Interim condensed consolidated financial information and review report

Arzan Financial Group for Financing and Investment – KPSC and its Subsidiaries

Kuwait

31 March 2018 (Unaudited)

Contents

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Report on review of interim condensed consolidated financial information

To the board of directors of
Arzan Financial Group for Financing and Investment - KPSC
Kuwait

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Arzan Financial Group for Financing and Investment - KPSC (a Kuwaiti Public Shareholding Company) (the "Parent Company") and its subsidiaries (together the "Group") as at 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 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.1 of 2016 and its executive regulations, or of the Articles of Association and Memorandum of Incorporation of the Parent Company, 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.

We also report that during our review and to the best of our knowledge and belief, nothing has come to our attention that indicates any material violations to Law No. (7) of 2010, as amended, relating to the Capital Markets Authority and the instructions thereto, during the three-month period ended 31 March 2018.

We further report that, during the course of our review, we have not become aware of any material violations during the three-month period ended 31 March 2018 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.

Anwar Y. Al-Qatami, F.C.C.A.
(Licence No. 50-A)
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			
Income from instalment credit debtors		**427,600**	375,935
Rental income		**29,055**	38,444
Interest income		**185,786**	158,205
Gain on sale of investments at fair value through profit or loss		**88,960**	110,890
Change in fair value of investments at fair value through profit or loss		**271,344**	420,340
Gain on sale of available for sale investments		-	21,582
Share of results of associates	10	**85,529**	(213,279)
Dividend income		**748,806**	1,030,916
Brokerage income		**67,144**	63,364
Advisory fees		**561,000**	217,318
Foreign exchange gain		**35,297**	15,016
Other income		**56,031**	49,037
		2,556,552	2,287,768
Expenses and other charges			
Staff costs		**(771,056)**	(536,748)
General and administrative expenses		**(466,973)**	(532,946)
Finance costs		**(386,168)**	(378,944)
Provision for instalment credit debtors		**(58,146)**	(51,859)
Depreciation		**(114,150)**	(116,147)
Impairment of available for sale investments		-	(68,355)
		(1,796,493)	(1,684,999)
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		**760,059**	602,769
Provision for KFAS		**(2,451)**	(1,476)
Provision for NLST		**(14,951)**	(2,734)
Provision for Zakat		**(1,291)**	-
Profit for the period		**741,366**	598,559
Attributable to:			
Shareholders of the parent company		**787,339**	608,242
Non-controlling interests		**(45,973)**	(9,683)
Profit for the period		**741,366**	598,559
Basic and diluted earnings per share attributable to the shareholders of the parent company (Fils)	5	**0.988**	0.763

The notes set out on pages 8 to 26 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
Profit for the period	**741,366**	598,559
Other comprehensive (loss)/income:		
Items that will not be reclassified subsequently to profit or loss:		
Investments at fair value through other comprehensive income:		
- Net change in fair value arising during the period	**(8,234,307)**	-
- Gain on sale	**27,990**	-
Items that will be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(120,220)**	321,307
Available for sale investments:		
- Net change in fair value	**-**	1,210,335
- Transferred to interim condensed consolidated statement of profit or loss on impairment	**-**	68,355
Share of other comprehensive income of associates	**(186,452)**	-
Total other comprehensive (loss)/income for the period	**(8,512,989)**	1,599,997
Total comprehensive (loss)/income for the period	**(7,771,623)**	2,198,556
Attributable to:		
Shareholders of the parent company	**(7,632,372)**	1,926,339
Non-controlling interests	**(139,251)**	272,217
Total comprehensive (loss)/income for the period	**(7,771,623)**	2,198,556

