624	14,914,506
Total equity and liabilities		23,562,709	26,948,900	27,267,273

Talal Bader Al-Bahar
Chairman

The notes set out on pages 7 to 19 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 31 December 2017 (Audited)	19,737,880	1,937,594	(10,975,083)	10,700,391	364,885	11,065,276
Adjustments arising on adoption of IFRS 9 on 1 January 2018 (note 3.1)	-	-	(1,800,008)	(1,800,008)	-	(1,800,008)
Share of adjustments arising on adoption of IFRS 9 on 1 January 2018 by an associate	-	(60,066)	60,066	-	-	-
Balance as at 1 January 2018 (Restated)	19,737,880	1,877,528	(12,715,025)	8,900,383	364,885	9,265,268
Loss for the period	-	-	(75,789)	(75,789)	(28)	(75,817)
Other comprehensive (loss)/income for the period	-	(1,771,138)	-	(1,771,138)	-	(1,771,138)
Total comprehensive loss for the period	-	(1,776,232)	(75,789)	(1,846,927)	(28)	(1,846,955)
Balance at 31 March 2018 (Unaudited)	19,737,880	106,390	12,790,814	7,053,456	364,857	7,418,313
Balance at 31 December 2016 (Audited)	19,737,880	1,152,809	(9,515,955)	11,374,734	388,929	11,763,663
Loss for the period	-	-	(432,567)	(432,567)	-	(432,567)
Other comprehensive income for the period	-	1,021,671	-	1,021,671	-	1,021,671
Total comprehensive income/(loss) for the period	-	1,021,671	(432,567)	589,104	-	589,104
Balance at 31 March 2017 (Unaudited)	19,737,880	2,174,480	(9,948,522)	11,963,838	388,929	12,352,767

The notes set out on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Three months ended 31 March 2018 (Unaudited) KD	Three months ended 31 March 2017 (Unaudited) KD
OPERATING ACTIVITIES		
Loss for the period	(75,617)	(432,567)
Adjustments for:		
Depreciation	-	1,192
Interest and other income	(70)	(108)
Provision for employees' end of service benefits	9,476	11,128
Share of results of associates	(143,278)	239,637
Finance costs	125,372	124,934
Dividend income	-	(4)
	(84,317)	(55,788)
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	1,141	(4,489)
Receivables and other assets	(165,606)	(56,968)
Payables and other liabilities	251,296	110,165
Net cash from/(used in) operating activities	2,514	(7,080)
INVESTING ACTIVITIES		
Interest income received	70	108
Dividend income received	-	4
Net cash from investing activities	70	112
Net increase/(decrease) in cash and cash equivalents	2,584	(6,968)
Cash and cash equivalents at beginning of the period	85,860	119,270
Cash and cash equivalents at end of the period	88,444	112,302

The notes set out on pages 7 to 19 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 PO. Box 4839, Safat 13049 – Kuwait.

The interim condensed consolidated financial information of the group for the three-month period ended 31 March 2018 was authorized for issue by the directors of the parent company on 15 May 2018.

2 Basis of preparation

The interim condensed consolidated financial information of the group for the three-month period ended 31 March 2018 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 2017 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 parent company.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

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.

Operating results for the three-month period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018. For further details, refer to the consolidated financial statements and their disclosures for the year ended 31 December 2017.

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 2018 which have been adopted by the group. Information on these new standards is presented below:

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Annual Improvements to IFRSs 2014-2016 Cycle	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

IFRS 9 Financial Instruments: Classification and Measurement

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.

The main areas of impact are as follows:

- the classification and measurement of the financial assets are 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 is 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.

- it is no longer possible to measure equity investments at cost less impairment and all such investments are instead measured at fair value. Changes in fair value are 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 are presented in other comprehensive income to the extent those changes relate to own credit risk.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and Fair value through profit or loss (FVTPL). The standard eliminates IAS 39 categories of held to maturity, loans and receivables and available for sale.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the group (continued)

IFRS 9 Financial Instruments: Classification and Measurement (continued)
Further, the gains and losses on subsequent measurement of debt type financial instruments measured at Fair Value Through Other Comprehensive Income (FVOCI) are now recognised in equity and will be recycled to profit or loss on derecognition or reclassification.

