SECURITIES GROUP COMPANY K.S.C. (CLOSED)
AND SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
WITH
INDEPENDENT AUDITORS' REPORT

SECURITIES GROUP COMPANY K.S.C. (CLOSED)
AND SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

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WITH
INDEPENDENT AUDITORS' REPORT

CONTENTS

	Pages
Independent auditors' report	1 - 3
Consolidated statement of financial position	4
Consolidated statement of profit or loss	5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to consolidated financial statements	9 - 41

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INDEPENDENT AUDITORS' REPORT

The Shareholders
Securities Group Company K.S.C. (Closed) and Subsidiaries
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Securities Group Company K.S.C. (Closed) ("the Parent Company") and subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of March 31, 2018, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2018, and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted for use by the State of Kuwait.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with the (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended March 31, 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 audit, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the Organization of Banking Business, Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the financial year ended March 31, 2018, which might have materially affected on the Group's financial position or results of its operation.

Ali Mohammed Kouhari
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Member of PrimeGlobal

Nayef M. Al-Bazie
Licence No. 91-A
RSM Albazie & Co.

State of Kuwait
May 30, 2018

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2018	2017
Cash on hand and at banks		**13,065,304**	12,683,971
Financial assets at fair value through profit or loss	3	**1,915,904**	20,151
Accounts receivable and other debit balances	4	**1,427,697**	1,196,503
Loans granted to others	5	**56,527**	190,899
Financial assets at fair value thought other comprehensive income ("FVOCI")	6	**24,684,458**	-
Financial assets available for sale	7	**-**	30,712,563
Investment in associates	8	**27,238,287**	28,989,894
Investment in unconsolidated subsidiaries	9	**820,525**	833,946
Debt instruments at amortised cost	10	**3,000,000**	-
Investment held to maturity	11	**-**	3,000,000
Investment properties	12	**33,091,259**	29,663,774
Total assets		**105,299,961**	107,291,701
LIABILITIES AND EQUITY			
Liabilities:			
Loans	13	**37,530,333**	52,716,573
Loans from related parties	14	**14,000,000**	-
Accounts payable and other credit balances	15	**3,983,865**	4,084,591
Total liabilities		**55,514,198**	56,801,164
Equity:			
Capital	16	**25,528,372**	25,528,372
Treasury shares	17	**(300,655)**	(297,374)
Share premium		**3,046,592**	3,046,592
Statutory reserve	18	**12,769,186**	12,764,186
Voluntary reserve	19	**4,405,892**	4,405,892
Other reserves		**316,233**	316,137
Foreign currency translation adjustments		**582,692**	622,479
Cumulative changes in fair value		**1,645,567**	1,066,022
Retained earnings		**1,728,014**	2,973,725
Equity attributable to the shareholders of Parent Company		**49,721,893**	50,426,031
Non-controlling interests		**63,870**	64,506
Total equity		**49,785,763**	50,490,537
Total liabilities and equity		**105,299,961**	107,291,701
Memorandum accounts off the consolidated statement of financial position	25	**1,433,807,907**	1,514,947,223

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.

Khaled S. Al - Ali Chairman	Ali Y. Al - Awadi Vice Chairman and CEO

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in Kuwaiti Dinars)

	Note	2018	2017
Revenues:			
Net investment income	20	**578,789**	2,262,257
Fees and commission income	21	**2,711,577**	2,052,423
Interest income		**201,806**	189,953
Rental income		**1,192,825**	1,249,018
Group's share of results from associates	8	**1,028,878**	1,274,020
Loss on sale of investment properties	12	**(783,559)**	(23,630)
Net provisions no longer required		**53,025**	499,321
Other income		**9,751**	480,327
		4,993,092	7,983,689
Expenses and other charges:			
General and administrative expenses	22	**(1,389,223)**	(1,523,571)
Finance charges	27	**(1,299,173)**	(1,625,864)
Impairment loss on financial assets available for sale	7	**-**	(2,991,066)
Foreign exchange loss		**(95,235)**	(270,130)
		(2,783,631)	(6,410,631)
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration		**2,209,461**	1,573,058
Contribution to KFAS		**(7,691)**	(1,643)
NLST		**(9,096)**	(17,752)
Zakat		**(2,163)**	(5,975)
Board of Directors' remuneration	23	**(25,000)**	(25,000)
Profit for the year		**2,165,511**	1,522,688
Attributable to:			
Shareholders of the Parent Company		**2,166,147**	1,523,273
Non-controlling interests		**(636)**	(585)
Profit for the year		**2,165,511**	1,522,688
		Fils	Fils
Earnings per share attributable to shareholders of the Parent Company	24	**8.58**	6.02

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in Kuwaiti Dinars)

	2018	2017
Profit for the year	2,165,511	1,522,688
Net other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Changes in fair value of financial assets available for sale	-	1,032,777
Reversal due to sale of financial assets available for sale	-	(881,494)
Reversal due to impairment of financial assets available for sale	-	1,936,959
Share of other comprehensive income of associates	49,105	893
Exchange differences on translating foreign operations	(88,892)	52,603
Items that will not be reclassified subsequently to profit or loss		
Changes in fair value of financial assets at FVOCI	978,902	-
Net other comprehensive income for the year	939,115	2,141,738
Total comprehensive income for the year	3,104,626	3,664,426
Attributable to:		
Shareholders of the Parent Company	3,105,262	3,665,011
Non-controlling interests	(636)	(585)
Total comprehensive income for the year	3,104,626	3,664,426

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in Kuwaiti Dinars)

	Equity attributable to the Shareholders of the Parent Company										
	Capital	Treasury shares	Share premium	Statutory reserve	Voluntary reserve	Other reserves	Foreign currency translation adjustments	Cumulative changes in fair value	Retained earnings	Sub-total	Non-controlling interests	Total
Balance as at March 31, 2016	25,528,372	(260,776)	3,046,592	12,764,186	4,405,892	-	568,983	(1,022,220)	2,715,513	47,746,542	65,091	47,811,633
Purchase of treasury shares	-	(36,598)	-	-	-	-	-	-	-	(36,598)	-	(36,598)
Effect of ownership change in an associate	-	-	-	-	-	316,137	-	-	-	316,137	-	316,137
Total comprehensive income (loss) for the year	-	-	-	-	-	-	53,496	2,088,242	1,523,273	3,665,011	(585)	3,664,426
Cash dividends (Note 23)	-	-	-	-	-	-	-	-	(1,265,061)	(1,265,061)	-	(1,265,061)
Balance as at March 31, 2017	25,528,372	(297,374)	3,046,592	12,764,186	4,405,892	316,137	622,479	1,066,022	2,973,725	50,426,031	64,506	50,490,537
Transition adjustment on early adoption of IFRS 9 at April 1, 2017 (Note 2(a-3) iii)	-	-	-	-	-	-	-	(399,357)	(812,524)	(1,211,881)	-	(1,211,881)
Restated balance as at April 1, 2017	25,528,372	(297,374)	3,046,592	12,764,186	4,405,892	316,137	622,479	666,665	2,161,201	49,214,150	64,506	49,278,656
Purchase of treasury shares	-	(3,281)	-	-	-	-	-	-	-	(3,281)	-	(3,281)
Transfer of loss on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	(1,331,409)	(1,331,409)	-	(1,331,409)
Effect of ownership change in an associate	-	-	-	-	-	96	-	-	-	96	-	96
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(39,787)	978,902	2,166,147	3,105,262	(636)	3,104,626
Cash dividends (Note 23)	-	-	-	-	-	-	-	-	(1,262,925)	(1,262,925)	-	(1,262,925)
Transfer to statutory reserve	-	-	-	5,000	-	-	-	-	(5,000)	-	-	-
Balance as at March 31, 2018	**25,528,372**	**(300,655)**	**3,046,592**	**12,769,186**	**4,405,892**	**316,233**	**582,692**	**1,645,567**	**1,728,014**	**49,721,893**	**63,870**	**49,785,763**

