Al Salam Group Holding Company

K.S.C (Public)
and its subsidiaries
Kuwait
Consolidated financial statements
for the financial year ended December 31, 2017
with
Independent auditor report

Al Salam Group Holding Company
K.S.C (Public)
and its subsidiaries
Kuwait

Consolidated financial statements
for the financial year ended December 31, 2017
with
Independent auditor report

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Rödl
Middle East
Bergan International Accountants
Ali Al Hasawi & Co.

Independent auditor report

The Shareholders,
Al Salam Group Holding Company
K.S.C (Public)
and its subsidiaries
Kuwait

Report on the Audit of Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Al Salam Group Holding Company - K.S.C. - (Public) –"the Parent Company" - and its subsidiary (together referred to as "the Group") which comprise the consolidated statement of financial position as of December 31, 2017, and the 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 a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Salam Group Holding Company - K.S.C. - (Public) as of December 31, 2017, and its financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditors' 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 the ethical requirements that are relevant to our audit of the Group's 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.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have identified the following key audit matter:

Impairment in value of investment in associate
Investment in associates as of December 31, 2017 by an amount of KD 22,853,591 by percentage of %58.45 from total assets. The related disclosures of investment in subsidiaries are described in notes (3/8 – 4 – 9) about consolidated financial statements.

There are procedure tests for determining impairment in total book value for each investment in associate (including Goodwill). Which subject to some of regulations and based on many of assumptions so we consider this matter is a key audit matters.

As a part of our audit, we have assessed, among other things, the manner in which the management treats impairment indicators of investment in associates. In order to evaluate this treatment, we have determined whether there have been any significant adverse changes in the technological, market, economic or legal environment in which the investee company operates, or structural changes in the industry in which the investee operates, or changes in the Political environment or legal impact on the business of the investee company, as well as the changes in the financial position of the investee company. We have also tested the procedures adopted by management to determine the recoverable amount of investments in associates in accordance of the requirements of relevant IFRS.

Impairment of goodwill
As disclosed in note (3/8 – 4 – 10) of the consolidated financial statements, the Group has goodwill of KD 3,364,665 (2016: KD 3,846,354) which is distributed to cash generating units (CGUs). Goodwill is required to be tested for impairment annually. Due to the significance of goodwill to the Group's consolidated statement of financial position, and due to the Judgment involved in the assessment of the value-inuse method of the Group's CGUs performed by the Group management we considered goodwill to be a key audit matter. The Group's policy on assessing impairment of these items is given in note (3/8) of the consolidated financial statements.

As part of our audit procedures, among other procedures, we evaluated and tested the Group management's control process over impairment assessment. We obtained Group management's impairment calculations and tested the reasonableness of key assumptions including the cash flow projections. Future cash flow assumptions were also assessed through comparison of current performance with management forecasts. Additionally, we also assessed the adequacy of the Group's disclosures included in the consolidated financial statements about the management judgment and the available indicators of impairment in value of goodwill.

Other information mentioned on the Board of Directors Report
Other information consists of the information included in the Parent Company's Board of Directors Report, other than the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and when it becomes available and , in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 as adopted for use by the State of Kuwait, 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 auditors' 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by the parent company, physical count was carried out in accordance with recognized practices, the consolidated financial statements together with the financial contents of the report of the parent company's Board of Directors are in accordance therewith. Also, we have obtained the information and explanations that we required for the purpose of our audit and the consolidated financial statements incorporate the information that is required by the Companies' Law no. 1 of year 2016 and related Executive Regulations and its subsequent amendments, law no. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its regulation and the parent Company's memorandum and articles of association and its subsequent amendments. According to the information available to us, there were no violations have occurred of either the Companies' Law no. 1 of year 2016 and related Executive Regulations and its subsequent amendments, law no. 7 of 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its regulation or of the parent Company's memorandum and articles of association and its subsequent amendments during the financial year ended December 31, 2017 that might have had a material effect on the parent Company's business or its consolidated financial position.



Abdul Hussain M. Al- Rasheed
License No. 67 (A)
Rödl Middle East
Burgan - International Accountants

March 22, 2018
State of Kuwait

Al Salam Group Holding Company
K.S.C (Public)
and its subsidia ries
Kuwait

Consolidated statement of financial position as of December 31, 2017
"All amounts are In Kuwaiti Dinar"

	Note	2017	2016
Assets			
Cash and cash equivalents		32,279	67,720
Term Deposit		-	135,000
Investments at fair value - statement of profit or loss	6	2,925,957	7,450,916
Accounts receivable and other debit balances	7	5,741,529	5,997,713
Available for sale investments	8	2,032,444	7,466,128
Investment in associates	9	22,853,591	16,316,140
Intangible assets	10	3,364,665	3,846,354
Property and equipments	11	2,147,769	2,415,623
Total assets		39,098,234	43,695,594
Liabilities and equity			
Liabilities			
Accounts payable and other credit balances	12	2,553,687	3,105,477
Provision for end of service indemnity		106,563	124,192
Total liabilities		2,660,250	3,229,669
Equity			
Share capital	13	26,964,000	26,964,000
Share premium	14	5,904,559	5,904,559
Statutory reserve	15	833,543	833,543
Voluntary reserve	16	17,978	17,978
Cumulative changes in fair value		64,480	121,814
Group's share of associates reserves		193,893	561,555
Gains on sale of treasury shares		730,372	730,372
Accumulated losses		(697,354)	(594,054)
Equity attributable to shareholders of the "Parent Company"		34,011,471	34,539,767
Non- controlling interests		2,426,513	5,926,158
Total equity		36,437,984	40,465,925
Total liabilities and equity		39,098,234	43,695,594

Falah Fahad Al Hajri
Vice chairman

The accompanying notes form an integral part of these consolidated financial statements.

Exhibit - B

Al Salam Group Holding Company
K.S.C (Public)
and its subsidiaries
Kuwait

Consolidated statement of profit or loss for the financial year ended December 31, 2017
"All amounts are in Kuwaiti Dinar"

	Note	2017	2016
Revenue			
(Losses)/gains of investments	18	**(52,949)**	41,264
Losses from sale of a subsidiary		**(177,406)**	-
Associate's profits	9	**11,176**	76,110
Net contracts income	19	**1,163,865**	1,075,279
Other income		**4,697**	9,504
General and administrative expenses	20	**(744,451)**	(686,885)
Net profit for the year		**204,932**	515,272
Attributable to:			
Shareholders of the "Parent Company"		**(83,077)**	314,699
Non-controlling interests		**288,009**	200,573
Net profit for the year		**204,932**	515,272
(Losses)/earnings per share/(fils)	21	**(0.308)**	1.17

The accompanying notes form an integral part of these consolidated financial statements.