The notes set out on pages 8 to 26 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				
Cash and cash equivalents	6	**9,054,418**	7,805,543	7,639,730
Instalment credit debtors	7	**8,796,130**	8,931,619	10,464,798
Investments at fair value through profit or loss	8	**9,439,579**	7,905,472	7,511,091
Accounts receivable and other assets		**3,849,027**	5,135,927	6,923,982
Properties held for trading		**1,327,865**	1,327,865	1,313,947
Investments at fair value through other comprehensive income	9	**77,805,455**	-	-
Available for sale investments		-	86,466,759	103,382,962
Investment in associates	10	**27,990,961**	28,178,561	46,860,325
Investment in real estate under development		**4,135,987**	4,120,080	4,180,940
Investment properties		**1,699,259**	1,713,944	1,757,999
Property and equipment		**2,941,701**	3,028,056	3,121,389
Total assets		**147,040,382**	154,613,826	193,157,163
Liabilities and equity				
Liabilities				
Due to banks	11	**5,502,015**	5,226,027	4,384,966
Accounts payable and other liabilities		**9,194,377**	7,474,742	7,358,599
Term loans	12	**15,470,000**	16,380,000	18,420,000
Murabaha payable	13	**4,306,269**	5,267,067	7,115,154
Provision for employees' end of service benefits		**1,248,539**	1,175,185	944,039
Total liabilities		**35,721,200**	35,523,021	38,222,758
Equity				
Share capital		**80,288,256**	80,288,256	80,288,256
Share premium		**23,803,273**	23,803,273	23,803,273
Treasury shares	14	**(559,232)**	(559,232)	(559,232)
Legal reserve		**246,687**	246,687	69,034
Voluntary reserve		**246,687**	246,687	69,034
Foreign currency translation reserve		**(533,648)**	(415,344)	(1,062,299)
Fair value reserve		**(423,692)**	8,235,780	7,327,047
Retained earnings		**3,075,857**	1,930,453	1,189,182
Total equity attributable to the shareholders of the parent company		**106,144,188**	113,776,560	111,124,295
Non-controlling interests		**5,174,994**	5,314,245	43,810,110
Total equity		**111,319,182**	119,090,805	154,934,405
Total liabilities and equity		**147,040,382**	154,613,826	193,157,163

Jassem Hasan Zainal
Vice chairman and CEO

The notes set out on pages 8 to 26 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										
	Share capital KD	Share premium KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Retained earnings KD	Sub-Total KD	Non-controlling interests KD	Total KD
Balance at 31 December 2017 (audited)	80,288,256	23,803,273	(559,232)	246,687	246,687	(415,344)	8,235,780	1,930,453	113,776,560	5,314,245	119,090,805
Adjustment arising on adoption of IFRS 9 (note 3.1)	-	-	-	-	-	-	(330,075)	330,075	-	-	-
Balance as at 1 January 2018 (restated)	80,288,256	23,803,273	(559,232)	246,687	246,687	(415,344)	7,905,705	2,260,528	113,776,560	5,314,245	119,090,805
Profit/(loss) for the period	-	-	-	-	-	-	-	787,339	787,339	(45,973)	741,366
Other comprehensive (loss)/income for the period	-	-	-	-	-	(118,304)	(8,329,397)	27,990	(8,419,711)	(93,278)	(8,512,989)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(118,304)	(8,329,397)	815,329	(7,632,372)	(139,251)	(7,771,623)
Balance at 31 March 2018 (unaudited)	80,288,256	23,803,273	(559,232)	246,687	246,687	(533,648)	(423,692)	3,075,857	106,144,188	5,174,994	111,319,182

The notes set out on pages 8 to 26 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	Share premium KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Retained earnings KD	Sub-Total KD	Non-controlling interests KD	Total KD
Balance at 1 January 2017 (audited)	80,288,256	23,803,273	(559,232)	69,034	69,034	(1,101,706)	6,048,357	580,940	109,197,956	43,537,893	152,735,849
Profit/(loss) for the period	-	-	-	-	-	-	-	608,242	608,242	(9,683)	598,559
Other comprehensive income for the period	-	-	-	-	-	39,407	1,278,690	-	1,318,097	281,900	1,599,997
Total comprehensive income for the period	-	-	-	-	-	39,407	1,278,690	608,242	1,926,339	272,217	2,198,556
Balance at 31 March 2017 (unaudited)	80,288,256	23,803,273	(559,232)	69,034	69,034	(1,062,299)	7,327,047	1,189,182	111,124,295	43,810,110	154,934,405