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in Kuwaiti Dinars)

	2018	2017
Cash flow from operating activities:		
Profit for the year before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration	**2,209,461**	1,573,058
Adjustments for:		
Net investment income	**(578,789)**	(2,262,257)
Interest income	**(201,806)**	(189,953)
Group's share of results from associates	**(1,028,878)**	(1,274,020)
Loss on sale of investment properties	**783,559**	23,630
Net provisions no longer required	**(53,025)**	(499,321)
Investment in unconsolidated subsidiaries written off	**-**	14,516
Gain on sale of investment in unconsolidated subsidiaries	**(1,972)**	(2,902)
Finance charges	**1,299,173**	1,625,864
Impairment loss on financial assets available for sale	**-**	2,991,066
Foreign exchange loss	**95,235**	270,130
	2,522,958	2,269,811
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	**(294,689)**	38,929
Accounts receivable and other debit balances	**(237,536)**	(149,951)
Loans granted to others	**134,372**	41,303
Accounts payable and other credit balances	**(537,492)**	9,348
Net cash generated from operating activities	**1,587,613**	2,209,440
Cash flow from investing activities:		
Proceeds from sale of financial assets at FVOCI	**3,209,586**	-
Purchase of financial assets available for sale	**-**	(186,734)
Proceeds from sale of financial assets available for sale	**-**	8,756,556
Paid for investment in associates	**(432,189)**	(242,705)
Proceeds from capital reduction of investment in an associate	**2,289,919**	-
Proceeds from sale of investment in unconsolidated subsidiaries	**29,400**	25,000
Paid for investment properties	**(6,500,000)**	-
Proceeds from sale of investment properties	**2,147,170**	6,058,089
Interest received	**151,931**	186,203
Dividends received	**1,256,610**	1,429,409
Net cash generated from investing activities	**2,152,427**	16,025,818
Cash flows from financing activities:		
Loans	**(15,186,240)**	(11,859,627)
Loans from related parties	**14,000,000**	-
Cash dividends paid	**(1,270,262)**	(1,276,881)
Finance charges paid	**(898,924)**	(1,236,886)
Paid for purchase of treasury shares	**(3,281)**	(36,598)
Net cash used in financing activities	**(3,358,707)**	(14,409,992)
Net increase in cash on hand and at banks	**381,333**	3,825,266
Cash on hand and at banks at the beginning of the year	**12,683,971**	8,858,705
Cash on hand and at banks at the end of the year	**13,065,304**	12,683,971

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.

1. Incorporation and principal activities

Securities Group Company K.S.C. (Closed) (the Parent Company) is a Kuwaiti Closed Shareholding Company incorporated by agreement no. 786 / Vol. 2 dated October 24, 1981 and the latest amendment on July 22, 2015. The Parent Company's registered office is P.O. Box 26953, Safat 13130, State of Kuwait.

The principal activities of the Parent Company include:
- Trading in securities listed in Kuwait and the GCC
- Acting as custodian and managers of funds
- Conducting research and studies
- Providing financial and investment services
- Obtaining loans from the financial market, granting to others and acting as an intermediary in the lending and borrowing process
- Establishing and managing real estate portfolios for its clients inside and outside Kuwait and
- Investment in real estate.

The Parent Company is under the supervision of the Capital Markets Authority according to Law No. 7/2010 for investment companies and by the Central Bank of Kuwait ("CBK") for financing activities.

The Shareholders' Ordinary General Assembly held on July 25, 2016 approved to delist the Parent Company's shares from Boursa Kuwait pursuant to Article No. 2-9 of the Capital Markets Authority's Executive Regulations on the system for the inclusion of shareholding companies in the stock exchange. On December 11, 2016, the Capital Markets Authority approved to delist the Parent Company's shares from Boursa Kuwait on June 15, 2017.

The consolidated financial statements were authorized for issue by the Board of Directors on May 30, 2018. The Shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

The accompanying consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of Ministerial Order No. 18 of 1990 as modified for use by the State of Kuwait for financial services institutions regulated by CBK with respect to a minimum general provision. As explained in Note 2(a-3), the Group has early adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of April 1, 2017. Significant accounting policies are summarized as follows:

(a) Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company and are prepared under the historical cost convention, except that financial assets at fair value through profit or loss and financial assets at FVOCI are stated at their fair value (2017: financial assets at fair value through profit or loss and certain financial assets available for sale).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(t).

(a-1) **Standards issued and effective**

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for the changes due to implementation of the following amended International Financial Reporting Standards effective as of January 1, 2017:

Amendment to IAS 7 – Disclosure Initiative

The amendment to this standard which is effective prospectively for annual periods beginning on or after January 1, 2017 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

Amendments to IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments are effective from January 1, 2017 and must be applied retrospectively.

The above mentioned amendments did not have any material impact on the consolidated financial statements.

(a-2) **Standards issued but not yet effective**

The following new IASB standards have been issued but are not yet effective, and have not been early adopted by the Group:

IFRS 15 - Revenue from contracts with customers

The standard, effective for annual periods beginning on or after January 1, 2018, establishes a single comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

This standard applies to all revenue arising from contracts with customers (with a core principle based on a five-step model), unless the contracts are in the scope of other standards. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets. The standard will also specify a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers.

The management of the Group anticipate that IFRS 15 will be adopted in the Group's consolidated financial statements when it becomes mandatory, and they intend to use the retrospective method of transition wherein the Group will recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of the retained earnings and will not restate comparative information.

However, as the management are still in the process of assessing the full impact of the application of IFRS 15 on the Group consolidated financial statements, it is not practicable to provide a reasonable financial estimate of the effect until the management complete the detailed review.

