

**Interim condensed consolidated financial information and review report
Arzan Financial Group for Financing and Investment – KPSC
and its Subsidiaries**

Kuwait

30 September 2018 (Unaudited)

Contents

	Page
Review report	1
Interim condensed consolidated statement of profit or loss	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5 and 6
Interim condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial information	8 to 26



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 30 September 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 nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

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

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No.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 nine-month period ended 30 September 2018 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provision of Law No. 7 of 2010 concerning the Capital Market Authority and its related regulations during the nine-month period ended 30 September 2018 that might have had a material effect on the business or financial position of the Parent Company.

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

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended		Nine months ended	
		30 Sept. 2018 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD	30 Sept. 2018 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD
Revenue					
Income from instalment credit debtors		396,389	396,736	1,225,654	1,206,234
Rental income		33,610	52,754	116,286	140,435
Interest income		309,974	278,201	693,485	508,843
Profit on sale of investments at fair value through profit or loss		48,358	172,316	141,652	277,476
Change in fair value of investments at fair value through profit or loss		1,027,470	413,475	1,068,277	621,631
Loss on sale of available for sale investments		-	(99,891)	-	(76,392)
(Loss)/gain on sale of properties held for trading		-	-	(18,119)	17,440
Share of results of associates	10	240,469	516,464	440,086	1,284,739
Gain on liquidation of subsidiary		-	32,321	-	32,321
Dividend income		627,657	61,845	1,944,318	2,225,561
Brokerage income		68,652	48,871	204,636	180,310
Advisory fees		306,613	929,083	1,056,738	1,664,730
Reversal of provision for properties held for trading		65,156	-	65,156	-
Gain on foreign currency exchange		351	43,303	1,610	72,677
Other income		142,929	90,893	323,349	160,661
		3,267,628	2,936,371	7,263,128	8,316,666
Expenses and other charges					
Staff costs		(522,805)	(698,971)	(2,000,098)	(1,851,702)
General and administrative expenses		(311,345)	(239,533)	(1,129,155)	(1,185,938)
Finance costs		(420,103)	(530,044)	(1,206,743)	(1,281,550)
Provision for instalment credit debtors		(36,299)	(202,897)	(122,670)	(337,532)
Depreciation		(99,459)	(112,238)	(320,621)	(340,111)
Impairment of available for sale investments		-	-	-	(68,355)
		(1,390,011)	(1,783,683)	(4,779,287)	(5,065,188)
Profit for the period before provisions for contribution to KFAS, National Labour Support Tax and Zakat					
		1,877,617	1,152,688	2,483,841	3,251,478
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(7,082)	(1,919)	(7,893)	(5,536)
Provision for National Labour Support Tax (NLST)		(16,270)	(12,335)	(26,294)	(42,870)
Reversal of provision for Zakat		-	863	-	-
Profit for the period		1,854,265	1,139,297	2,449,654	3,203,072
Attributable to:					
Shareholders of the Parent Company		1,871,768	844,701	2,526,880	2,428,461
Non-controlling interests		(17,503)	294,596	(77,226)	774,611
Profit for the period		1,854,265	1,139,297	2,449,654	3,203,072
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (Fils)					
	5	2.35	1.06	3.17	3.05

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		Nine months ended	
	30 Sept. 2018 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD	30 Sept. 2018 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD
Profit for the period	1,854,265	1,139,297	2,449,654	3,203,072
Other comprehensive (loss)/income:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Investments at fair value through other comprehensive income:				
- Net change in fair value arising during the period	(600,385)	-	(11,385,003)	-
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	65,050	172,576	59,515	(1,766,612)
Available for sale investments:				
- Net change in fair value arising during the period	-	4,233,214	-	11,409,118
- Transferred to interim condensed consolidated statement of profit or loss on sale	-	14,210	-	14,210
- Transferred to consolidated statement of profit or loss on impairment	-	-	-	68,355
Share of other comprehensive income of associates	(2)	-	(201,281)	108,319
Total other comprehensive (loss)/income for the period	(535,337)	4,420,000	(11,526,769)	9,833,390
Total comprehensive income/(loss) for the period	1,318,928	5,559,297	(9,077,115)	13,036,462
Attributable to:				
Shareholders of the Parent Company	1,335,046	5,206,706	(8,904,849)	14,385,966
Non-controlling interests	(16,118)	352,591	(172,266)	(1,349,504)
Total comprehensive income/(loss) for the period	1,318,928	5,559,297	(9,077,115)	13,036,462