However, gains or losses on subsequent measurement of equity type financial assets measured at FVOCI are now recognised in equity and not recycled to profit or loss on derecognition. Dividend income on these assets continues to be recognised in profit or loss.

Based on the analysis of the group's financial assets and liabilities as at 1 January 2018 and of the circumstances that existed at that date, management of the group have determined the impact of implementation of IFRS 9 on the interim condensed consolidated financial information of the group as follows:

Classification and measurement:
Equity investments amounting to KD 3,694,304 have been reclassified from Available for Sale to FVOCI.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Management analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets as at 1 January 2018.

	IAS 39		IFRS 9	
	Classification	Carrying amount KD	Classification	Carrying amount KD
Financial assets				
Reclassification of available for sale (AFS):				
- Equity securities – quoted	AFS	1,849,640	FVOCI	1,849,640
- Equity securities – unquoted	AFS	1,844,664	FVOCI	1,844,664
Reclassification of investments at FVTPL:				
- Equity securities – quoted	FVTPL	12,693	FVTPL	12,693
Receivables and other assets	Loans and receivables	2,913,859	Amortised cost	1,113,851
Balances with banks and other financial institutions	Loans and receivables	85,860	Amortised cost	85,860
Total financial assets		6,706,716		4,906,708

There is no impact on the financial liabilities of the group and will continue to be measured at amortised cost.

Impairment:
IFRS 9 requires the group to record expected credit losses (ECL) on all of its financial assets measured at amortised cost. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. Under IFRS 9, the group measures ECL as follows:

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the group (continued)

IFRS 9 Financial Instruments: Classification and Measurement (continued)
Impairment: (continued)

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

The group has applied simplified approach to impairment for financial assets as required or permitted under the standard. The group has established a provision matrix that is based on the group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The group's management has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowances as follows:

	Provision as at 31 Dec. 2017 KD	Adjustments KD	Provision as at 1 Jan. 2018 KD
Receivable and other assets	(4,592,142)	(1,800,008)	(6,392,150)

Summary of impact on application of IFRS 9:
As allowed by the transition provisions of IFRS 9, the group elected not to restate comparative information for prior periods with respect to classification and measurement, and impairment requirements.

The implementation of IFRS 9 has resulted in the following impact:

	31 Dec. 2017 KD	Adjustments/ reclassification KD	1 Jan. 2018 KD
Financial assets			
Available for sale investments	3,694,304	(3,694,304)	-
Investments at fair value through other comprehensive income	-	3,694,304	3,694,304
Investments at fair value through profit or loss	12,693	-	12,693
Receivables and other assets (note 10)	2,913,859	(1,800,008)	1,113,851
Balances with banks and other financial institutions	85,860	-	85,860
Equity			
Accumulated losses	(10,975,083)	(1,739,942)	(12,715,025)
Fair value reserve	1,932,439	(60,066)	1,872,373

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.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the group (continued)

IFRS 15 Revenue from Contracts with Customers (continues)

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
    - licensing
    - breakage
    - non-refundable upfront fees, and
    - consignment and bill-and-hold arrangements.

Adoption of this standard did not have a significant impact on the group's interim condensed financial information.

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.

Adoption of these amendments did not have a significant impact on the group's interim condensed financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the group (continued)

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.

Adoption of these amendments did not have a significant impact on the group's interim condensed financial information.

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed 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. There are certain new standards and interpretations have been issued but are not expected to have a material impact on the group's interim condensed financial information.

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 2017.

5 Basic and diluted loss per share attributable to the shareholders of the parent company

Basic and diluted loss per share is calculated by dividing the loss for the period attributable to the shareholders of the parent company by weighted average number of shares outstanding during the period.

The parent company had no outstanding dilutive potential shares.