IFRS 16 - Leases

This standard will be effective for annual periods beginning on or after January 1, 2019 and will be replacing IAS 17 "Leases". The new standard does not significantly change the accounting for leases for lessors and requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17 with limited exceptions for low-value assets and short term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach. Management does not expect any significant impact on the Groups' consolidated financial statements as a result of the application of this standard.

(a-3) **New standards early adopted by the Group**

Early adoption of IFRS 9 – Financial Instruments

The Group has early adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of April 1, 2017. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated in the year of initial application.

The key changes to the Group's accounting policies resulting from the early adoption of IFRS 9 are summarised below.

I. **Classification of financial assets and financial liabilities**

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Initial recognition and measurement

All " regular way" purchases and sales of financial assets are recognised on the trade date, i. e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios:

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e. g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Measurement categories of financial assets and liabilities
From April 1, 2017, the Group classified all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured as following:The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity, loans and receivables) have been replaced by:

- Debt instruments at amortised cost.
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition.
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVPL.

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the statement of profit or loss.

Debt instruments at amortized cost
A financial asset is measured at amortised cost if it meets both of the following conditions:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments measured at amortised cost are subsequently measured at amortised cost using the effective yield method adjusted for impairment losses if any.

Debt instruments at FVOCI
The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:
- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments at FVOCI
Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the statement of changes in equity.

Financial assets at FVPL

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair values, interest income and dividends are recorded in statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

II. **Impairment of financial assets**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt instruments at FVOCI, but not to investments in equity instruments designated at FVTOCI. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of cash on hand and at banks, accounts receivable and other debit balances, loans granted to others and debt instruments at amortized cost.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 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 measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, bank balances, and term deposits for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has elected to measure loss allowances for accounts receivable and other debit balances at an amount equal to lifetime ECLs using the simplified approach.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Impairment losses related to trade and other receivables are presented separately in the consolidated statement of profit or loss;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Debt instruments measured at FVOCI: no loss allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve is presented as a provision.

Write-off
Receivables and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Impact of the new impairment model
The Group has determined that the application of IFRS 9's impairment requirements no material impact on the Group's consolidated financial statements. However, at April 1, 2017, as a result of early adoption of IFRS 9, the Group recorded an additional provision for doubtful debts mainly arising from its associates amounting to KD 481,304 recognized in the Group's retained earnings as a transition adjustment on early adoption of IFRS 9 at April 1, 2017.

III. **Transition**
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

a) Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at April 1, 2017. Accordingly, the information presented for the year ended March 31, 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for the year ended March 31, 2017 under IFRS 9.

b) The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition.

Impact of adopting IFRS 9

The impact of this change in accounting policy as at April 1, 2017 has been to decrease retained earnings by KD 812,524 and to decrease the cumulative changes in fair value by KD 399,357 as follows:

	Retained earnings KD	Cumulative changes in fair value KD
Closing balance under IAS 39 (March 31, 2017)	2,973,725	1,066,022
<u>Impact on reclassification and re-measurements:</u>		
Equity securities from available-for-sale to FVPL	400,381	(399,839)
Equity securities from available-for-sale to FVOCI	(798,515)	-
Re-measurement adjustments arising from associates	66,914	482
<u>Impact on recognition of Expected Credit Losses:</u>		
Expected credit losses under IFRS 9 for financial assets at amortised cost of associates	(481,304)	-
Opening balance under IFRS 9 on date of initial application of April 1, 2017	**2,161,201**	**666,665**

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at April 1, 2017.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 KD	**New carrying amount under IFRS 9 KD**
Financial assets				
Cash on hand and at banks	Loans and receivables	Amortised Cost	12,683,971	**12,683,971**
Equity Instruments – FVPL	Financial assets at FVPL	Financial assets at FVPL	20,151	**20,151**
Accounts receivable and other debit balances	Loans and receivables	Amortised Cost	1,196,503	**1,196,503**
Loans granted to others	Loans and receivables	Amortized Cost	190,899	**190,899**
Equity Instruments – AFS ("a")	Financial assets available for sale	Financial assets at FVPL	1,668,039	**1,668,039**
Equity Instruments – AFS ("b")	Financial assets available for sale	Financial assets at FVOCI	29,044,524	**27,098,714**
Investments held to maturity	Held– to–maturity investment	Debt instruments at Amortised cost	3,000,000	**3,000,000**
Total financial assets			47,804,087	**45,858,277**
Financial liabilities				
Loans	Amortised Cost	Amortised Cost	52,716,573	**52,716,573**
Accounts payable and other credit balances	Amortised Cost	Amortised Cost	4,084,591	**4,084,591**
Total financial liabilities			56,801,164	**56,801,164**

(a) These financial assets represent investments that the Group intends to hold for short term trading purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVPL with all gains and losses recognised in profit or loss.

(b) These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, upon disposal of these equity investments, any balance within the OCI reserve for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

Reconciliation of carrying amounts under IAS 39 to carrying amounts under IFRS 9 at the adoption of IFRS 9

The following table reconciles the carrying amounts under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on April 1, 2017.

	IAS 39 carrying amount as at March 31, 2017	Reclassifications	Re-measurement	IFRS 9 carrying amount as at April 1, 2017
Financial assets at FVPL				
Opening balance	20,151	-	-	-
From available-for-sale	-	1,668,039	-	-
Closing balance	**20,151**	**1,668,039**	**-**	**1,688,190**
Financial assets available for sale				
Opening balance	30,712,563	-	-	-
To financial assets at FVPL	-	(1,668,039)	-	-
To financial assets at FVOCI	-	(29,044,524)	-	-
Closing balance	**30,712,563**	**(30,712,563)**	**-**	**-**
Financial assets at FVOCI				
Opening balance	-	-	-	-
From available-for-sale	-	29,044,524	(798,515)	-
Closing balance	**-**	**29,044,524**	**(798,515)**	**28,246,009**

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and the following subsidiaries (together the "Group"):

Name of the subsidiary	Country of incorporation	Principal activities	Percentage of holding 2018	Percentage of holding 2017
Al Anoud Al Thahabiya Company W.L.L.	Kingdom of Saudi Arabia	Real Estate	**100%**	100%
North African Investment Company Limited	Cayman Islands	Investment	**100%**	100%
SG Real estate Company W.L.L..	Kuwait	Real Estate	**99%**	99%
Securities Group Morocco SARL AU	Morocco	Industrial	**100%**	100%
Al-Ataya International Foods Company K.S.C. (Closed)	Kuwait	Food	**75%**	75%

Subsidiaries (investees) are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:

- has power over the investee.
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Parent Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination. Non-controlling interests are measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the Group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

c) Financial instruments

The Group classifies its financial instruments as "Financial assets" and "Financial Liabilities". Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash on hand and at banks, financial assets at fair value through profit or loss, receivables, loans granted to others, financial assets at fair value through other comprehensive income, financial assets available for sale, loans, loans from related parties and payables.