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	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Assets				
Cash and cash equivalents	6	7,871,727	7,805,543	6,829,193
Instalment credit debtors	7	8,920,843	8,931,619	9,538,360
Investments at fair value through profit or loss	8	10,965,848	7,905,472	8,203,971
Accounts receivable and other assets		4,407,978	5,135,927	7,629,212
Properties held for trading		1,023,280	1,327,865	1,207,304
Investments at fair value through other comprehensive income	9	73,498,749	-	-
Available for sale investments		-	86,466,759	114,544,884
Investment in associates	10	28,330,690	28,178,561	45,547,966
Investment in real estate under development		4,135,987	4,120,080	4,203,930
Investment properties		1,669,889	1,713,944	1,753,105
Property and equipment		2,818,678	3,028,056	2,913,918
Total assets		143,643,669	154,613,826	202,371,843
Liabilities and equity				
Liabilities				
Due to banks	11	5,321,543	5,226,027	5,008,267
Accounts payable and other liabilities		8,328,620	7,474,742	10,368,424
Term loans	12	13,650,000	16,380,000	17,290,000
Murabaha payable	13	5,006,419	5,267,067	5,699,896
Provision for employees' end of service benefits		1,323,397	1,175,185	1,032,567
Total liabilities		33,629,979	35,523,021	39,399,154
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		(359,414)	(415,344)	(744,203)
Fair value reserve		(3,119,556)	8,235,780	17,648,359
Retained earnings		4,325,010	1,930,453	3,009,401
Total equity attributable to the shareholders of the Parent Company		104,871,711	113,776,560	123,583,922
Non-controlling interests		5,141,979	5,314,245	39,388,767
Total equity		110,013,690	119,090,805	162,972,689
Total liabilities and equity		143,643,669	154,613,826	202,371,843



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	-	-	-	-	-	-	-	2,526,880	2,526,880	(77,226)	2,449,654
Other comprehensive income/(loss) for the period	-	-	-	-	-	55,930	(11,487,659)	-	(11,431,729)	(95,040)	(11,526,769)
Total comprehensive income/(loss) for the period	-	-	-	-	-	55,930	(11,487,659)	2,526,880	(8,904,849)	(172,266)	(9,077,115)
Realised loss on equity investments at FVOCI	-	-	-	-	-	-	462,398	(462,398)	-	-	-
Balance at 30 September 2018 (unaudited)	80,288,256	23,803,273	(559,232)	246,687	246,687	(359,414)	(3,119,556)	4,325,010	104,871,711	5,141,979	110,013,690

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										Total KD
	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- controllin g interests 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
Liquidation of subsidiary	-	-	-	-	-	-	-	-	-	(2,799,622)	(2,799,622)
Transactions with shareholders	-	-	-	-	-	-	-	-	-	(2,799,622)	(2,799,622)
Profit for the period	-	-	-	-	-	-	-	2,428,461	2,428,461	774,611	3,203,072
Other comprehensive income/(loss) for the period	-	-	-	-	-	357,503	11,600,002	-	11,957,505	(2,124,115)	9,833,390
Total comprehensive income/(loss) for the period	-	-	-	-	-	357,503	11,600,002	2,428,461	14,385,966	(1,349,504)	13,036,462
Balance at 30 September 2017 (unaudited)	80,288,256	23,803,273	(559,232)	69,034	69,034	(744,203)	17,648,359	3,009,401	123,583,922	39,388,767	162,972,689