Notes to the interim condensed consolidated financial information (continued)

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

	Three months ended 31 March 2018 (Unaudited)	Three months ended 31 March 2017 (Unaudited)
Loss for the period attributable to the shareholders of the parent company (KD)	(75,789)	(432,567)
Weighted average number of shares outstanding during the period (shares)	197,378,800	197,378,800
Basic and diluted loss per share attributable to the shareholders of the parent company	(0.38) Fils	(2.19) Fils

6 Investment in associates

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

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Balance at beginning of the period/year	20,242,172	19,423,538	19,423,538
De-recognition on dilution in ownership of associate	-	(5,790)	-
Share of results	143,278	62,224	(239,637)
Share of other comprehensive (loss)/income of associates	(1,532,201)	763,641	240,679
Reclassification to available for sale investments	-	(1,441)	-
	18,853,249	20,242,172	19,424,580

- Investment in associates amounting to KD1,396,670 (31 December 2017: KD1,569,475 and 31 March 2017: KD1,968,494) is pledged against balances due to related parties (note 10).

7 Investments at fair value through other comprehensive income

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Investment portfolios	253,459	-	-
Quoted investments	1,357,244	-	-
Equity participations	1,844,664	-	-
	3,455,367	-	-

Investments at fair value through other comprehensive income with a carrying value of KD189,032 (31 December 2017: KD212,278 and 31 March 2017: KD323,500) are pledged as security against balances due to related parties (note 10).

Notes to the interim condensed consolidated financial information (continued)

8 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 31 December 2017 (Audited)	1,932,439	5,155	1,937,594
Adjustments arising on adoption of IFRS 9 on 1 January 2018 by an associate (note 3.1)	(60,066)	-	(60,066)
Balance at 1 January 2018 (Restated)	1,872,373	5,155	1,877,528
Share of other comprehensive loss of associates	(1,510,673)	(21,528)	(1,532,201)
Equity investments at fair value through other comprehensive income:			
- Net change in fair value arising during the period	(238,937)	-	(238,937)
Total other comprehensive loss for the period	(1,749,610)	(21,528)	(1,771,138)
Balance at 31 March 2018 (Unaudited)	122,763	(16,373)	106,390
Balance at 31 December 2016 (Audited)	1,182,807	(29,998)	1,152,809
Share of other comprehensive loss of associates	330,429	(89,750)	240,679
Available for sale investments:			
- Net change in fair value arising during the period	780,992	-	780,992
Total other comprehensive loss for the period	1,111,421	(89,750)	1,021,671
Balance at 31 March 2017 (Unaudited)	2,294,228	(119,748)	2,174,480

9 Annual general assembly

The annual general assembly for the year ended 31 December 2017 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2017 have not yet been approved. The interim condensed consolidated financial information for the three-month period ended 31 March 2018 does not include any adjustments, which might have been required, had the annual general assembly not approved the consolidated financial statements for the year ended 31 December 2017.

The board of directors of the parent company did not propose any dividends for the year ended 31 December 2017.

10 Related party balances and transactions

Related parties represent subsidiaries, 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.

Notes to the interim condensed consolidated financial information (continued)

10 Related party balances and transactions (continued)

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

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Interim condensed consolidated statement of financial position:			
Due from related parties- net of provision (included in receivables and other assets)	677,012	1,439,797	1,006,036
Due from associates – net of provision (included in receivables and other assets)	1,015	1,015	7,307
Due to related parties (included in payables and other liabilities)	12,931,798	12,681,289	11,971,963

On 1 January 2018 and as a result of adopting IFRS 9, due from related party balances amounting to KD2,119,697 were impaired by KD1,800,008 being the adjusted value of those balances at that date.

Due to related parties include balances amounting to KD1,478,371 (31 December 2017: KD1,812,256 and 31 March 2017: KD1,478,371) which carry interest rate of 5% (31 December 2017: 5% and 31 March 2017: 5%) per annum are secured against investment in associates (note 6) and investments at fair value through other comprehensive income (note 7).

Due to related parties include balances amounting to KD954,308 (31 December 2017: KD747,274 and 31 March 2017: KD747,274) which carry interest rate of 5.25% to 5.5% (31 December 2017: 4.5% to 4.75% and 31 March 2017: 4.5% to 4.75%) and are secured against 5% of the share capital of Al-Deera International Communication Company: a subsidiary to the group.