The notes set out on pages 8 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2018 (Unaudited) KD	Three months ended 31 March 2017 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		**741,366**	598,559
Adjustments:			
Interest income		**(185,786)**	(158,205)
Dividend income		**(748,806)**	(1,030,916)
Impairment of available for sale investments		-	68,355
Profit on sale of available for sale investments		-	(21,582)
Share of results of associates		**(85,529)**	213,279
Provision for instalment credit debtors		**58,146**	51,859
Finance costs		**386,168**	378,944
Depreciation		**114,150**	116,147
Provision for employees' end of service benefits		**73,354**	29,606
		353,063	246,046
Changes in operating assets and liabilities:			
Instalment credit debtors		**77,343**	601,996
Investments at fair value through profit or loss		**1,157,844**	(696,218)
Accounts receivable and other assets		**(707,718)**	2,678
Accounts payable and other liabilities		**1,719,635**	73,717
Employees' end of service benefits paid		-	(11,146)
Net cash from operating activities		**2,600,167**	217,073
INVESTING ACTIVITIES			
Purchase of property and equipment		**(13,015)**	-
Purchase of investment at fair value through other comprehensive income		**(413,855)**	(3,359,939)
Proceeds from sale of investments at fair value through other comprehensive income		**171,512**	21,582
Dividend income received		**748,806**	1,030,916
Dividend from associate		**86,676**	442,355
Interest income received		**60,317**	158,205
Additions on real estate portfolio		**(15,907)**	-
Net cash from/(used in) investing activities		**624,534**	(1,706,881)
FINANCING ACTIVITIES			
Net change in due to banks		**275,988**	537,214
Net decrease in term loans		**(910,000)**	(310,000)
Repayment of murabaha payable		**(960,798)**	(970,724)
Payments from acquisition of partial interests in subsidiaries		-	-
Finance costs paid		**(299,968)**	(378,944)
Net cash used in financing activities		**(1,894,778)**	(1,122,454)
Net increase/(decrease) in cash and cash equivalents		**1,329,923**	(2,612,262)
Foreign currency adjustment		**(81,048)**	148,063
Cash and cash equivalents at beginning of the period	6	**7,805,543**	10,103,929
Cash and cash equivalents at end of the period	6	**9,054,418**	7,639,730

The notes set out on pages 8 to 26 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Arzan Financial Group for Financing and Investment – KPSC (the "Parent Company") was incorporated in Kuwait on 15 April 1980 in accordance with the 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 – KPSC and to expand its permitted activities.

The extraordinary general assembly held on 24 July 2013 approved to change the name of the parent company from International Finance Company – KSCC to Arzan Financial Group for Financing and Investment – KPSC which has been registered in the commercial register under No. 29629 on 11 November 2013.

The Parent Company is listed on Kuwait Boursa and is governed under the directives of Central Bank of Kuwait and Capital Markets Authority.

The Group comprises the parent company and its subsidiaries (together referred as "the Group").

The Parent Company's objectives are as follows:

- Invest in various economic sectors through the incorporation or participation in the incorporation of various companies or institutions practicing similar or complementary activities to the company's objectives for its account and for the account of third parties inside or outside the State of Kuwait.
- Manage local or foreign various companies and institutions and market the investment services and products owned by them or by third parties inside or outside the State of Kuwait.
- Own and acquire the right of disposal of whatever it deems necessary thereto of movable and immovable property or any parts thereof or any franchising rights the company deems they are necessary or appropriate to the nature of its activity or to the development of its funds, excluding trading in goods for its account.
- Conduct all business related to securities trading for its account and for the account of third parties inside or outside the State of Kuwait, including sale, purchase and marketing of securities of shares and sukuks and other securities issued by local and foreign government and private companies, institutions and bodies and practice the related financial mediation and brokerage activities.
- Manage the funds of individuals and local or foreign public and private companies, institutions and bodies and invest these funds in various economic sectors through investment and real estate portfolios inside or outside the State of Kuwait.
- Provide economic advice related to investment and hold courses, issue brochures of various investment activities for individuals, local and foreign companies and institutions.
- Prepare and provide technical, economic and assessment studies and consultations and prepare feasibility studies for various investment activities and other studies, examining the technical, financial and administrative aspects related to these activities for its account or for the account of third parties inside or outside the State of Kuwait.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities (continued)