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

	Notes	Nine months ended 30 Sept. 2018 (Unaudited) KD	Nine months ended 30 Sept 2017 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		2,449,654	3,203,072
Adjustments:			
Interest income		(693,485)	(508,843)
Dividend income		(1,944,318)	(2,225,561)
Impairment of available for sale investments		-	68,355
Loss on sale of available for sale investments		-	76,392
Loss/(gain) on sale of properties held for trading		18,119	(17,440)
Gain on liquidation of subsidiary		-	(32,321)
Share of results of associates	10	(440,086)	(1,284,739)
Provision for instalment credit debtors		122,670	337,532
Depreciation		320,621	340,311
Finance costs		1,206,743	1,281,550
Provision for employees' end of service benefits		148,212	95,393
Reversal of provision for properties held for trading		(65,156)	-
		1,122,974	1,333,701
Changes in operating assets and liabilities:			
Instalment credit debtors		(111,894)	1,242,761
Investments at fair value through profit or loss		(368,425)	(1,389,098)
Accounts receivable and other assets		(714,098)	(2,768,524)
Due from/to related parties		(598,231)	(76,133)
Accounts payable and other liabilities		1,361,165	2,783,113
Employees' end of service benefits paid		-	(9,449)
Net cash from operating activities		691,491	1,116,371
INVESTING ACTIVITIES			
Purchase of property and equipment		(67,824)	(13,245)
Proceeds from sale of properties held for trading		351,623	152,812
Purchase of investments at fair value through other comprehensive income		(1,790,117)	(4,530,508)
Proceeds from sale of investments at fair value through other comprehensive income		2,675,794	145,253
Proceeds from liquidation of subsidiary		-	253,775
Addition to real estate portfolio under development		(15,907)	(22,990)
Dividend income received		1,944,318	2,225,561
Dividend received from associate	10	86,676	862,316
Interest income received		231,168	508,843
Net cash from/(used in) investing activities		3,415,731	(418,183)
FINANCING ACTIVITIES			
Net change in due to banks		95,516	1,160,515
Net movement in term loans		(2,730,000)	(1,440,000)
Repayment of murabaha payable		(4,510,648)	(2,385,982)
Murabaha payable obtained		4,250,000	-
Finance costs paid		(1,125,701)	(1,142,943)
Net cash used in financing activities		(4,020,833)	(3,808,410)
Net increase/(decrease) in cash and cash equivalents		86,389	(3,110,222)
Foreign currency adjustment		(20,205)	(164,514)
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	7,871,727	6,829,193

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 warranties 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 31 October 2018.

2 Basis of presentation

The interim condensed consolidated financial information of the Group for the nine-month period ended 30 September 2018 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of these interim condensed consolidated financial 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 nine-month period ended 30 September 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:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
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 Group has adopted IFRS 9, financial instruments effective from 1 January 2018 with the exception of requirements of the expected credit losses ("ECL") on credit facilities (instalment credit debtors) which have been replaced by the provisioning requirements of the Central Bank of Kuwait.

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.

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)

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.

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)

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
-----------------------------------	---

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 except for the changes arising from applying IFRS 9 and IFRS 15 as noted in 3 above.

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		Nine months ended	
	30 Sept. 2018 (Unaudited)	30 Sept. 2017 (Unaudited)	30 Sept. 2018 (Unaudited)	30 Sept. 2017 (Unaudited)
Profit for the period attributable to the shareholders of the Parent Company – KD	1,871,768	844,701	2,526,880	2,428,461
Weighted average number of shares outstanding during the period (excluding treasury shares)	796,798,668	796,798,668	796,798,668	796,798,668
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (Fils)	2.35	1.06	3.17	3.05

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

6 Cash and cash equivalents

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Cash and bank balances	4,674,754	4,607,292	3,729,308
Term deposits – 1 to 3 months	3,196,973	3,198,251	3,099,885
	7,871,727	7,805,543	6,829,193

The term deposits carry effective interest rate of 1.35% (31 December 2017: 1.35% and 30 September 2017: 1.35%) per annum.

7 Instalment credit debtors

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Gross instalment credit debtors	12,595,444	12,414,947	13,046,476
Deferred income	(1,483,326)	(1,364,486)	(1,378,944)
	11,112,118	11,050,461	11,667,532
Specific provision for doubtful debts	(2,000,215)	(2,000,048)	(1,999,543)
General provision for doubtful debts	(191,060)	(118,794)	(129,629)
	8,920,843	8,931,619	9,538,360

Notes to the interim condensed consolidated financial information (continued)

7 Instalment credit debtors (continued)

Gross instalment credit debtors are due as follows:

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Within one year	3,480,378	3,221,459	3,439,061
More than a year	9,115,066	9,193,488	9,607,415
	12,595,444	12,414,947	13,046,476

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 30 September 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. 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 KD856,061 (31 December 2017: KD817,066 and 30 September 2017: KD323,751) 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

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Local quoted shares	945,841	881,992	861,782
Foreign quoted shares	211,170	61,013	70,909
Foreign unquoted shares	1,776,479	-	-
Managed portfolios	8,032,358	6,962,467	7,271,280
	10,965,848	7,905,472	8,203,971

An investment portfolio with a carrying value of KD7,392,931 (31 December 2017: KD6,479,050 and 30 September 2017: KD6,910,943) is pledged against term loans (note 12).