Al Salam Group Holding Company

K.S.C (Public)
and its subsidiaries
Kuwait

Consolidated statement of profit or loss and other comprehensive income for the financial year ended December 31, 2017
"All amounts are in Kuwaiti Dinar"

	2017	2016
Net profit for the year	**204,932**	515,272
Other comprehensive income:		
Cumulative changes in fair value	**(57,334)**	170,585
Group's share of associates reserves	**(367,662)**	(289,110)
Transferred to the consolidated statement of profit or loss from impairment in fair value of available for sale investments	**-**	752,941
Other comprehensive loss for the year	**(424,996)**	(118,525)
Total comprehensive (loss)/income for the year	**(220,064)**	396,747
Attributable to:		
Shareholders of the "Parent Company"	**(508,073)**	194,751
Non-controlling interests	**288,009**	201,996
Total comprehensive (loss)/income for the year	**(220,064)**	396,747

The accompanying notes form an integral part of these consolidated financial statements.

Al Salam Group Holding Company
K.S.C (Public)
and its subsidiaries
Kuwait

Consolidated statement of changes in equity for the year ended December 31, 2017
"All amounts are in Kuwaiti Dinar"

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Group's share of associate reserves	Gains on sale of treasury shares	Accumulated loss	Equity attributable to shareholders of the "Parent Company"	Non-controlling interests	Total
Balance at January 1, 2016	26,964,000	5,904,559	820,507	17,978	(47,348)	850,665	730,372	(184,338)	35,056,395	1,807,860	36,864,255
Net profit for the year	-	-	-	-	-	-	-	314,699	314,699	200,573	515,272
Transferred to the statutory reserve	-	-	13,036	-	-	-	-	(13,036)	-	-	-
Other comprehensive loss for the year	-	-	-	-	169,162	(289,110)	-	-	(119,948)	1,423	(118,525)
Total comprehensive income for the year	-	-	-	-	169,162	(289,110)	-	314,699	194,751	201,996	396,747
Net movement in non-controlling interests s	-	-	-	-	-	-	-	-	-	3,916,302	3,916,302
Group share from changes in associates equity	-	-	-	-	-	-	-	(711,379)	(711,379)	-	(711,379)
Balance at December 31, 2016	26,964,000	5,904,559	833,543	17,978	121,814	561,555	730,372	(594,054)	34,539,767	5,926,158	40,465,925
Balance at January 1, 2017	26,964,000	5,904,559	833,543	17,978	121,814	561,555	730,372	(594,054)	34,539,767	5,926,158	40,465,925
Net profit for the year	-	-	-	-	-	-	-	(83,077)	(83,077)	288,009	204,932
Other comprehensive loss for the year	-	-	-	-	(57,334)	(367,662)	-	-	(424,996)	-	(424,996)
Total comprehensive loss for the year	-	-	-	-	(57,334)	(367,662)	-	(83,077)	(508,073)	288,009	(220,064)
Net movement in non-controlling interests	-	-	-	-		-	-			(3,787,654)	(3,787,654)
Result from sale of a subsidiary	-	-	-	-		-	-	(20,223)	(20,223)	-	(20,223)
Balance at December 31, 2017	26,964,000	5,904,559	833,543	17,978	64,480	193,893	730,372	(697,354)	34,811,471	2,426,513	36,437,984

The accompanying Notes form an integral part of these consolidated financial statements.

Al Salam Group Holding Company

K.S.C (Public)
and its subsidiaries
Kuwait

Consolidated statement of cash flows for the financial year ended December 31, 2017

"All amounts are in Kuwaiti Dinar"

	2017	2016
Cash flows from operating activities		
Net profit for the year	204,932	515,272
Adjustments		
Provision for end of service indemnity	21,372	15,912
(Losses)/gains of investments	52,949	(41,264)
Result of an associate's disposal	(46,552)	-
Profit of an associate's acquisition	(417,729)	-
Gains from sale of property and equipments	-	(8,683)
Depreciation	284,876	328,115
Group's share of associates' results	453,105	(76,110)
Adjusted profit before calculating the effect of change in working capital items	552,953	733,242
Term deposit	135,000	-
Investments at fair value - statement of profit or loss	(639,109)	18,893
Accounts receivable and other debit balances	318,060	(1,769,360)
Accounts payable and other credit balances	(551,790)	403,136
Cash used in operating activities	(184,886)	(614,089)
End of service indemnity paid	(39,001)	(9,163)
Net cash used in operating activities	(223,887)	(623,252)
Cash flows from investing activities		
Proceeds from sale of investments at fair value - statement of profit or loss	5,111,119	-
Available for sale investments	5,294,251	(4,688,402)
Proceeds from sale of available for sale investments	-	1,342,868
Proceeds from sale of associates'	1,371,279	-
Investments in associates	(8,265,216)	-
Intangible assets	481,689	-
Proceeds from sale of property and equipments	-	22,350
Property and equipments	(17,022)	(477,481)
Net cash generated from/(used in) investing activities	3,976,100	(3,800,665)
Cash flows from financing activities		
Net movement on non-controlling interests	(3,787,654)	3,905,959
Finance and Musharka	-	300,000
Net cash (used in)/generated from financing activities	(3,787,654)	4,205,959
Net decrease in cash and cash equivalents	(35,441)	(217,958)
Cash and cash equivalents at beginning of the year	67,720	285,678
Cash and cash equivalents at end of the year	32,279	67,720

The accompanying notes form an integral part of these consolidated financial statements.

Al Salam Group Holding Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the consolidated financial statements for the year ended December 31, 2017
"All amounts are in Kuwaiti Dinar unless stated otherwise"

1- Incorporation and activity

Al Salam Group Holding Company - K.S.C (Public) was incorporated on November 9, 1997.