Financial assets and financial liabilities – Policy applicable up to March 31, 2017

i) Accounts receivable
Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of profit or loss.

ii) Financial investments

Initial recognition and measurement
The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, investments held to maturity and financial assets available for sale. The classification depends on the purpose for which the investments were acquired and is determined at initial recognition by the management.

(a) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial assets is classified as held for trading if acquired principally for the purpose of selling in the short term or if it forms part of an identified portfolio of investments that are managed together and has a recent actual pattern of short-term profit making or it is a derivative that is not designated and effective as a hedging instrument.

An investment is designated by the management on initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or; if they are managed and their performance is evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

(c) Investments held-to-maturity
Investments held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(d) Financial assets available for sale
Financial assets available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Purchases and sales of financial assets are recognized on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent measurement
After initial recognition, financial assets at fair value through profit or loss and financial assets available for sale are subsequently carried at fair value. The fair values of quoted financial assets are based on current bid prices. If the market for a financial assets is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation models refined to reflect the issuer's specific circumstances.

Realized and unrealized gains and losses from financial assets at fair value through profit or loss are included in the consolidated statement of profit or loss. Unrealized gains and losses arising from changes in the fair value of financial assets available for sale are recognized in cumulative changes in fair value in other comprehensive income.

Where financial assets available for sale could not be measured reliably, these are stated at cost less impairment losses, if any.

When a financial asset available for sale is disposed off or impaired, any prior fair value earlier reported in other comprehensive income is transferred to the consolidated statement of profit or loss.

Derecognition
A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial assets have expired; or the Group has transferred its rights to receive cash flows from the financial assets and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset investment. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Impairment
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. Significant decline is evaluated against the original cost of the investment and prolonged against the period in which fair value has been below its original cost.

If any such evidence exists for financial assets available for sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in the consolidated statement of profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on available for sale equity instruments are not reversed through the consolidated statement of profit or loss.

iii. Financial liabilities

i) Accounts payable
Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

ii) Borrowings
Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

Offsetting of financial assets and liabilities
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

d) Associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group's share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associate and in its other comprehensive income for its share of changes in other comprehensive income of associate. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining financial assets at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

After the application of the equity method, the Group determines whether it is necessary to recognize impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, The Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss.

e) Investment properties

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are re-measured at cost including purchase price and transactions costs less accumulated depreciation and impairment losses. Land on which the investment property is erected is not depreciated. Depreciation is computed on a straight-line basis over the useful life of the buildings for 20 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

f) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

h) Provision for end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector, employee contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period, and approximates the present value of the final obligation.

i) Share capital

Ordinary shares are classified as equity.

j) Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium.

Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued.

Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's shareholders.

k) Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

l) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of investments and services rendered in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale and services rendered have been resolved.

i) Gain on sale of investments
Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the time of the sale.

ii) Dividend income
Dividend income is recognized when the right to receive payment is established.

iii) Interest income
Interest income is recognized using the effective interest method.

iv) Management fees
Management fees are recognized on a cash basis.

v) Fees and commission income
Fees, commission and consultancy revenue is recognized at the time the related services are provided.

vi) Rental income
Rental income is recognized, when earned, on a time apportionment basis.

vii) Other income and expenses
Other income and expenses are recognized on accrual basis.

m) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period.

Translation differences on non-monetary items such as equity investments which are classified as financial assets at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity investments classified as financial assets available for sale are included in "cumulative changes in fair value" in other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in consolidated statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

o) Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to KFAS is calculated at 1% of the profit of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting accumulated losses, its share of income from Kuwaiti shareholding subsidiaries, associates and transfer to statutory reserve.

p) National Labor Support Tax (NLST)

National Labor Support Tax is calculated at 2.5% on the profit of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting its share of profit from associates and un-consolidated subsidiaries listed in Boursa Kuwait, its share of NLST paid by subsidiaries listed in Boursa Kuwait and cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 for year 2000 and Ministerial Resolution No. 24 for year 2006 and their executive regulations.

q) Zakat

Zakat is calculated at 1% on the profit of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting its share of profit from Kuwaiti shareholding associates and un-consolidated subsidiaries, its share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 for year 2006 and Ministerial Resolution No. 58 for year 2007 and their Executive Regulations.

r) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

s) Memorandum accounts off the statement of financial position

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements but are disclosed in the notes to the consolidated financial statements.

t) Critical accounting estimates and judgments

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

Judgments

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IAS 18 are met requires significant judgment.

(ii) Provision for doubtful debts

The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivable involve significant judgment.

(iii) Classification of financial assets – Policy applicable from April 1, 2017

On acquisition of an financial assets, the Group decides whether it should be classified as "financial assets at fair value through profit or loss (at FVPL)", "financial assets at fair value though other comprehensive income (FVOCI)" or "debt instruments at amortised cost).The Group follows the guidance of IFRS 9 on classifying its financial assets.

The Group classifies financial assets as "at FVPL" when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. The Group may elect to classify financial assets as "at FVOCI" when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis. The Group classifies the financial assets as "debt instruments measured at FVOCI" when both of two conditions are met (i) the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets and (ii) The contractual terms of the financial asset meet the SPPI test. The Group classifies the financial assets as "debt instruments at amortised cost" if it meets both of two conditions (i) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(iv) Classification of financial assets – Policy applicable up to March 31, 2017

On acquisition of an financial assets, the Group decides whether it should be classified as "at fair value through profit or loss", "available for sale" or "held to maturity". The Group follows the guidance of IAS 39 on classifying its financial assets.

The Group classifies financial assets as "at fair value through profit or loss" if they are acquired primarily for the purpose of short term profit making or if they are designated at fair value through profit or loss at inception, provided their fair values can be reliably estimated. The Group classifies financial assets as "held to maturity" if the Group has the positive intention and ability to hold to maturity. All other financial assets are classified as "available for sale".

(v) Impairment of financial assets - Policy applicable from April 1, 2017

The Group follows the guidance of IFRS 9 to assess of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward- looking information in the measurement of ECL.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. 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.

(vi) Impairment of financial assets – Policy applicable up to March 31, 2017

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity financial assets is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, a significant or prolonged decline in the fair value below its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The determination of what is "significant" or "prolonged" requires significant judgment.

(vii) Classification of land

Upon acquisition of land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land:

1) Properties under development
When the intention of the Group is to develop land in order to sell it in the future, both the land and the construction costs are classified as properties under development.

2) Work in progress
When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress.

3) Properties held for trading
When the intention of the Group is to sell land in the ordinary course of business, the land are classified as properties held for trading.

4) Investment properties
When the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

Estimation and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair value of unquoted equity financial assets

If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, adjusted net asset value and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(ii) Provision for doubtful debts

The extent of provision for doubtful debts involves estimation process. Provision for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable are subject to management approval.