- Establish and manage the collective investment systems and local and foreign investment funds of all kinds and contribute to their establishment for the account of the company and for the account of third parties in accordance with the regulating laws, rules and conditions specified by the competent regulatory authorities; put its stakes or units to subscription so that the company's contributions to the share capital of the collective investment system or the investment fund shall not be less than the minimum limit specified by the regulatory authorities; sell or purchase stakes or units in the local or foreign collective investment systems or investment funds for its account and for the account of third parties or market same, provided the necessary approvals are obtained from the competent regulatory authorities; act as investment custodian, investment monitor and investment advisor in general for the investment funds inside or outside the State of Kuwait in accordance with the regulating laws.
- Invest funds for its account and for the account of third parties in the various aspects of investment inside or outside the State of Kuwait and acquire movable and immovable assets.
- Act as the issuance manager for the securities issued by the local and foreign government and private companies, institutions and bodies and act as the subscription agent, listing advisor, investment custodian and monitor, including publications management and commitments of subscription operations management, receiving applications and covering subscription thereto.

- Perform all advisory services that help develop and strengthen the ability of financial and monetary market in the State of Kuwait and meet its requirements within the limits of the law and the decisions or instructions issued by the competent regulatory authorities (after obtaining the necessary approvals from those authorities), provided this does not result in granting funding by the company in any way.
- Mediate in financing operations, structure and manage the financing arrangements of the local and international companies, institutions, bodies and projects in the various economic sectors in accordance with the rules and conditions specified by the competent regulatory authorities.
- Carry out all the works related to the activities for the arrangement and management of consolidation, acquisition and separation operations for the local and foreign government and private companies, institutions and bodies.
- Trade in transportation means and related heavy equipment.
- Finance the purchases of capital goods, durable and non-durable goods.
- Lease capital and durable goods.
- Grant short and medium term loans to natural and judicial persons.
- Perform real estate investment operations aiming at the management and development of residential lands and building of residential and commercial units and complexes for the purpose of selling them in cash or on installments or leasing same.
- Manage all kinds of financial portfolios, invest and develop funds by employing them locally and internationally for the account of the company or for the account of its clients, in addition to lending and borrowing operations.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities (continued)

- Mediate in the operations of lending, borrowing, brokerage and warrantees against commission or pay.
- Finance and mediate in international and local trade operations.
- Manage and create mutual investment funds according to the law and after approval by the competent authorities.
- Mediate in investment in the international instruments and securities.
- Invest in real estate, industrial and agricultural sectors and other economic sectors, whether directly or through contribution to the incorporation of specialized companies or purchase of the shares of these companies.
- Sell and purchase foreign currencies and trade in precious metals only for the account of the company.
- Conduct researches and studies for private and public real estate projects and for the employment of funds for its account or for the account of third parties.
- Trade in securities such as shares and investment certificates and the like.

The company may have an interest or participate in any aspect with the companies, institutions and bodies performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The company may also open branches inside and outside the State of Kuwait in such a way that does not contradict with the company's law and the instructions of the competent regulatory authorities.

The address of the Parent Company's registered office is PO Box 26442, Safat 13125, State of Kuwait.

The Parent Company's board of directors approved this interim condensed consolidated financial information for issue on 15 May 2018.

2 Basis of presentation

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 polices used in the preparation of these interim condensed consolidated financial statements information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2017, except for the changes described in note 3.

The annual consolidated financial statements for the year ended 31 December 2017 were prepared in accordance with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (CBK). These regulations require adoption of all IFRS except for the IAS 39 requirements for a collective provision, which have been replaced by the Central Bank of Kuwait's requirements for a minimum general provision on all applicable credit facilities that are not specifically provided for.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional and presentation currency of the Parent Company.

The 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 the Parent Company's 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)

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.