The Parent Company's main activities are as follows:

- Owning shares in Kuwaiti or Foreign shareholding or limited liability companies, or participating in establishing these companies and managing and lending them and providing guarantees on their behalf to others.
- Lending the companies in which it owns shares and providing guarantees on behalf of those companies to others, providing that the holding Company's ownership percentage in the share capital of the borrowed Company must be at least 20%.
- Owning industrial equity of patents, industrial trademarks, industrial fees or any other rights related to that and franchise them to other companies to utilize them inside Kuwait or abroad.
- Owning the necessary movables and properties to carry out its activity in accordance with the Law.

The "Parent Company" may have an interest in, or may participate in any form with the institutions that have a similar business or that will assist the Parent Company to achieve its objectives inside or outside Kuwait and it may establish or participate in or acquire these institutions or join them.

The "Parent company" carries on all its activities in accordance with the rules of the Islamic sharyia forgiving.

The registered address of the "Parent Company" is: Murqab – Block 1 – Building Z – Jasim Essa Al-Asfor ownership- 18 Floor – Office No. D.

The Board of Directors approved these consolidated financial statements for the financial year ended December 31, 2017 for issue on March 22, 2018.

2- Application of new and revised International Financial Reporting Standards (IFRSs)

2/1) *New amendments that are mandatorily effective for the current year:*

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2017:

- **Amendments to IAS 7 "Disclosure Initiative"**
  The amendments require the entities to provide disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The application of these amendments has had no impact on the Group's consolidated financial statements.

- **Amendments to IFRS 12 included in the Annual Improvements Cycle**
  The Annual Improvements Cycle includes amendments to a number of IFRSs, one of which is effective for annual periods beginning on or after January 1, 2017 is the amendment to IFRS 12.

  IFRS 12 states that the entities 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 application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

2/2) New and revised IFRSs in issue but not yet effective:
The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	financial instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	leases
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 10 and IAS 28	sale or contribution of Assets between an investor and its Associate or joint venture
Amendments to IAS 40	Transfers of Investment Property

- **IFRS 9: "Financial Instruments"**
  The IASB issued IFRS 9 'Financial Instruments' in its final form in July 2014 and is effective for annual periods beginning on or after January 1, 2018 with permission to early adoption.
  IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial assets, impairment of financial assets and hedge accounting. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

  i. Classification and measurement
  The adoption of this standard will have an effect on the classification and measurement of financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income or fair value through consolidated statement of profit or loss.

ii. Impairment of financial assets

The impairment requirements apply to financial assets measured at amortised cost, fair value through other comprehensive income, and lease receivables and certain loan commitments and financial guarantee contracts. At initial recognition, allowance is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit impaired are in 'stage 3'.

The assessment of whether credit risk has increased significantly since initial recognition is performed for each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument, rather than by considering an increase in ECL.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be more forward-looking than under IAS 39 and the resulting impairment charge will tend to be more volatile.

The Group is in the process of evaluating the impact of IFRS 9, but does not expect any significant effect on adoption of this standard.

- **IFRS 15: Revenue from Contracts with customers**

IFRS 15 was issued by IASB on May 28, 2014, effective for annual periods beginning on or after January 1, 2018. IFRS 15 supersedes IAS 11 Construction Contracts and IAS 18 Revenue along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31 from the effective date. This new standard removes inconsistencies and weaknesses in previous revenue recognition requirements, provides a more robust framework for addressing revenue issues and improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets.

The Group is in the process of evaluating the impact of IFRS 15 but does not expect any significant effect on adoption of this standard.

- **IFRS 16: Leases**
  In January 2016, the IASB issued IFRS 16 'Leases' with an effective date of annual periods beginning on or after January 1, 2019. IFRS 16 results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 'Leases'. Lessees will recognise a 'right of use' asset and a corresponding financial liability on the balance sheet. The asset will be amortised over the length of the lease and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as in IAS 17.

  The Group is in the process of evaluating the impact of IFRS 16 on the Group's consolidated financial statements.

- **Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions**
  The amendments clarify the following:

  1) In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
  2) A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

     (i) the original liability is derecognized;
     (ii) the equity-settled share-based payment is recognized at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
     (iii) Any difference between the carrying amount of the liability at the modification date and the amount recognized in equity should be recognised in profit or loss immediately.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2018 with earlier application permitted. Specific transition provisions apply.

  The directors of the Group do not anticipate that the amendments in the future will have a significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment arrangements.

- **Amendments to IFRS 10 and IAS 28 sale or contribution of Assets between an investor and its associate or joint venture**
  The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

  The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

- **Amendments to IAS 40 Transfers of Investment Property**
  The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction.

  The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

  The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such a change in use of its properties.

3- Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below:

3/1) Basis of the consolidated financial statements preparation

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Boards (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and State of Kuwait Companies' Law requirements and amendments.
- The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in preparation of the financial statements of the previous year.
- These consolidated financial statements are prepared under the historical cost basis of measurement following the accrual basis. These consolidated financial statements have been presented in Kuwaiti Dinars.
- The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note (4).

3/2) Basis of consolidation of the financial statements

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The control is maintained by the Parent Company when:

- Exercise power over the investee;
- Exposure to variable returns or obtains rights from involvement with the investee,
- Ability to use its power to affect the investee returns.

When "the Parent Company" does not has majority voting rights in the investee, the Parent Company takes into consideration facts and other factors in assessing the control, which include:

- Contractual arrangement between "the Parent Company" and other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Parent Company's voting rights;
- Other potential voting rights.

The financial statements of subsidiaries acquired or disposed are included in the financial statements from the date the control effectively commences until the date that control effectively end.

The financial statements of the subsidiaries are on a line–by–line basis by adding together alike items of assets, liabilities, revenues and expenses. All inter–company balances and transactions, including unrealized profits or losses arising from inter–company transactions, are fully eliminated. Financial statements are prepared using uniform accounting policies for similar transactions and other events which accrue in similar conditions.

The financial statements of the subsidiaries are prepared for the same date or within three months of the reporting period of the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist between the subsidiaries' financial year date and the Parent Company's financial year date.

Non–controlling interests in the net assets of subsidiaries are identified separately from the Group's equity therein. Non–controlling interests consist of the interest at the date of the original business combination and the non–controlling interest share of changes in equity since the date of the combination. Profits and losses attributed to the owners of the Parent Company and to the non–controlling interests in the ratio of their respective shareholdings even if that resulted in the non–controlling interests having a deficit balance.