(iii) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future financial assets that will enhance the asset's performance of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represents quoted securities held by the Group primarily for the purpose of trading and short-term profit making. At April 1, 2017, as a result of early adoption of IFRS 9, the Group elected to reclassify investments amounting to KD 1,668,039 from financial assets available for sale (Note 7).

Valuation techniques of financial assets at fair value through profit or loss are disclosed in Note 30.

4. Accounts receivable and other debit balances

	2018	2017
Accrued revenue	**3,008,661**	2,847,628
Due from related parties (Note 27)	**596,314**	508,331
Advance payment for acquiring investments	**394,108**	144,108
Accrued interest and dividend	**54,472**	52,597
Other receivables	**412,946**	726,457
	4,466,501	4,279,121
Less: Provision for doubtful debts (a)	**(3,038,804)**	(3,082,618)
	1,427,697	1,196,503

(a) The movement in the provision for doubtful debts was as follows:

	2018	2017
Balance at the beginning of the year	**3,082,618**	3,260,247
Charge during the year	**1,878**	-
Reversed during the year	**(45,692)**	(177,629)
Balance at the end of the year	**3,038,804**	3,082,618

Subsequent to the reporting date, the Group collected the outstanding balance of KD 596,314 from related parties.

5. Loans granted to others

	2018	2017
Loan granted to an associate	**57,098**	192,827
Provision for loans	**(571)**	(1,928)
	56,527	190,899

The interest free loan will mature on December 4, 2018.

The policy of the Group for calculation of the impairment provisions for loans granted to others complies in all material respects with the specific provision requirements of the Central Bank of Kuwait. In accordance with Central Bank of Kuwait instructions, the Group provides a minimum general provision of 1% on cash credit facilities not subject to specific provision and net of certain categories of collateral.

6. Financial assets at fair value through other comprehensive income ("FVOCI")

	2018	2017
Quoted securities	16,438,003	-
Unquoted securities	8,246,455	-
	24,684,458	-

Financial assets at fair value through other comprehensive income ("FVOCI") comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive rather than profit or loss as these are strategic investments and the Group considered this to be more relevant. At April 1 2017, as a result of early adoption of IFRS 9, the Group elected to reclassify investments amounting to KD 29,044,524 from financial assets available for sale (Note 7).

Quoted securities with a carrying value of KD 16,433,064 were pledged with a local bank against a loan (Note 13).

Valuation techniques of financial assets at fair value through other comprehensive income ("FVOCI") are disclosed in Note 30.

Financial assets at fair value through other compressive income are denominated in the following currencies:

	2018	2017
Kuwaiti Dinar	20,133,656	-
US Dollar	4,483,682	-
Saudi Riyal	67,120	-
	24,684,458	-

7. Financial assets available for sale

	2018	2017
Quoted securities	-	20,511,632
Unquoted securities	-	10,200,931
	-	30,712,563

At April 1, 2017, as a result of early adoption of IFRS 9, the Group elected the following reclassifications:

(a) Reclassifications of financial assets available for sale with a carrying value of KD 1,668,039 to financial assets at fair value through profit or loss (Note 3).

(b) Reclassifications of financial assets available for sale with a carrying value of KD 29,044,524 to financial assets at fair value through other comprehensive income ("FVOCI") (Note 6).

As at March 31, 2017, unquoted securities amounting to KD 7,665,626 are carried at cost less impairment losses, due to the unpredictable nature of their future cash flows and lack of other suitable methods for arriving at a reliable fair value for these financial assets. There is no active market for these financial assets and the Group intends to hold them for the long term.

As at March 31, 2017, quoted securities with a carrying value of KD 14,306,980 were pledged with a local bank against a loan (Note 13).

Impairment loss recognized on financial assets available for sale for the year ended March 31, 2017 amounted to KD 2,991,066.

As at March 31, 2017, Financial assets available for sale are denominated in the following currencies:

	2018	2017
Kuwaiti Dinar	-	24,850,209
US Dollar	-	5,617,735
Saudi Riyal	-	244,619
	-	30,712,563

8. Investment in associates

Name of the associate	Country of incorporation	Percentage of holding 2018	Percentage of holding 2017	2018	2017
Kuwait Saudi Pharmaceutical Industries Co. S.A.K. (Closed) ("KSPI")	Kuwait	**50%**	50%	**15,983,186**	15,674,040
Al Madar Al Thahabia Co. W.L.L ("Al Madar")	KSA	**24%**	24%	**6,048,941**	5,884,803
Future Communication Co. K.S.C.P. ("FCC")	Kuwait	**33.70%**	33.70%	**2,631,608**	4,282,753
Al-Jazeera Real Estate Development Co. K.S.C. (Closed) ("Al-Jazeera")	Kuwait	**20%**	20%	**1,577,783**	1,583,761
Alpha Atlantique Du Sahara S.A.	Morocco	**22.52%**	22.52%	**807,488**	786,246
Kuwait Qatari Co. for Real Estate Development K.S.C.C.("KQRE")	Kuwait	**40.72%**	40.72%	**183,051**	772,061
Mena Equities Ltd.	British Virgin Islands	**44.15%**	44.15%	**6,230**	6,230
				27,238,287	28,989,894

a) The movement during the year is as follows:

	2018	2017
Balance at the beginning of the year	**28,989,894**	28,003,585
Transition adjustment on early adoption of IFRS 9 at April 1, 2017	**(413,908)**	-
Restated balance as at April 1, 2017	**28,575,986**	28,003,585
Additions	**432,189**	465,150
Transfer from accounts receivable and other debit balances	-	58,108
Capital reduction of investment in an associate	**(2,289,919)**	-
Effect of ownership change in an associate	**96**	316,137
Group's share of results from associates	**1,028,878**	1,274,020
Share of other comprehensive income	**49,105**	893
Cash dividends received	**(610,846)**	(1,108,938)
Foreign currency translation adjustments	**52,798**	(19,061)
Balance at the end of the year	**27,238,287**	28,989,894

b) The summarized financial information of associates which are material to the Group is as follows:

	KSPI	FCC	Al Madar	Al-Jazeera	2018	2017
Statement of financial position						
Current assets	19,883,947	14,925,968	307,730	430,645	35,548,290	37,511,661
Non-current assets	6,929,050	592,077	34,078,289	13,312,580	54,911,996	54,963,366
Current liabilities	5,429,255	6,681,392	917,875	2,851,799	15,880,321	14,957,863
Non-current liabilities	1,532,434	1,027,726	8,264,224	3,002,512	13,826,896	13,136,865
Net assets	19,851,308	7,808,927	25,203,920	7,888,914	60,753,069	64,380,299
Statement of profit or loss						
Revenue	11,362,800	26,830,136	135,692	3,874,940	42,203,568	41,115,286
Expenses	(9,087,607)	(26,377,963)	(1,465,139)	(3,191,303)	(40,122,012)	(37,992,382)
Net profit (loss) for the year	2,275,193	452,173	(1,329,447)	683,637	2,081,556	3,122,904
Dividends received	539,346	-	-	71,500	610,846	1,108,938
Contingent liabilities and commitments	1,266,116	553,397	-	1,550,000	3,369,513	3,123,334