Due to related parties include a balance of KD5,633,702 (31 December 2017: KD 5,633,702 and 31 March 2017: KD5,633,702) which carries interest rate of 7% (31 December 2017: 7% and 31 March 2017: 7%) and is secured against investment in associates (note 6), investments at fair value through other comprehensive income (note 7) and investments at fair value through profit or loss.

	Three months ended 31 March 2018 (Unaudited) KD	Three months ended 31 March 2017 (Unaudited) KD
Interim condensed consolidated statement of profit or loss:		
Consultancy fees	40,250	-
Finance costs (other related parties)	125,372	124,934
Compensation of key management personnel:		
Salaries and other short term benefits	24,304	23,887
End of service benefits	2,930	3,328
	27,234	27,215

Notes to the interim condensed consolidated financial information (continued)

11 Segmental information

The group operates in one sector which is "investments". Most of the group's assets and operations are located inside Kuwait. The information relating to this segment is as follows:

	Investments		Total	
	31 March 2018 (Unaudited) KD	31 March 2017 (Unaudited) KD	31 March 2018 (Unaudited) KD	31 March 2017 (Unaudited) KD
Three months ended:				
Segment revenue	141,953	(236,416)	141,953	(236,416)
Loss for the period	(75,817)	(432,567)	(75,817)	(432,567)
Total assets	23,562,709	27,267,273	23,562,709	27,267,273
Total liabilities	16,144,396	14,914,506	16,144,396	14,914,506

12 Fair value measurement

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

Notes to the interim condensed consolidated financial information (continued)

12 Fair value measurement (continued)

12.2 Fair value measurement of financial instruments

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

31 March 2018 (Unaudited)

	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	11,552	-	-	11,552
Investments at fair value through other comprehensive income				
Investment portfolios	253,459	-	-	253,459
Quoted investments	1,357,244	-	-	1,357,244
Equity participations	-	623,740	1,220,924	1,844,664
	1,622,255	623,740	1,220,924	3,466,919

31 December 2017 (Audited)

	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	12,693	-	-	12,693
Available for sale investments				
Investment portfolios	317,451	-	-	317,451
Quoted investments	1,532,189	-	-	1,532,189
Equity participations	-	623,740	1,177,625	1,801,365
	1,862,333	623,740	1,177,625	3,663,698

31 March 2017 (Unaudited)

	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	16,479	-	-	16,479
Available for sale investments				
Investment portfolios	413,397	-	-	413,397
Quoted investments	2,309,536	-	-	2,309,536
Equity participations	-	1,181,559	1,288,073	2,469,632
	2,739,412	1,181,559	1,288,073	5,209,044

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

Notes to the interim condensed consolidated financial information (continued)

12 Fair value measurement (continued)

12.2 Fair value measurement of financial instruments (continued)

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.

Level 3 fair value measurements

The group's financial assets 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:

	(Unquoted securities)		
	(Investments at fair value through OCI) 31 March 2018 (Unaudited) KD	(Available for sale investments) 31 Dec. 2017 (Audited) KD	(Available for sale investments) 31 March 2017 (Unaudited) KD
Opening balance at the beginning of the period/year	1,177,625	1,288,073	1,288,073
Transfer during the period	43,299	-	-
Addition during the year	-	226,850	-
Disposals during the year	-	(536,263)	-
Net changes in fair value during the year	-	198,965	-
Closing balance at the end of period/year	1,220,924	1,177,625	1,288,073

The group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The valuation techniques used for instruments categorised in Levels 2 and 3 are described below:

The fair value of financial instruments that are not traded in an active market (e.g. local unquoted securities) is determined by using valuation techniques. Fair value for the underlying unquoted securities investments are approximately the summation of the estimated value of underlying investments as if realised on the reporting date.

The investment managers in determining the fair value of these investments use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Investment managers use techniques such as discounted cash flow analysis, recent transactions prices and market multiples to determine fair value.

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

Notes to the interim condensed consolidated financial information (continued)

12 Fair value measurement (continued)

12.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements (continued)
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%.

13 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 2017.