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 its related 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
IAS 40 Investment Property – Amendments	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

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 (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 as follows:

Classification and measurement:
Equity investments are to be measured at FVTPL as well as FVTOCI as certain existing investments in equity instruments qualify for designation as FVTOCI category. The gains and losses on FVTOCI investments will no longer be recycled to statement of profit or loss on subsequent measurement or on derecognition. Further, these investments are no longer subject to impairment test.

Accounts receivable 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 explain 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				
Cash and cash equivalents	Loans and receivables	7,805,543	Amortised cost	7,805,543
Instalment credit debtors	Loans and receivables	8,931,619	Amortised cost	8,931,619
Accounts receivable and other assets	Loans and receivables	5,135,927	Amortised cost	5,135,927
Equity securities	FVTPL	7,905,472	FVTPL	7,905,472
Equity securities	Available for sale	78,543,482	FVTOCI	78,543,482
Foreign unquoted shares	Available for sale	2,691,951	FVTPL	2,691,951
Debt instruments	Available for sale	5,038,524	FVTOCI	5,038,524
Managed funds	Available for sale	192,802	FVTOCI	192,802
Total financial assets		116,245,320		116,245,320

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 (continued)
As a result of the above re-classification of available for sale investments to financial assets at fair value through profit or loss, the Group reclassified an amount of KD330,075 from the fair value reserve account to the retained earnings.

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:

- 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 accounts receivable and other 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.

Instalment credit debtors are subject to the minimum provisioning requirements of the Central Bank of Kuwait. Management believes that the impairment allowance for the instalment credit debtors under the CBK requirements exceed the requirements of IFRS 9.

Management determined that the additional impairment required by this standard was not material and accordingly the Group did not recognise any additional impairment losses on its accounts receivable and other assets.

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 including impairment requirements. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in the retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for the comparative periods does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

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 (continued)

Adjustments to the opening statement of financial position are detailed below:

	31 Dec. 2017 KD	Adjustments/ reclassification KD	1 Jan. 2018 KD
Assets			
Investments at fair value through profit or loss	7,905,472	2,691,951	10,597,423
Investments at fair value through other comprehensive income	-	83,774,808	83,774,808
Available for sale investments	86,466,759	(86,466,759)	-
Equity			
Fair value reserve	8,235,780	(330,075)	7,905,705
Retained earnings	1,930,453	330,075	2,260,528

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
  - licensing
  - 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)

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

IFRS 15 Revenue from Contracts with Customers (continued)

As the Group's revenue is mainly arising from the rental income and related services generated from the operating leases, the adoption of this standard did not result in any change in accounting policies of the Group and does not have any material effect on the Group's interim condensed consolidated financial information.

IFRS 40 Investment Property - Amendments

The Amendments to IAS 40 clarifies that transfers to, or from, investment property are required when, and only when, there is a change in use of property supported by evidence. The amendments also re-characterise the list of circumstances appearing in paragraph 57(a)–(d) as a non-exhaustive list of examples of evidence that a change in use has occurred. The Board has also clarified that a change in management's intent, by itself, does not provide sufficient evidence that a change in use has occurred. Evidence of a change in use must be observable.

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

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 consolidated financial information.

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 pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's interim condensed consolidated financial information 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 condensed 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 16 Leases	1 January 2019

IFRS 16 Leases

IFRS 16 will replace IAS 17 and three related Interpretations. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact, management is in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition

- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices

- assessing their current disclosures for finance and operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets

- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions

- assessing the additional disclosures that will be required.

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.

Notes to the interim condensed consolidated financial information (continued)

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

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

	Three months ended 31 March 2018 (Unaudited)	Three months ended 31 March 2017 (Unaudited)
Profit for the period attributable to the shareholders of the parent company – KD	**787,339**	608,242
Weighted average number of shares outstanding during the period (excluding treasury shares)	**796,798,664**	796,798,664
Basic and diluted earnings per share attributable to the shareholders of the parent company (Fils)	**0.988**	0.763

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

6 Cash and cash equivalents

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Cash and bank balances	**5,765,527**	4,607,292	4,472,400
Term deposits – 1 to 3 months	**3,288,891**	3,198,251	3,167,330
	9,054,418	7,805,543	7,639,730

The term deposits carry effective interest rate of 1.35% (31 December 2017: 1.35% and 31 March 2017: 1.35%) per annum.