(a) Reconciliation of the above summarized financial information to the carrying amount of investment in associates recognized in the consolidated financial statements:

	KSPI	**FCC**	**Al Madar**	**Al-Jazeera**
2018				
Net assets of the associate	**19,851,308**	**7,808,927**	**25,203,920**	**7,888,914**
Group's percentage of ownership	**50%**	**33.7 %**	**24%**	**20%**
	9,925,654	**2,631,608**	**6,048,941**	**1,577,783**
Goodwill	**6,057,532**	**-**	**-**	**-**
Carrying amount of Group's investment in the associate	**15,983,186**	**2,631,608**	**6,048,941**	**1,577,783**
Group's share of results from associates	**1,144,716**	**152,382**	**(318,032)**	**137,022**

	KSPI	FCC	Al Madar	Al-Jazeera
2017				
Net assets of the associate	19,233,015	12,708,465	24,520,013	7,918,806
Group's percentage of ownership	50%	33.7 %	24%	20%
	9,616,508	4,282,753	5,884,803	1,583,761
Goodwill	6,057,532	-	-	-
Carrying amount of Group's investment in the associate	15,674,040	4,282,753	5,884,803	1,583,761
Group's share of results from associates	1,109,514	164,461	(71,828)	135,421

9. Investment in unconsolidated subsidiaries

Name of the subsidiary	Country of incorporation	Percentage of ownership	Principal activities	2018	2017
Third Securities Group for Economic Consultants Company W.L.L.	Kuwait	99%	Consulting	**7,425**	7,425
Fourth Securities Group for Mechanical Consultants Company W.L.L.	Kuwait	99%	Consulting	**247,500**	247,500
Sixth Securities Group for Administrative Consultant Company W.L.L. ("a")	Kuwait	99%	Consulting	**-**	7,421
Private Group for General Trading And Contracting Company W.L.L.	Qatar	50%	Real Estate	**8,000**	8,000
Ready Office Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**59,400**	59,400
Al Jadedeiah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**59,400**	59,400
Al Raha Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**59,400**	59,400
Al Sametah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**59,400**	59,400
Masjan Al Kuwait Company W.L.L.	Kuwait	99%	Real Estate	**80,000**	80,000
Awarah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**80,000**	80,000
Al Liwan Al Kuwaitiya Company W.L.L.	Kuwait	99%	Real Estate	**80,000**	80,000
Al Liyah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**80,000**	80,000
Al Baheeth Company W.L.L. ("a")	Kuwait	99%	Real Estate	**-**	6,000
				820,525	833,946

a) During the year, the Group sold its equity interest in these subsidiaries realizing a gain of KD 1,972.

b) The Group had not consolidated these subsidiaries since they were not considered material to the accompanying consolidated financial statements.

10. Debt instruments at amortised cost

Debt instruments at amortized cost represents KD 3,000,000 investment in a subordinated floating rate bond issued by a local bank that carries an annual interest rate of 3.9% over the Central Bank of Kuwait discount rate. At April 1, 2017, as a result of early adoption of IFRS 9, the Group elected to reclassify investments amounting to KD 3,000,000 from investment held to maturity (Note 11).

Debt instruments at amortized cost is due to mature on December 27, 2022.

Subsequent to the reporting date, on April 24, 2018, the local bank (issuer of the bonds) elected to early redeem the outstanding bonds, in whole by their principal amount plus the accrued interest.

11. Investment held at maturity

At April 1, 2017, as a result of early adoption of IFRS 9, the Group elected to reclassify the investment held to maturity with a carrying value of KD 3,000,000 to debt instruments at amortized cost (Note 10).

As at March 31, 2017, investment held to maturity represent KD 3,000,000 investment in a subordinated floating rate bond issued by a local bank that carries an annual interest rate of 3.9% over the Central Bank of Kuwait discount rate and is due to mature on December 27, 2022.

12. Investment properties

The movement during the year was as follows:

	2018	2017
Balance at the beginning of the year	**29,663,774**	35,662,852
Additions (Note 27)	**6,500,000**	-
Disposals (c)	**(2,930,729)**	(6,081,719)
Foreign currency translation adjustments	**(141,786)**	82,641
Balance at the end of the year	**33,091,259**	29,663,774

(a) Management of the Parent Company has complied with the Executive Regulations of Capital Markets Authority with respect to guidelines for valuation of investment properties.

(b) The fair value of investment properties as at March 31, 2018 was KD 40,988,680 (2017: KD 33,289,666) based on the lowest of valuations carried out by two independent values. In estimating the fair value of investment properties, the cost approach, income capitalization approach and market comparable approach have been used, considering the nature and usage of the investment properties. The fair value measurement of investment properties has been categorized as level 3 fair value based on inputs to the valuation technique used.

(c) During the year, the Group sold investment properties with a carrying value of 2,930,729 for an amount of KD 2,147,170 that resulted in a loss of KD 783,559.

13. Loans

Revolving loans carry an annual interest rate ranging from 2.75% to 3.75% (2017: ranging from 2.75% to 3.75%). Loan of KD 15,815,000 is secured by quoted securities classified as ("FVOCI") as at March 31, 2018 (Note 6) (2017: is secured by quoted securities classified as financial assets available for sale (Note 7)) and other loans are secured by promissory notes. The loan of KD 15,815,000 and KD 21,715,333 are due for settlement on March 15, 2020 and May 15, 2018 respectively.

Subsequent to the reporting date, on May 7, 2018, the Parent Company signed an agreement with a local bank to reschedule the maturity dates of the revolving loans amounting to KD 15,815,000 and KD 21,715,333 to be paid on May 15, 2020.

14. Loans from related party

This represents loans obtained from a shareholder carrying an interest rate of 2.5% per annum over the Central Bank of Kuwait discount rate and is payable on January 15, 2020.

15. Accounts payable and other credit balances

	2018	2017
Accrued expenses	**1,198,890**	1,319,454
Dividend payable	**304,858**	311,968
Provision for end of service indemnity	**802,068**	723,058
Due to related parties (Note 27)	**1,098,684**	1,030,135
Other credit balances	**579,365**	699,976
	3,983,865	4,084,591

16. Capital

The authorized, issued and paid up capital comprises of 255,283,718 (2017: 255,283,718) shares of 100 fils each and all shares are paid in cash.

17. Treasury shares

	2018	2017
Number of treasury shares	**2,697,482**	2,663,123
Percentage of ownership	**1.06%**	1.04%
Market value (KD)	**269,748**	252,997
Cost (KD)	**300,655**	297,374

The Parent Company's management has allotted an amount, equal to treasury shares balance, from the available retained earnings as of March 31, 2018. Such amount will not be available for distribution during the treasury shares holding period. Treasury shares are not pledged.

18. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except for in certain cases stipulated by Law and the Parent Company's Articles of Association. The Parent Company's management transferred KD 5,000 to statutory reserve in order to exceed 50% of the capital. This transfer is subject to the approval of the Shareholders' Annual General Assembly.

19. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to voluntary reserve. Such transfer may be discontinued by a resolution at the Shareholders' Annual General Assembly, upon recommendation by the Board of Directors. The Shareholders General Assembly dated April 6, 2004, approved to discontinue any transfer to the voluntary reserve with effect from December 31, 2002.

20. Net investment income

	2018	2017
Unrealized loss on financial assets at fair value through profit or loss	**(71,177)**	(1,449)
Realized gain from sale of financial assets at fair value through profit or loss	**4,201**	1,940
Realized gain from sale of financial assets available for sale	**-**	1,941,295
Dividend income	**645,765**	320,471
	578,789	2,262,257

21. Fees and commission income

	2018	2017
Portfolio management fees	**1,078,596**	1,440,450
Consultancy fees	**1,631,178**	592,293
Commission	**1,803**	19,680
	2,711,577	2,052,423

22. General and administrative expenses

	2018	2017
Staff costs	**1,025,739**	1,101,183
Management and consultancy fees	**74,864**	70,890
Professional fees	**49,675**	58,170
Other expenses	**238,945**	293,328
	1,389,223	1,523,571

23. Dividend distribution and Board of Directors' remuneration

The Board of Directors' meeting held on May 30, 2018 proposed not to distribute cash dividends and approve Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2018.These proposals are subject to the approval of the Shareholders' Annual General Assembly.

The Board of Directors also proposed to reduce the share capital by 5.9% amounting to KD 1,528,372 that will be KD 24,000,000 and distribute this reduction to the Shareholders. This proposal is subject to the approval of the Extraordinary General Assembly.

The Shareholders' Annual General Assembly held on July 24, 2017 approved the distribution of cash dividends of 5 fils per share amounting to KD 1,262,925 and to distribute Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2017.

The Shareholders' Annual General Assembly held on July 25, 2016 approved the distribution of cash dividends of 5 fils per share amounting to KD 1,265,061 and not to distribute board of directors' remuneration for the financial year ended March 31, 2016.

24. Earnings per share

There are no potential dilutive ordinary shares. Earnings per share is computed by dividing the net profit for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the year:

	2018	2017
Profit for the year attributable to shareholders of the Parent Company	**2,166,147**	1,523,273
	Shares	Shares
Number of shares at beginning of the year	**255,283,718**	255,283,718
Less: weighted average number of treasury shares	**(2,693,480)**	(2,335,893)
Weighted average number of shares outstanding	**252,590,238**	252,947,825
	Fils	Fils
Earnings per share attributable to shareholders of the Parent Company	**8.58**	6.02

25. Memorandum accounts off the consolidated statement of financial position

The Parent Company manages investment portfolios for others amounting to KD 1,433,807,907 as at March 31, 2018 (2017: KD 1,514,947,223) to earn management fees. These investment portfolios are registered in the name of the Group and are not accounted in the accompanying consolidated financial statements.

26. Segment information

The Group is divided into operating segments for managing its business activities based on internal reporting provided to the chief operating decision maker as follows:

- Investment activities: Direct investment for the Group's benefit in securities, portfolios and funds
- Asset management services: Portfolio and Fund management services for clients
- Lending activities: Direct lending to others and acting as a broker in lending and borrowing activities.
- Real estate activities: Investment in real estate and managing real estate portfolios.

	For the year ended March 31,									
	2018					2017				
	Investment activities	Asset management services	Lending activities	Real estate activities	Total	Investment activities	Asset management services	Lending activities	Real estate activities	Total
Segment operating revenue	780,595	2,711,577	-	1,192,825	4,684,997	2,452,210	2,052,423	-	1,249,018	5,753,651
Segment operating expenses	(1,299,173)	-	-	(50,959)	(1,350,132)	(1,625,864)	-	-	(92,939)	(1,718,803)
Unallocated operating expense					(1,338,264)					(1,430,632)
Operating profit					1,996,601					2,604,216
Group's share of results from associates					1,028,878					1,274,020
Loss on sale of investment properties					(783,559)					(23,630)
Net provisions no longer required					53,025					499,321
Other income					9,751					480,327
Impairment loss on financial assets available for sale					-					(2,991,066)
Foreign exchange loss					(95,235)					(270,130)
Contribution to KFAS					(7,691)					(1,643)
NLST					(9,096)					(17,752)
Zakat					(2,163)					(5,975)
Board of Directors' remuneration					(25,000)					(25,000)
Profit for the year					2,165,511					1,522,688
Other information										
Segment assets	42,665,666	34,846	56,527	33,091,259	75,848,298	46,416,684	88,901	190,899	29,663,774	76,360,258
Investment in associates					27,238,287					28,989,894
Investment in unconsolidated subsidiaries					820,525					833,946
Unallocated assets					1,392,851					1,107,603
Total assets					105,299,961					107,291,701
Segment liabilities	51,530,333	-	-	-	51,530,333	52,716,573	-	-	-	52,716,573
Unallocated liabilities					3,983,865					4,084,591
Total liabilities					55,514,198					56,801,164

27. Related party disclosures

The Group has entered into various transactions with related parties concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant balances and transactions with other related parties are as follows:

	2018	2017
(i) Consolidated statement of financial position		
Cash at banks	**11,876,510**	11,357,247
Accounts receivable and other debit balances	**596,314**	508,331
Loans granted to others	**56,527**	190,899
Loans	**37,530,333**	52,716,573
Loans from related parties	**14,000,000**	-
Accounts payable and other credit balances	**1,098,684**	1,030,135
(ii) Consolidated statement of profit or loss		
Interest income	**166**	267
Finance charges	**(1,299,173)**	(1,625,864)
(iii) Compensation to key management personnel		
Short-term benefits	**333,452**	328,609
Termination benefits	**24,063**	24,141

During the year, the Group purchased investment properties amounting to KD 6,500,000 from a related party (Note 12).

The related party transactions are subject to approval by the shareholders of the Parent Company in the Annual General Assembly.

28. Capital commitments

	2018	2017
Capital commitments	**-**	13,796

29. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash on hand and at banks, financial assets at fair value through profit or loss, receivables, loans granted to others, financial assets at fair value through other comprehensive income, financial assets available for sale, loans, loans from related parties and payables and as a result, it is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, receivables and loans granted to others. The Group's cash at banks are placed with high credit rating financial institutions. Receivables and loans granted to others are presented net of allowance for doubtful debts.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash at banks, receivables, loans granted to others and debt instruments at amortised cost.