The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company's shareholders. Non-controlling interest is presented separately in the statements of financial position and profit or loss. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

When ownership of subsidiaries changes without loss of control, the transaction is accounted for within equity. However, when control is lost as a result of change in ownership, then:

- Derecognize the assets and liabilities of the subsidiaries reported in statement of financial position (including goodwill);
- Recognize any remaining investment of the subsidiaries at fair value at date of loss of control;
- Derecognize non–controlling interests.
- Recognize the profit or loss resulting from the loss of control in the statement of profit or loss.

3/3) Recognition and de-recognition of financial assets and liabilities

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset is de-recognized either when the contractual rights to cash flows from the financial asset expire, the Group has transferred substantially all the risks and rewards of ownership or when it has neither transferred nor retained substantially all the risks and rewards, but no longer has control over the asset or a proportion of the asset. A financial liability is de-recognized when the obligation specific in the contract is discharged, cancelled or expired.

3/4) Financial liabilities/equity

Financial liabilities "other than at fair value through profit or loss" are subsequently measured and carried at amortized cost using the effective yield method. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

3/5) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and at banks and short-term bank deposits with a maturity date not exceeding three months from the date of deposit.

3/6) Financial instruments

Classification

The investments classification depends upon the purpose of acquisition the investment. Management determines this classification at initial acquisition of financial instruments and reviews this classification at the preparation of consolidated financial statements. The group classified its financial instruments as follows:

Financial assets at fair value - statement of profit or loss

A financial asset is classified in financial assets at fair value if it acquired principally for the purpose of selling in the short term or if the management decides to classify it in the initial recognition.

Financial assets available for sale

These are non-derivative financial assets that are not included in any of the above categories and are principally acquired to be held for an indefinite period of time which could be sold when liquidity is needed or upon changes in rates of profit.

Recognition and de-recognition
Financial instrument is recognized when the group becomes a party to a contracted commitment of a financial instrument. Regular purchase and sale of financial assets are recognized on settlement date - the date on which the group receives or delivers the asset. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership to another party.

Measurement
All investments are initially recognized at fair value plus transaction costs for all investments not carried at fair value - statement of profit or loss as its transaction costs are recognized in the consolidated statement of profit or loss. Subsequently, financial assets at fair value - consolidated statement of profit or loss and financial assets available for sale are re-measured at fair value.

Gains and losses arising from changes in the fair value of financial assets at fair value - statement of profit or loss are included in the consolidated statement of profit or loss in the period in which they arise. Changes in fair value of financial assets available for sale are recognized directly in equity. When available for sale investments are sold or impaired, the accumulated changes in fair value recognized in equity are included in the consolidated statement of profit or loss.

Fair value
The fair value of financial instruments in a regular financial market is based on last bid prices.
For the unquoted investments, the group establishes fair value by reference to other instruments that are substantially similar or by using the expected discounted cash flows discounted by the current ratios applied for similar items that have similar risks and circumstances. Available for sale investments, with no available reliable measurement instrument to determine its fair value are carried at cost less impairment.

Impairment in value
The group assesses at each consolidated financial position date 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 investments, a significant or prolonged decline in the fair value of these investments below its cost is considered as an indicator that these investments are impaired. If any evidence for impairment exists for available for sale financial assets, the cumulative losses measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset previously recognized in prior years are transferred from equity to the consolidated statement of profit or loss. Impairment losses recognized on equity instruments are not reversed through the consolidated statement of profit or loss again.

3/7) Investment in associates

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture, generally accompanying a direct or indirect shareholding of more than 20% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The group's investment in associates is accounted for under the equity method of accounting, i.e. on the statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the associate, less any impairment and the statement of profit or loss reflects the group's share of the results of operations of 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 recognised at the date of acquisition is recognised as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the parent company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition.

Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the group's share in the associate arising from changes in the associate's equity. Changes in the group's share in associate's equity are recognised immediately in the statement of changes in equity.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with associate are eliminated to the extent of the group's share in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred.

An assessment for impairment of investment in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

The associate's financial statements are prepared either to the parent company's reporting date or to a date not earlier than three months of the parent company's reporting date using consistent accounting policies. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associates and the parent company's reporting date.

Upon loss of significant influence over the associate, the group measures and recognises any retaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

3/8) Intangible assets and goodwill

The non-cash assets which are acquired for the activity purposes and which have expected future benefits are considered as intangible assets. The intangible assets with indefinite useful life are not amortized `and evaluated yearly for impairment identification ,if any.

Intangible assets are amortized on a straight-line base over their expected productive age.

Goodwill represents the difference between cost of the acquisition and the fair value of the Group's share of the net assets acquired in a business combination or associates as of the date of acquisition. Goodwill arising from the acquisition of subsidiaries is included in intangible assets while goodwill arising from the acquisition of associates is included in investments in associates. Goodwill is distributed on each belonging cash generating units for the purpose of good will impairment evaluation. Goodwill is tested at least annually to identify good will impairment if any the goodwill appears at cost less accumulated impairment losses at accumulated value. Profits or losses of the sale of the subsidiary or a part of it include the book value for the goodwill related to the sold subsidiary or the sold part of it.

For the purpose of determining impairment at value, assets are consolidated to the lowest level at which cash flows to the group of assets can be determined independently. If there is an indication that the carrying value of intangible assets is greater than its recoverable amount, assets are impaired to their recoverable amount and the impairment loss at value is recognized in the consolidated statement of profit or loss and other comprehensive income. The impairment loss for goodwill is not reversed again in the following periods.

3/9) Property and equipments

Property and equipments are stated at cost less accumulated depreciation. The recoverable value of property and equipment are reviewed at the consolidated financial position date. If the recoverable value for property and equipments decreased from the book value in which case the book value is written down to the recoverable value. If the useful lives are different from its estimated lives then the useful lives are adjusted from the beginning of the year in which the change occurred in without going into retroactively.

Gains or losses of disposal of property and equipments in the consolidated statement of profit or loss by the difference between the net realizable value and net book value.

Property and equipments are depreciated on straight line over their estimated useful live which estimated as follow:

Furniture and air conditions	20%
Machinery and equipments	10%
Decorations and fixtures	20%
Vehicles	15%
Computers	20%

Properties under construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

3/10) Impairment of non-financial assets

At each consolidated financial position date, the group reviews the carrying amounts of its non-financial assets, to determine whether there is any objective evidence that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated and an impartment loss recognized in the Consolidated statement of profit or loss for the difference between the assets recoverable amount is estimated and the carrying amount.