7 Instalment credit debtors

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Gross instalment credit debtors	**12,282,140**	12,414,947	13,958,893
Deferred income	**(1,382,713)**	(1,364,486)	(1,574,030)
	10,899,427	11,050,461	12,384,863
Specific provision for doubtful debts	**(1,998,385)**	(2,000,048)	(1,718,140)
General provision for doubtful debts	**(104,912)**	(118,794)	(201,925)
	8,796,130	8,931,619	10,464,798

Notes to the interim condensed consolidated financial information (continued)

7 Instalment credit debtors (continued)

Gross instalment credit debtors are due as follows:

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Within one year	**3,226,162**	3,221,459	4,183,109
More than a year	**9,055,978**	9,193,488	9,775,784
	12,282,140	12,414,947	13,958,893

The effective annual interest rate earned on instalment credit debtors ranged from 2.5% to 8% per annum (31 December 2017: 2.5% to 8% and 31 March 2017: 2.5% to 8%).

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.

The gross installment credit debtors included an amount of KD830,397 (31 December 2017: KD817,066 and 31 March 2017: KD313,622) in respect of related parties (note 18). This amount is secured by way of pledge of certain local shares.

8 Investments at fair value through profit or loss

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Local quoted shares	**897,590**	881,992	905,752
Foreign quoted shares	**98,979**	61,013	59,339
Foreign unquoted shares	**1,124,827**	-	-
Managed portfolios	**7,318,183**	6,962,467	6,546,000
	9,439,579	7,905,472	7,511,091

An investment portfolio with a carrying value of KD6,630,422 (31 December 2017: KD6,479,050 and 31 March 2017: KD6,546,000) is pledged against term loans (note 12).

9 Investments at fair value through other comprehensive income

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Local quoted shares	**4,971,243**	-	-
Local unquoted shares	**12,950,412**	-	-
Foreign unquoted shares	**30,979,791**	-	-
Investment in managed portfolios	**23,599,622**	-	-
Debt instruments	**5,112,416**	-	-
Investment funds	**191,971**	-	-
	77,805,455	-	-

Notes to the interim condensed consolidated financial information (continued)

9 Investments at fair value through other comprehensive income (continued)

Quoted and unquoted local shares and investment in managed portfolios with an aggregate carrying value of KD27,916,976 (31 December 2017: KD35,953,779 and 31 March 2017: KD46,033,994) are pledged against due to banks, term loans and murabaha payable (notes 11, 12 and 13).

10 Investment in associates

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

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
At 1 January	28,178,561	47,347,791	47,347,791
Arising on liquidation and loss of control of subsidiaries	-	(19,047,439)	-
Share of results	85,529	1,195,682	(213,279)
Dividends	(86,676)	(707,512)	(442,355)
Impairment	-	(718,280)	-
Capital reduction	-	-	(668,806)
Foreign currency translation of foreign associates	-	-	836,974
Share of other comprehensive income	(186,453)	108,319	-
	27,990,961	28,178,561	46,860,325

Investment in associate with a carrying value of KD7,713,708 (31 December 2017: KD7,629,156 and 31 March 2017: KD7,420,753) is pledged against term loans (note12).

11 Due to banks

This represents outstanding amounts of the credit facilities obtained by the Group from local and foreign banks in the form of overdraft facilities. The credit facilities carry interest rate of 5% to 5.50% per annum (31 December 2017: 4.75% to 5.5% per annum and 31 March 2017: 4.75% to 5.25% per annum) and payable on demand. Credit facilities are granted against pledge of certain investments at fair value through other comprehensive income (note 9).

12 Term loans

Term loans are repayable to local bank in different periods and bear interest at annual rates ranging from 4.75% to 6% (31 December 2017: 5.75% and 31 March 2017: 4.75% to 5.25%).