9 Investments at fair value through other comprehensive income

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Local quoted shares	4,684,184	-	-
Local unquoted shares	12,945,152	-	-
Foreign unquoted shares	28,069,216	-	-
Investment in managed portfolios	22,121,108	-	-
Debt instruments	5,505,201	-	-
Investment funds	173,888	-	-
	73,498,749	-	-

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 KD26,219,637 (31 December 2017: KD35,953,779 and 30 September 2017: KD46,987,976) 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:

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 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)	1,284,739
Share of results	440,086	1,195,682	(914,062)
Dividends	(86,676)	(707,512)	(862,316)
Impairment	-	(718,280)	-
Capital reduction	-	-	108,319
Foreign currency translation of foreign associates	-	-	1,250,965
Share of other comprehensive income	(201,281)	108,319	(2,667,470)
	28,330,690	28,178,561	45,547,966

Investment in associate with a carrying value of KD7,860,178 (31 December 2017: KD7,629,156 and 30 September 2017: KD7,495,241) is pledged against term loans (note 12).

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 30 September 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 6% to 6.5% (31 December 2017: 5.75% and 30 September 2017: 4.75% to 5.25%).

Loans are repayable as follows:

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Within one year	3,640,000	3,640,000	3,640,000
After one year	10,010,000	12,740,000	13,650,000
	13,650,000	16,380,000	17,290,000

Loans are secured by the pledge of certain 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 30 September 2017: 3% to 5.75%) per annum. This financing is secured by way of pledge of certain investments at fair value through other comprehensive income (note 8), investment properties and property and equipment and payable in various instalments ending in June 2023. Murabaha payable is due as follows:

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Within one year	1,287,669	2,757,654	2,759,931
After one year	3,718,750	2,509,413	2,939,965
	5,006,419	5,267,067	5,699,896

14 Treasury shares

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 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)	166,090	179,475	206,852
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 KD33,450,107 (31 December 2017: KD10,305,554 and 30 September 2017: KD8,236,661).

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
Nine months ended 30 September 2018					
Total revenues	1,365,373	5,669,707	64,724	163,324	7,263,128
(Loss)/profit for the period	(1,741,801)	4,211,606	(138,651)	118,500	2,449,654
Three months ended 30 September 2018					
Total revenues	451,362	2,664,498	53,001	98,767	3,267,628
(Loss)/profit for the period	(422,368)	2,196,714	(3,568)	83,487	1,854,265
As at 30 September 2018					
Total assets	19,037,008	103,671,663	11,505,842	9,429,156	143,643,669
Total liabilities	7,404,747	25,812,449	412,783	-	33,629,979
Net assets	11,632,261	77,859,214	11,093,059	9,429,156	110,013,690
Nine months ended 30 September 2017					
Total revenues/(loss)	1,296,506	6,971,579	(109,293)	157,874	8,316,666
(Loss)/profit for the period	(1,476,999)	4,861,406	(309,725)	128,390	3,203,072
Three months ended 30 September 2017					
Total revenues	389,088	2,395,754	81,337	70,192	2,936,371
Profit for the period	(641,541)	1,649,273	62,308	69,257	1,139,297
As at 30 September 2017					
Total assets	20,750,130	158,980,266	12,877,108	9,764,339	202,371,843
Total liabilities	11,048,114	27,816,214	534,826	-	39,399,154
Net assets	9,702,016	131,164,052	12,342,282	9,764,339	162,972,689

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.