Reversal of impairment losses recognized in prior years is recorded as revenue, when there is an indication that the impairment losses, recognized for the asset no longer exist or has decreased.

3/11) Treasury shares

The treasury shares represents the shares of the "Parent Company" purchased and were issue and then re-buy them later by the Group and has not been reissued or canceled. Treasury shares are accounted under cost method. Under the cost method, the weighted average cost of the treasury shares is charged to an account in equity. When the treasury shares are sold, gains are credited in a separate account in equity (Gain on sale of treasury shares) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on the same account. Any excess losses are charged to retained earnings then voluntary reserve then statutory reserve. Realized gains subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and gain on sale of treasury shares account respectively. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares with the same percentage and reduces the average cost per share without affecting the total cost of treasury shares.

3/12) Provisions

Provision is recognized when the group has a present obligation (legal or constructive) 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 each consolidated financial position date and adjusted to reflect the current best estimate.

3/13) Taxation

National Labour Support Tax (NLST)

NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the group attributable to the shareholders of the parent company. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have to be deducted from the profit for the year.

Kuwait Foundation for the Advancement of Sciences (KFAS)
The share of contribution to Kuwait foundation for the advancement of science was calculated from the net annual profit after eliminating the profit of subsidiaries and associates of shareholding Companies, of which the tax is separately computed as well as the amounts transferred to statutory reserve.

Zakat
Contribution to Zakat is calculated at 1% of the profit of the group attributable to the shareholders of the parent company in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

Under the NLST and Zakat regulations, no carry forward of losses to the future years or any carry back to prior years is permitted.

3/14) Revenue recognition

- Revenue from Finance and Musharka is recognized, based on periodic distribution to achieve consistent return on outstanding balances of these transactions.
- Dividends income is recognized when the group's right to receive it is established.
- Gains on sale of investments are recognized by the difference between the cash sale proceeds and the net book value of the investment sold.
- Revenue is recognized from operations when the service is delivered and issuing an invoice, however revenue and expenses are recorded based on the accrual basis.
- Other categories of income are recognized when earned, at the time the related services are rendered and / or based on the terms of the contractual agreement of each activity.

3/15) Foreign currencies

The functional currency of the group is the Kuwaiti Dinar ("KD") and accordingly, the consolidated financial statements are presented in KD. Transactions denominated in foreign currencies are translated into KD at the average rates of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated into KD at rates of exchange prevailing at the consolidated financial position date. The resultant exchange differences are taken to the Consolidated statement of profit or loss.

3/16) Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote, contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

4- Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these consolidated financial statements, as actual results could differ from these estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Judgments and estimates that are significant to the consolidated financial statements are shown below:

Judgments

Contingent liabilities / liabilities
Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

Classification of investments
On acquisition of an investment, management has to decide whether it should be classified as "at fair value through profit or loss", "available for sale" or as "loans and receivables". In making that judgment the Company considers the primary purpose for which it is acquired and how it intends to manage and report its performance. Such judgment determines whether it is subsequently measured at cost or at fair value and if the changes in fair value of instruments are reported in the statement of profit or loss or directly in equity.

Impairment of financial assets
The Company's management reviews periodically items classified as "loans and receivables" to assess whether a provision for impairment should be recorded in the statement of profit or loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty.

Key sources of estimation uncertainty

Impairment of tangible and intangible assets and useful lives
The Group's management tests annually whether tangible and intangible assets have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The Group's management determines the useful lives and related depreciation and amortisation charge. The depreciation and amortisation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

Impairment of assets with definite lives
At the financial position date, the group's management assesses, whether there is any indication that assets with definite lives may be impaired. The recoverable amount of an asset is determined based on the "value in use" method. This method uses estimated cash flow projections over the estimated useful life of the asset.

Impairment of associates
After application of the equity method, the group determines whether it is necessary to recognise any impairment loss on the group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the 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 recognises the amount in the consolidated statement of profit or loss.

Impairment of available for sale investments
The group treats available for sale investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment.

Impairment of receivables
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Classification of real estate property
Management decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment property.
The group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.
The group classifies property as property under development if it is acquired with the intention of development.
The group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and equipment.

Goodwill
The Group annually tests whether goodwill has suffered any impairment, in accordance with its accounting policy. The recoverable amounts of cash generating units are determined based on value-in-use calculations or at fair value less costs to sell. The fair value less cost to sell is based on recent/ intended market transactions and the related EBITDA multiples used in such transactions. These calculations require the use of estimates.

5- Investments in subsidiaries

These consolidated financial statements include the financial statements of the "Parent Company" and the following subsidiaries:

	Shareholding percentage %		Country of incorporation	Activity
	2017	2016		
Al Dosr International for General Trading and Contracting Company (W.L.L) and "its subsidiaries"	99%	99%	Kuwait	General Trading and Contracting
Atlantic Group for General Trading and Contracting Company (W.L.L)	99%	99%	Kuwait	General Trading and Contracting

- The financial statements of subsidiaries have been consolidated based on audited financial statements as of December 31, 2017.
- During the current financial year, the Group sold it's share in full in (Dar Al-Salam for Takaful Insurance K.S.C (Closed)) subsidiary of one of the "Groups" subsidiaries company with a ratio of 56.55% which result in a loss amounted to KD 177,406.

6- Investments at fair value - statement of profit or loss

	2017	2016
Investments in local shares - quoted	190,931	192,987
Investments in local shares - unquoted	2,735,026	7,257,929
	2,925,957	7,450,916

The investments have been evaluated in accordance with valuation technique methods mentioned in note (3/6).

7- Accounts receivable and other debit balances

	2017	2016
Advance payments for purchasing investments *	294,028	329,168
provision for doubtful debts	(150,000)	(150,000)
	144,028	179,168
Due from related parties (Note - 17)	2,111,157	1,924,711
Net accounts receivables	1,694,909	1,705,362
Bank guranttees	1,252,191	1,230,455
Interest- Free loan to subscribers authority	-	403,095
Prepaid expenses	460,627	473,218
Staff receivables	66,395	72,015
Refundable depoists	12,222	9,689
	5,741,529	5,997,713

* This item represents an amount of KD 294,028 as advance payments for purchasing investments, the ownership of investments haven't been transferred till the date of the consolidated financial position, therefore, the management's of the Group kept a provision with an amount of KD 150,000 to cover the possibility of non-collection in the future.