Loans are repayable as follows:

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Within one year	3,640,000	3,640,000	5,620,000
After one year	11,830,000	12,740,000	12,800,000
	15,470,000	16,380,000	18,420,000

Loans are secured by the pledge of investments at fair value through profit or loss, investments at fair value through other comprehensive income and investment in associates (notes 8, 9 and 10) and payable in various instalments ending in June 2022.

Notes to the interim condensed consolidated financial information (continued)

13 Murabaha payable

This represents Islamic financing obtained from local and foreign financial institutions, carrying an effective profit rates of 3% to 6% (31 December 2017: 3% to 5.75% and 31 March 2017: 3% to 5.25%) per annum. This financing is secured by way of pledge of certain investments at fair value through other comprehensive income (note 9), investment properties and property and equipment and payable in various instalments ending in June 2020. Murabaha payable is due as follows:

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Within one year	**2,746,269**	2,757,654	2,777,577
After one year	**1,560,000**	2,509,413	4,337,577
	4,306,269	5,267,067	7,115,154

14 Treasury shares

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Number of treasury shares	**6,083,892**	6,083,892	6,083,892
Percentage of ownership	**0.758%**	0.758%	0.758%
Market value (KD)	**158,790**	179,475	225,104
Cost (KD)	**559,232**	559,232	559,232

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

15 Annual general assembly

The Annual General Assembly of the shareholders of the Parent Company held on 13 May 2018 approved the consolidated financial statements for the year ended 31 December 2017 without dividend.

16 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 KD23,793,886 (31 December 2017: KD10,305,554 and 31 March 2017: KD7,521,385).

17 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 used for segment reporting under IFRS 8 are the same as those used in its annual audited consolidated financial statements.

Notes to the interim condensed consolidated financial information (continued)

17 Segmental information (continued)

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, investments, financial brokerage and real estate. The segmental analysis of total revenues, profit for the period, total assets and total liabilities for the business segments are as follows:

	Instalment credit KD	Investments KD	Financial brokerage KD	Real estate KD	Total KD
Three months ended 31 March 2018					
Total revenues/(loss)	**462,180**	**2,084,491**	**(19,174)**	**29,055**	**2,556,552**
(Loss)/profit for the period	**(629,507)**	**1,458,970**	**(116,948)**	**28,851**	**741,366**
As at 31 March 2018					
Total assets	**18,352,431**	**107,105,494**	**11,804,661**	**9,777,796**	**147,040,382**
Total liabilities	**8,038,963**	**27,115,388**	**566,849**	**-**	**35,721,200**
Net assets	**10,313,468**	**79,990,106**	**11,237,812**	**9,777,796**	**111,319,182**
Three months ended 31 March 2017					
Total revenues/(loss)	407,057	2,181,413	(339,146)	38,444	2,287,768
(Loss)/profit for the period	(444,037)	1,479,216	(456,902)	20,282	598,559
As at 31 March 2017					
Total assets	19,130,797	151,497,802	12,675,678	9,852,886	193,157,163
Total liabilities	3,237,260	34,381,399	604,099	-	38,222,758
Net assets	15,893,537	117,116,403	12,071,579	9,852,886	154,934,405

18 Related parties balances and transactions

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 parties 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			
Instalment credit debtors-gross (note 7)	**830,397**	817,066	313,622
Due from related parties (included in accounts receivable and other assets)	**206,024**	191,306	1,315,811
Due to shareholders (included in accounts payable and other liabilities)	**361,314**	361,314	361,314
Due to related parties (included in accounts payable and other liabilities)	**992,232**	1,230,500	84,549

Notes to the interim condensed consolidated financial information (continued)

18 Related parties balances and transactions (continued)

	Three months ended 31 March 2018 (Unaudited) KD	Three months ended 31 March 2017 (Unaudited) KD
Interim condensed consolidated statement of profit or loss		
Income from instalment credit debtors	**13,331**	5,108
General expenses	**7,256**	-
Key management compensation:		
Salaries and other short term benefits	**155,341**	140,709
End of service benefits	**11,623**	10,967

19 Fair value measurement

19.1 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 interim condensed 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).