Notes to the interim condensed consolidated financial information (continued)

18 Related parties balances and transactions (continued)

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

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD	
Interim condensed consolidated statement of financial position				
Instalment credit debtors-gross (note 7)	856,061	817,066	323,751	
Due from related parties (included in accounts receivable and other assets)	743,878	191,306	1,344,179	
Due to shareholders (included in accounts payable and other liabilities)	361,314	361,314	213,065	
Due to related parties (included in accounts payable and other liabilities)	723,211	1,230,500	354,070	
<hr/>				
	Three months ended		Nine months ended	
	30 Sept. 2018 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD	30 Sept. 2018 (Unaudited) KD	30 Sept. 2017 (Unaudited) KD
Interim condensed consolidated statement of profit or loss				
Income from instalment credit debtors	14,131	11,386	41,495	21,307
General expenses	(1,059)	-	55,004	-
<hr/>				
Key management compensation:				
Salaries and other short term benefits	79,690	120,345	404,848	403,037
End of service benefits	11,623	11,623	34,870	34,870

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:

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Financial assets:			
Financial assets at amortised cost:			
Cash and cash equivalents	7,871,727	7,805,543	6,829,193
Instalment credit debtors	8,920,843	8,931,619	9,538,360
Accounts receivable and other assets	4,407,978	5,135,927	7,629,212
Financial assets at fair value:			
Investments at fair value through profit or loss	10,965,848	7,905,472	8,203,971
Investments at fair value through other comprehensive income	73,498,749	-	-
Available for sale investments:			
Available for sale investments – at fair value	-	74,738,343	73,514,580
Available for sale investments – at cost	-	11,728,416	41,030,304
Total	105,665,145	116,245,320	146,745,620
Financial liabilities:			
Financial liabilities at amortised cost:			
Due to banks	5,321,543	5,226,027	5,008,267
Accounts payable and other liabilities	8,328,620	7,474,742	10,368,424
Term loans	13,650,000	16,380,000	17,290,000
Murabaha payable	5,006,419	5,267,067	5,699,896
Provision for employees' end of service benefits	1,323,397	1,175,185	1,032,567
Total	33,629,979	35,523,021	39,399,154

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)

30 September 2018 (Unaudited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<i>Investments at fair value through profit or loss:</i>				
Local quoted shares	945,841	-	-	945,841
Foreign quoted shares	211,170	-	-	211,170
Foreign unquoted shares	-	-	1,776,479	1,776,479
Investment in managed portfolios	8,032,358	-	-	8,032,358
<i>Investments at fair value through other comprehensive income:</i>				
Local quoted shares	4,684,184	-	-	4,684,184
Local unquoted shares	-	-	12,945,152	12,945,152
Foreign unquoted shares	-	-	28,069,216	28,069,216
Managed portfolios	10,907,108	-	11,214,000	22,121,108
Debt instruments	-	-	5,505,201	5,505,201
Investment funds	-	173,888	-	173,888
	24,780,661	173,888	59,510,048	84,464,597

31 December 2017 (Audited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<i>Investments at fair value through profit or loss:</i>				
Local quoted shares	881,992	-	-	881,992
Foreign quoted shares	61,013	-	-	61,013
Investment in managed portfolios	6,962,467	-	-	6,962,467
<i>Available for sale investments:</i>				
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

30 September 2017 (Unaudited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<i>Investments at fair value through profit or loss:</i>				
Local quoted shares	861,782	-	-	861,782
Foreign quoted shares	70,909	-	-	70,909
Investment in managed portfolios	7,271,280	-	-	7,271,280
<i>Available for sale investments:</i>				
Local quoted shares	7,456,414	-	-	7,456,414
Local unquoted shares	-	-	10,570,743	10,570,743
Foreign unquoted shares	-	-	14,328,501	14,328,501
Investment in managed portfolios	29,510,318	-	11,463,200	40,973,518
Investment funds	-	185,403	-	185,403
	45,170,703	185,403	36,362,444	81,718,550

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:

	30 Sept. 2018 (Unaudited) KD	31 Dec. 2017 (Audited) KD	30 Sept. 2017 (Unaudited) KD
Opening Balance	48,959,664	35,457,471	35,457,471
Change in fair value	(801,832)	1,432,992	-
Sales	(2,826,311)	(73,413)	-
Additions	14,178,527	978,379	904,973
Arising from liquidation and loss of control of subsidiaries	-	11,164,235	-
Closing balance	59,510,048	48,959,664	36,362,444

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.