As of December 31, the trade receivables aging were as follows:

2017					
During 30 days	30-60 days	60-90 days	90-120 days	>120 days	Total
381,102	342,996	121,457	73,557	775,797	1,694,909

2016					
During 30 days	30-60 days	60-90 days	90-120 days	>120 days	Total
953,717	284,619	120,945	131,594	214,487	1,705,362

The carrying value of accounts receivable and other debit balances approximates its fair value. The maximum exposure to credit risks at the consolidated financial statements date is the fair value of each class of other debit balances mentioned above.

8- Available for sale investments

	2017	2016
Investments in local shares - quoted	878,431	1,048,771
Investments in local shares - unquoted	1,154,013	6,417,357
	2,032,444	7,466,128

9- Investments in associates

The details of these investments are as follow:

	Shareholding percentage %			
Company name	2017	2016	2017	2016
India Holding Company K.S.C (Holding)	%33.98	%33.98	8,409,307	8,429,326
Gulf Petroleum Investment Co. K.S.C (Public)	%15.66	16.53%	6,897,137	7,886,814
Jiyad Holding Company - K.S.C (Public)	%20.567	-	7,547,147	-
			22,853,591	16,316,140

- The Group's share of associate results - India Holding Company K.S.C (Holding) has been recorded as a loss with an amount of KD 20,018 based on the audited financial statements as of December 31, 2017.
- Investment in associate - India Holding Company K.S.C (Holding) - includes goodwill with an amount of KD 1,455,038.
- The Group's share of associate results - Gulf Petroleum Investment Co K.S.C (Public) and its results was recorded as a loss with an amount of KD 604,550 recorded based on the interim condensed financial information as of September 30, 2017.

During the current financial year, the Group decreased its ownership in the associate - Gulf Petroleum Investment Co. K.S.C (Public) by %0.87, and therefore its ownership has become %16.66 instead of %16.53 and since the Group is still exercising a significant influence on the company's financial and operational policies, the investment is still held and categorized as investment in an associate.

During the current financial year, the Group has subscribed in Jiyad Holding Company - K.S.C (Public) with an amount of KD 7,198,026 which is 20.567 of its share capital this subscription result in gain with amount of KD 417,729 which was recorded directly in the consolidated statement of profit or loss. Since the Group has asignificant influence on the financial operational policies of the the Company, the investments was classified as investment in associates.

Net acquired assets at acquisition date for Jiyad Holding Company - K.S.C (Public) as follow:

Temporary fair value of net purchased assets	37,031,182
Group's ownership percentage	%20.567
Fair value of group percentage in net purchased assets	7,615,755
Fair value as of acquisition date and paid amount of additional percentage	(7,198,026)
Gain from purchasing at law prices	417,729

The Group's share of associate results - Jiyad Holding Company - K.S.C (Public) and its results was recorded as a gain with an amount of KD 171,463 based on audited financial statements as of December 31, 2017.

The movements of investments in associate are as follows:

	2017	2016
Balance at beginning of the period	16,316,140	17,240,519
Additions	8,265,216	
Disposals	(1,371,279)	-
Group's share from changes on associates ownership	-	(711,379)
Gain from purchasing associate company at low prices	417,729	-
Gain from selling associate's company	46,552	-
Group's share of associate reserves	(367,662)	(289,110)
Group's share of associates results	(453,105)	76,110
	22,853,591	16,316,140

As follows is brief of financial information about the associates. The brief financial information below mentioned represents the amounts shown in the most recent financial statements of the associate which have been prepared in accordance with the International Financial Reporting Standards.

India Holding Company K.S.C (Holding):

	2017	2016
Assets	21,113,822	21,000,981
Liabilities	618,682	446,928
Non controlling interests	31,014	31,034
Gross (losses)/profits	(53,502)	13,099
(loss)/Profit for the year	(58,893)	7,545
Other comprehensive income for the year	-	-

As follows is a settlement of the brief of financial information mentioned above up to the book value of the Group's share in the company which is stated in the consolidated financial statements.

	2017	2016
Associates's net assets	20,464,126	20,523,019
Group's ownership percentage (%)	33.98%	%33.98
Company's book value	6,954,269	6,974,288

Gulf Petroleum Investment Co. K.S.C (Public)

	Financial information for the period ended September 30, 2017	Financial information for the period ended September 30, 2016
Assets	61,866,254	66,185,898
Liabilities	17,438,441	18,099,967
Non- controlling interests	368,870	378,303
Gross profits	948,714	2,160,593
(Loss)/profit for the period	(3,631,309)	2,380,294
Other comprehensive loss for the period	(732,363)	(226,859)

As follows is a settlement of the brief of financial information mentioned above up to the book value of the Group's share in the company which is stated in the consolidated financial statements.

	2017	2016
Associate's net assets	44,058,943	47,707,628
Group's ownership percentage (%)	%15.66	16.53%
Company's book value	6,897,137	7,886,814

Jiyad Holding Company - K.S.C (Public) – (previously: Zima Holding Company – K.S.C (public)

	2017
Assets	39,259,694
Liabilities	2,521,116
Non- controlling interests	41,000
Gross profits	-
Profit for the year	837,387
Other comprehensive loss for the year	(1,167,334)

As follows is a settlement of the brief of financial information mentioned above up to the book value of the Group's share in the company which is stated in the consolidated financial statements.

	2017
Associate's net assets	36,697,578
Group's ownership percentage (%)	%20.567
Company's book value	7,547,147

10- Intangible assets

This item represents the value of goodwill with an amount of KD 1,370,139 (2016: KD 1,851,828) resulted from acquisition of Beet Al Amal Holding Company K.S.C (Holding) and goodwill with an amount of KD 1,994,526 (2016: KD 1,994,526) resulted from the acquisition of Atlantic Group for General Trading and Contracting Company (W.L.L).

	2017	2016
Balance at beginning of the year	3,846,354	3,846,354
Disposition of share in subsidiary	(481,689)	-
Balance at end of the year	3,364,665	3,846,354

The management make annually test to determine if there is any indicator of impairment in the value of goodwill . And the "parent company's" management believes that there is no indicator for impairment in value of goodwill according to study prepared by external party dated on December 31, 2017.