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.1 Fair value hierarchy (continued)

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:

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Financial assets:			
Financial assets at amortised cost:			
Cash and cash equivalents	**9,054,418**	7,805,543	7,639,730
Instalment credit debtors	**8,796,130**	8,931,619	10,464,798
Accounts receivable and other assets	**3,849,027**	5,135,927	6,923,982
Financial assets at fair value:			
Investments at fair value through profit or loss	**9,439,579**	7,905,472	7,511,091
Investments at fair value through other comprehensive income	**77,805,455**	-	-
Available for sale investments:			
Available for sale investments – at fair value	-	74,738,343	63,389,203
Available for sale investments – at cost	-	11,728,416	39,993,759
Total	**108,944,609**	116,245,320	135,922,563
Financial liabilities:			
Financial liabilities at amortised cost:			
Due to banks	**5,502,015**	5,226,027	4,384,966
Accounts payable and other liabilities	**9,194,377**	7,474,742	7,358,599
Term loans	**15,470,000**	16,380,000	18,420,000
Murabaha payable	**4,306,269**	5,267,067	7,115,154
Provision for employees' end of service benefits	**1,248,539**	1,175,185	944,039
Total	**35,721,200**	35,523,021	38,222,758

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.

The financial assets and liabilities 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:

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.1 Fair value hierarchy (continued)

31 March 2018 (Unaudited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Investments at fair value through profit or loss:				
Local quoted shares	897,590	-	-	897,590
Foreign quoted shares	98,979	-	-	98,979
Foreign unquoted shares	-	-	1,124,827	1,124,827
Investment in managed portfolios	7,318,183	-	-	7,318,183
Investments at fair value through other comprehensive income:				
Local quoted shares	4,971,243	-	-	4,971,243
Local unquoted shares	-	-	12,950,412	12,950,412
Foreign unquoted shares	-	-	30,979,791	30,979,791
Managed portfolios	12,261,022	-	11,338,600	23,599,622
Debt instruments	-	-	5,112,416	5,112,416
Investment funds	-	191,971	-	191,971
	25,547,017	191,971	61,506,046	87,245,034

31 December 2017 (Audited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Investments at fair value through profit or loss:				
Local quoted shares	881,992	-	-	881,992
Foreign quoted shares	61,013	-	-	61,013
Investment in managed portfolios	6,962,467	-	-	6,962,467
Available for sale investments:				
Local quoted shares	6,133,960	-	-	6,133,960
Local unquoted shares	-	-	12,725,268	12,725,268
Foreign unquoted shares	-	-	24,895,796	24,895,796
Managed portfolios	19,451,917	-	11,338,600	30,790,517
Investment funds	-	192,802	-	192,802
	33,491,349	192,802	48,959,664	82,643,815

31 March 2017 (Unaudited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Investments at fair value through profit or loss:				
Local quoted shares	905,752	-	-	905,752
Foreign quoted shares	59,339	-	-	59,339
Investment in managed portfolios	6,546,000	-	-	6,546,000
Available for sale investments:				
Local quoted shares	5,605,792	-	-	5,605,792
Local unquoted shares	-	-	9,833,808	9,833,808
Foreign unquoted shares	-	-	15,138,842	15,138,842
Managed portfolios	21,161,117	-	11,772,927	32,934,044
Investment funds	-	186,444	-	186,444
	34,278,000	186,444	36,745,577	71,210,021

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

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 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 shares
All the listed equity shares 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 shares
Unquoted shares are measured at fair value estimated using various models like discounted cash flow model, and market multiples which include 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.

Level 3 fair value measurement
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:

	31 March 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	31 March 2017 (Unaudited) KD
Opening Balance	**48,959,664**	35,457,471	35,457,471
Change in fair value	**161,225**	1,432,992	978,379
Sales	**(1,683,536)**	(73,413)	-
Additions	**14,068,693**	978,379	-
Arising from liquidation and loss of control of subsidiaries	-	11,164,235	
Closing balance	**61,506,046**	48,959,664	36,435,850

Gains or losses recognized in the interim condensed consolidated statement of profit or loss for the period are included in change in fair value of investments at fair value through profit or loss.

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, total assets, total liabilities or total equity.

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments (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%.

20 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.