(i) **Maximum exposure to credit risk before collateral held or other credit enhancements**

	2018	2017
Cash on hand and at banks	**13,065,304**	12,683,971
Accounts receivable and other debit balances	**1,427,697**	1,196,503
Loans granted to others	**56,527**	190,899
Debt instruments at amortized cost	**3,000,000**	-
Investment held to maturity	**-**	3,000,000
	17,549,528	17,071,373

(ii) **Concentration of assets and liabilities:**

	2018		2017	
	Assets	**Liabilities**	Assets	Liabilities
State of Kuwait	**72,278,657**	**54,718,939**	69,122,459	55,816,027
Europe	**6,230**	**-**	6,230	-
Africa	**807,488**	**17,014**	786,423	15,954
Asia	**32,207,586**	**778,245**	37,376,589	969,183
	105,299,961	**55,514,198**	107,291,701	56,801,164

b) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable.

(i) **Liquidity risk management process**

The Group's liquidity management process, as carried out within the Group includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements.
- Managing the concentration and profile of debt maturities.

The maturity profile of assets and liabilities of the Group as at March 31 was as follows:

2018	Up to 1 month	1 - 3 months	3 – 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash on hand and at banks	13,065,304	-	-	-	-	13,065,304
Financial assets at fair value through profit or loss	1,915,904	-	-	-	-	1,915,904
Accounts receivable and other debit balances	84,877	124,500	1,218,320	-	-	1,427,697
Loans granted to others	-	-	56,527	-	-	56,527
Financial assets at fair value through other comprehensive income	16,438,003	-	-	8,246,455	-	24,684,458
Investment in associates	-	-	-	27,238,287	-	27,238,287
Investment in unconsolidated subsidiaries	-	-	-	820,525	-	820,525
Debt instruments at amortized cost	3,000,000	-	-	-	-	3,000,000
Investment properties	-	-	-	23,322,181	9,769,078	33,091,259
	34,504,088	124,500	1,274,847	59,627,448	9,769,078	105,299,961
Liabilities						
Loans	-		-	37,530,333	-	37,530,333
Loans from related parties	-	-	-	14,000,000	-	14,000,000
Accounts payable and other credit balances	400,249	401,400	-	3,182,216	-	3,983,865
	400,249	401,400	-	54,712,549	-	55,514,198

2017	Up to 1 month	1 - 3 months	3 – 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash on hand and at banks	12,683,971	-	-	-	-	12,683,971
Financial assets at fair value through profit or loss	20,151	-	-	-	-	20,151
Accounts receivable and other debit balances	-	-	1,196,503	-	-	1,196,503
Loans granted to others	-	-	190,899	-	-	190,899
Financial assets available for sale	20,511,632	-	-	10,200,931	-	30,712,563
Investment in associates	-	-	-	22,318,845	6,671,049	28,989,894
Investment in unconsolidated subsidiaries	-	-	-	-	833,946	833,946
Investment held to maturity	-	-	-	-	3,000,000	3,000,000
Investment properties	-	-	-	19,752,909	9,910,865	29,663,774
	33,215,754	-	1,387,402	52,272,685	20,415,860	107,291,701
Liabilities						
Loans	-	-	-	52,716,573	-	52,716,573
Accounts payable and other credit balances	700,867	330,600	196,948	-	2,856,176	4,084,591
	700,867	330,600	196,948	52,716,573	2,856,176	56,801,164

c) **Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices as indicated below:

i) **Interest rate risk**

Financial instruments are subject to the risk of changes in value due to changes in the level of interest. The effective interest rates and the periods in which interest bearing financial assets and liabilities are repriced or mature are indicated in the respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's consolidated statement of profit or loss (through the impact on floating rate borrowings).

Year	Increase / (Decrease) in interest rate	Balance on March 31 KD	Effect on consolidated statement of profit or loss
2018			
Loans	**+ 50 basis points**	**37,530,333**	± 187,652
Loans from related parties	**+ 50 basis points**	**14,000,000**	± 70,000
2017			
Loans	± 50 basis points	52,716,573	± 263,583

ii) **Foreign currency risk**

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between, other currencies and Kuwaiti Dinar.

Currency	Change in foreign currency rate	Effect on consolidated statement of profit or loss
2018		
US Dollar	**±5%**	**±2,891**
Qatari Riyal	**±5%**	**±162**
Saudi Riyal	**±5%**	**+(37,593)**
Tunisian Dinar	**±5%**	**±57,952**
Euro	**±5%**	**±39**
Morocco Dirhams	**±5%**	**±237**

Currency	Change in foreign currency rate	Effect on consolidated statement of profit or loss
2017		
US Dollar	±5%	+9,916
Qatari Riyal	±5%	+165
Sterling Pound	±5%	+7
Saudi Riyal	±5%	+(39,890)
Tunisian Dinar	±5%	+62,328
Euro	±5%	+46
Morocco Dirhams	±5%	+226

iii) Equity price risk

Equity price risk is a risk that the value of a financial instrument will fluctuate as a result of changes in the level of equity indices and the value of individual stocks. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration. The equity price risk exposure arises from the Group's investment in equity securities classified as "at fair value through profit or loss" and "at fair value through other comprehensive income" (2017: Group's investment in equity securities classified as "at fair value through profit or loss" and "available for sale").

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these investments, to which the Group had significant exposure at March 31:

	2018			2017		
Market index	Change in equity price %	Effect on consolidated statement of profit or loss	Effect on other comprehensive income	Change in equity price %	Effect on consolidated statement of profit or loss	Effect on other comprehensive income
Boursa Kuwait	±5%	± 95,795	± 821,900	±5%	±1,008	±1,025,582

30. Fair value measurement

The Group measures its financial assets such as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income (2017: financial assets at fair value through profit or loss and certain financial assets available for sale) at their fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All financial instruments for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31:

2018	**Level 1**	**Level 2**	**Total**
Financial assets at fair value through profit or loss	**1,915,904**	**-**	**1,915,904**
Financial assets at fair value through other comprehensive income	**16,438,003**	**8,246,455**	**24,684,458**
Total	**18,353,907**	**8,246,455**	**26,600,362**

2017	Level 1	Level 2	Total
Financial assets at fair value through profit or loss	20,151	-	20,151
Financial assets available for sale	20,511,632	2,535,305	23,046,937
Total	20,531,783	2,535,305	23,067,088

At March 31, the fair values of financial instruments approximate their carrying amounts. The management of the Group has assessed that fair value of cash on hand and at banks, receivables, loans granted to others, loans, loans from related parties and payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the year, there were no transfers between Level 1 and Level 2.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

31. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost paid up of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash on hand and at banks. Total capital is calculated as total 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2018	2017
Loans	**37,530,333**	52,716,573
Loans from related parties	**14,000,000**	-
Less: cash on hand and at banks	**(13,065,304)**	(12,683,971)
Net debt	**38,465,029**	40,032,602
Total equity	**49,785,763**	50,490,537
Total capital resources	**88,250,792**	90,523,139
Gearing Ratio	43.59%	44.22%