11- Property and equipments

	Furniture and Air conditions	Machinery and Equipments	Decorations and fixtures	Vehicles	Computers	Total
Cost						
Balance at January 1, 2017	198,178	1,657,310	5,500	2,215,924	65,155	4,142,067
Additions	4,430	4,675	-	7,511	406	17,022
Disposals	(133,229)	(11,924)	-	-	-	(145,153)
Balance at December 31, 2017	69,379	1,650,061	5,500	2,223,435	65,561	4,013,936
Accumulated depreciation						
Balance at January 1, 2017	172,012	728,398	5,499	803,119	17,416	1,726,444
Charged for the year	7,174	164,741	-	100,549	12,412	284,876
Disposals	(133,229)	(11,924)	-	-	-	(145,153)
Balance at December 31, 2017	45,957	881,215	5,499	903,668	29,828	1,866,167
Net book value						
At December 31, 2017	**23,422**	**768,846**	**1**	**1,319,767**	**35,733**	**2,147,769**
At December 31, 2016	26,166	928,912	1	1,412,805	47,739	2,415,623

12- Accounts payable and other credit balances

	2017	2016
Due to related parties (Note -17)	**674,666**	310,941
Property and equipments purchasing creditors	**874,025**	1,574,664
Accrued expanses	**60,521**	247,113
Trade payables	**179,913**	220,491
Financial investments purchasing creditors	**204,822**	204,822
Staff-leave provision	**32,141**	32,027
Taxes deduction	**411,001**	396,634
Accrued dividends	**116,598**	117,802
Other	-	983
	2,553,687	3,105,477

13- Share capital

The authorized and fully paid up capital amounting to KD 26,964,000 (Twenty six million nine hundred and sixty four thousand Kuwaiti Dinar) distributed to 269,640,000 share (two hundred and sixty nine million and six hundred forty thousand share) the value is each share of 100 Kuwaiti fils and all shares are in cash.

14- Share premium

The share premium is not available for distribution, unless the local laws don't state otherwise.

15- Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles and Memorandum of Association, 10% from the net profit for the year before the contribution to Kuwait Foundation for the Advancement of Science, the national labor support tax Zakat and Board of Directors remuneration is transferred to the statutory reserve. The General Assembly may discontinue such annual transfer if the reserve excesses half of the share capital. And are not allowed for distribution among the shareholders but limited to secure distribution of dividends among the shareholders reached 5 % in years when group's profits are not sufficient to secure that amount.

16- Voluntary reserve

As required by the "Parent Company's" Articles and Memorandum of Association a percentage of the net profit for the year is transferred to the voluntary reserve proposed by the Board of Directors and approved by the General Assembly. Such transfer may discontinue by a resolution from the Ordinary General Assembly of the Shareholders based on a recommendation from the Board of Directors the transfer to the voluntary reserve discontinued from previous years based on the board of directors decision.

17- Transactions with related parties

Related parties comprise of the associates, major shareholders, Board of Directors, key management personnel of the group, companies which they control or jointly controlled or significantly influence. The group's management determines the pricing policies and terms of these transactions. The balances and amounts due from/to related parties are interest free and have no specific maturity date.

The balances and movements of the transactions with related parties which included in the consolidated financial statements are as follows:

Consolidated statement of financial position:	**2017**	2016
Due from related parties (Note - 7)	**2,111,157**	1,924,711
Due to related parties (Note – 12)	**674,666**	310,941

Consolidated statement of profit or loss:

The consolidated statement of profit or loss does not include any transactions with related parties during the year.

The transactions with related parties are subject to the approval of the Shareholders' General Assembly.

18- (Losses)/Gain of investments

	2017	2016
(Losses)/gains on sale of investments	**(5,318)**	(776)
Change in fair value of investments at fair value - statement of profit or loss	**(47,631)**	42,040
	(52,949)	41,264

19- Net contract's income

	2017	2016
Contract's income	**4,977,764**	4,977,321
Cost of activity	**(3,813,899)**	(3,902,042)
	1,163,865	1,075,279

20- General and administrative expenses

	2017	2016
Staff costs	**273,351**	302,570
Rent	**57,335**	63,525
Subscriptions and fees	**54,318**	22,672
Professional fees	**54,559**	20,425
Promotions and advertising	**15,379**	14,303
Traveling and transportations	**8,965**	8,947
Bank expenses	**24,102**	38,135
Insurance	**24,694**	7,538
Other	**231,748**	208,770
	744,451	686,885

21- (Losses)/earnings per share/(fils)

(Losses)/earnings per share are computed by dividing the net (loss)/profit for the year attribute to the shareholders of the parent company by the weighted average of ordinary shares outstanding during the year as follows:

	2017	2016
Net (loss)/profit for the year attribute to the shareholders of the Parent Company	(83,077)	314,699
Weighted average of outstanding shares during the year/(share)	269,640,000	269,640,000
(Losses)/earnings per share/(fils)	(0.308)	1.17

22- Contingent liabilities

The Group had contingent liabilities consists of letters of guarantee with an amount of KD 763,781 as of December 31, 2017 (2016: KD 523,638).

23- Shareholders' General Assembly

On May 25, 2017, the ordinary and extraordinary general assembly of the Shareholders held and approved the consolidated financial statements for the financial year ended December 31, 2016 and approved the board of directors proposal to not distribute remuneration for the financial year ended December 31, 2016.

24- Proposed dividends

On March 22, 2018 the Board of Director's proposed not to distribute dividends or remuneration for the members of the Board of Directors for the year ended December 31, 2017.

The proposal is subject to the approval of Shareholders' General Assembly.

25- Segment distribution

The Group practices its activities through two main segments:

- Investment segment: represents in investments on the financial sector.
- General trade and contracting segment: represents in providing services for others.

And the following is an analysis of information by segment results for the year ended December 31:

	2017			2016		
	Investment	General trade and contracting	Total	Investment	General trade and contracting	Total
Segment's income	(219,179)	4,977,764	4,758,585	117,374	4,977,321	5,094,695
Segment's results	(219,179)	703,173	483,994	117,374	648,783	766,157
Segment's assets	25,877,838	7,221,195	33,099,033	29,984,484	7,405,402	37,389,886
Segment's liabilities	321,420	874,025	1,195,445	322,624	1,574,664	1,897,288

	2017	2016
Total segment results	483,994	766,157
Other income	4,697	9,504
Other expenses	(283,759)	(260,389)
Net profit for the year	204,932	515,272
Total segment assets	33,099,033	37,389,886
Cash and cash equivalents	5,584	21,885
Term deposits	-	135,000
Account receivables and other debit balances	2,587,745	2,249,368
Intangible assets	3,363,441	3,844,538
Property and equipments	42,431	54,917
Total assets	39,098,234	43,695,594

The group practices in main geographic market which is the local market in the state of Kuwait.

26- Financial instruments and risks management

A) Significant accounting policies

Details of the significant accounting policies - including the criteria for measurement and recognition of revenue and expenses - in respect of each class of financial assets and financial liabilities are disclosed in Note (3) to the consolidated financial statements.

Categories of financial instruments

The group's financial assets and financial liabilities have been classified in the consolidated statement of financial position are as follows:

Financial assets	**2017**	2016
Cash and cash equivalents	**32,279**	67,720
Term deposit	**-**	135,000
Investments at fair value - statement of profit or loss	**2,925,957**	7,450,916
Accounts receivable and other debit balances	**5,741,529**	5,997,713
Available for sale investments	**2,032,444**	7,466,128
	10,732,209	21,117,477

Financial liabilities	**2017**	2016
Accounts payable and other credit balances	2,553,687	3,105,477

Fair value of financial instruments

Fair value of financial instruments is defined as the amounts at which the asset could be exchanged or a liability settled in a current transaction between knowledgeable willing parties in an arm's length transaction other than in forced or liquidation sale. The group used recognized assumptions and methods to estimate the fair value of the financial instruments. The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid market is determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from identifiable current market transactions and dealer quotes for similar financial instruments.
- The fair values of financial instruments carried at amortized cost are not significantly different from their carrying values.

Fair value recognized in the consolidated statement of financial position
The group adopted the amendments to IFRS 7 effective from January 1, 2013. These amendments require the group to present certain information about financial instruments measured at fair value in the consolidated statement of financial position

The following table presents financial assets and financial liabilities measured at fair value in the statement of consolidated financial position in accordance with the fair value hierarchy. This hierarchy group's financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The fair value hierarchy has the following levels:

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

The level within which the financial asset and financial liability is classified is determined based on the lowest level of significant inputs to the fair value measurement.

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

December 31, 2017	Level 1	Level 3	Total
Assets:			
Investments at fair value - statement of profit or loss			
Quoted securities	190,931	-	190,931
Unquoted securities	-	2,735,026	2,735,026
Available for sale investment			
Quoted securities	878,431	-	878,431
Unquoted securities	-	1,154,013	1,154,013
	1,069,362	3,889,039	4,958,401
Liabilities:	-	-	-
Net fair value	1,069,362	3,889,039	4,958,401

The fair value of other financial assets and liabilities approximate its carrying amount as of the consolidated financial statements date.
The fair value of these other financial assets and liabilities has been determined according to level 3 by using deducted cash flows.

December 31, 2016	Level 1	Level 3	Total
Assets:			
Investments at fair value - statement of profit or loss			
Quoted securities	192,987	-	192,987
Unquoted securities	-	7,257,929	7,257,929
Available for sale investment			
Quoted securities	1,048,771	-	1,048,771
Unquoted securities	-	6,417,357	6,417,357
	1,241,758	13,675,286	14,917,044
Liabilities:	-	-	-
Net fair value	1,241,758	13,675,286	14,917,044

B) Financial risks management

The group's uses financial instruments exposes it to a variety of financial risks such as credit risks, liquidity risks, and market risks.

The group continuously reviews its risks exposures and takes the necessary procedures to limit these risks to acceptable level.

- **Credit risks**

Credit risk is the risk that one party to a financial instrument will fail to pay an obligation causing the other party to incur financial loss. Financial assets which potentially are subject the group to credit risk are mainly represented in cash and cash equivalents and accounts receivable and other debit balances. The group's cash and cash equivalents are placed with high credit rating financial institutions and also receivables are stated by net after deducting provision for doubtful debts (If any).

- **Liquidity risks**

Liquidity risks are the risks that the group will be unable to meet its cash obligations. The management of liquidity risks consist of keeping sufficient cash, and arranging financing sources through enough facilities, managing highly liquid assets, and monitoring liquidity on a periodically basis by method of future cash flow.

The maturity of liabilities stated below based on the period from the consolidated financial position date to the contractual maturity date. In the case of financial instruments that do not have a contractual maturity date, the maturity is based on management's estimate of time period in which the asset will be collected or disposed and the liability settlement.

The maturity analysis of financial liabilities as of December 31, 2017 is as follows:

	During one year	More than one year	Total
Accounts payable and other credit balances	2,553,687	-	2,553,687
Provision for end of service indemnity	-	106,563	106,563
	2,553,687	106,563	2,660,250

The maturity analysis of financial liabilities as of December 31, 2016 is as follows:

	During one year	More than one year	Total
Accounts payable and other credit balances	3,105,477	-	3,105,477
Provision for end of service indemnity	-	124,192	124,192
	3,105,477	124,192	3,229,669

- **Market risks**

Market risks comprises of interest rate risks , foreign currencies risks and equity price risks. These risks arise due to the changes in market prices, interest rates and exchange rates.

Foreign currencies risks

Foreign currencies risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Interest rate risks

Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in interest rates in the market.
As the group has no significant bearing interest assets therefore group's the income and its operating cash flows are not affected by changes in market rates.

Equity price risks

Equity price risks are the risks that the fair value of equities fluctuates as the result of changes in the levels of equity indices and the value of individual stocks. These risks resulted from changes in the fair value of the investments in stocks.

The group is exposed to equity price risks as the group held investments which were classified at the consolidated financial position date as investments at fair value - statement of profit or loss and available for sale investments.

The effect on profit and equity as result of change in fair value of investments at fair value - statement of profit or loss and available for sale investments as of December 31, 2017 as a result of expected changes in Kuwait Stock Exchange Market by (±10%) and with all other variables held constant as follows:

	Effect on profit		Effect on equity	
	2017	2016	2017	2016
Kuwait Stock Exchange Market	19,093	19,290	87,843	104,877

The group manages these risks through diversifying its investment portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

27- Capital risks management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders and other stockholder through the optimization of the debt and equity balance.