Al Salam Group Holding Company

K.S.C (Public)
and its subsidiaries
Kuwait
Interim condensed consolidated financial information
for the three months ended March 31, 2018
with review report
(Unaudited)

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

Interim condensed consolidated financial information
for the three months ended March 31, 2018
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Rödl
Middle East
Burgan - International Accountants
Ali Al-Hasawi & Co

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

Review report on the interim condensed consolidated financial information

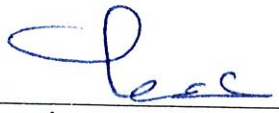
Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Salam Group Holding Company K.S.C. (Public) – ("the Parent Company") and its subsidiaries (together referred to as "the group") as of March 31, 2018 and the interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three months period then ended. The management of the Group is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard No. 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. 34, "Interim Financial Reporting".

Report on other legal and regulatory matters

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting books of the "Parent Company". We further report that, to the best of our knowledge and belief, no violations of the Companies Law no. 1 of year 2016 , related Executive Regulations and its subsequent amendments or 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 or the "Parent Company" memorandum , articles of association and its subsequent amendments, have occurred during the three months period ended March 31, 2018 that might have had a material effect on the business of the "Parent Company" or on its interim condensed consolidated financial position.



Ali A. Al Hasawi
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Burgan International Accountants

May 14, 2018
State of Kuwait

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

Interim condensed consolidated statement of financial position as of March 31, 2018
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	Note	March 31, 2018	December 31, 2017 (Audited)	March 31, 2018
Assets				
Cash and cash equivalent		11,395	32,279	155,766
Term Deposit		-	-	135,000
Investments at fair value through profit or loss	4	152,142	2,925,957	7,487,253
Accounts receivable and other debit balances	5	5,756,747	5,741,529	5,725,383
Investments at fair value through other comprehensive income	6	4,491,392	-	-
Available for sale investments	7	-	2,032,444	7,598,244
Investments in associates	8	23,184,789	22,853,591	16,434,339
Intangible assets		3,364,665	3,364,665	3,846,354
Property and equipment		2,111,236	2,147,769	2,353,801
Total assets		39,072,366	39,098,234	43,736,140
Liabilities and equity				
Liabilities				
Accounts payable and other credit balances	9	2,651,315	2,553,687	2,855,366
Provision for end of service indemnity		112,471	106,563	116,968
		2,763,786	2,660,250	2,972,334
Equity				
Share capital		26,964,000	26,964,000	26,964,000
Share premium		5,904,559	5,904,559	5,904,559
Statutory reserve		833,543	833,543	833,543
Voluntary reserve		17,978	17,978	17,978
Cumulative changes in fair value		(211,598)	64,480	251,051
Group's share in associates reserves		169,443	193,893	696,012
Gains on sale of treasury shares		730,372	730,372	730,372
Accumulated losses		(551,461)	(697,354)	(581,554)
Equity attributable to Shareholders of the "Parent Company"		33,856,836	34,011,471	34,815,961
Non-controlling interests		2,451,744	2,426,513	5,947,845
Total equity		36,308,580	36,437,984	40,763,806
Total liabilities and equity		39,072,366	39,098,234	43,736,140

Falah Fahad AlHajri
Chairman

The accompanying notes form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of profit or loss for the three months ended March 31, 2018
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	Note	The three months ended March 31, 2018	2017
Revenues			
(Losses)/gains of investments	10	**(33,609)**	49,216
Group's share in associate's results		**353,855**	(16,258)
Net contracts revenues		**109,080**	197,978
Other income		**63,242**	-
General and administrative expenses		**(134,708)**	(199,628)
Net profit for the period		**357,860**	31,308
Attributable to:			
Shareholders of the "Parent Company"		**332,629**	12,500
Non-controlling interests		**25,231**	18,808
Net profit for the period		**357,860**	31,308
Earnings per share/(fils)	11	**1.234**	.0460

The accompanying notes form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of profit or loss and other comprehensive income for the three months ended March 31, 2018
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	The three months ended March 31,	
	2018	2017
Net profit for the period	**357,860**	31,308
Other comprehensive income :		
Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:		
Cumulative changes in fair value for investments at fair value through other comprehensive income	**(276,078)**	-
Items that may be reclassified subsequently to the interim consolidated statement of profit or loss:		
Changes in fair value for available for sale investments	**-**	132,116
Group's share in associates' reserves	**(24,450)**	134,457
Total other comprehensive (loss)/income for the period	**(300,528)**	266,573
Total comprehensive income for the period	**57,332**	297,881
Attributable to:		
Shareholders of the "Parent Company"	**32,101**	276,194
Non-controlling interests	**25,231**	21,687
Total comprehensive income for the period	**57,332**	297,881

The accompanying notes form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of changes in equity for the three months ended March 31, 2018
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	Equity attributable to Shareholders of the "Parent Company"										
	Share capital	Share premium	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Group's share in associate reserves	Gains on sale of treasury shares	accumulated losses	Total equity attributable to shareholders of the "Parent Company"	Non controlling interests	Total
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 period	-	-	-	-	-	-	-	12,500	12,500	18,808	31,308
Other comprehensive income	-	-	-	-	129,237	134,457	-	-	263,694	2,879	266,573
Total comprehensive income for the period	-	-	-	-	129,237	134,457	-	12,500	276,194	21,687	297,881
Balance at March 31, 2017	26,964,000	5,904,559	833,543	17,978	251,051	696,012	730,372	(581,554)	34,815,961	5,947,845	40,763,806
Balance at January 1, 2018	26,964,000	5,904,559	833,543	17,978	64,480	193,893	730,372	(697,354)	34,011,471	2,426,513	36,437,984
Transition adjustment on adoption of IFRS 9 at January 1, 2018 (note 5)	-	-	-	-	-	-	-	(186,736)	-	-	(186,736)
Balance at January 1, 2018 (restated)	26,964,000	5,904,559	833,543	17,978	64,480	193,893	730,372	(884,090)	33,824,735	2,426,513	36,251,248
Net profit for the period	-	-	-	-	-	-	-	332,629	332,629	25,231	357,860
Other comprehensive income	-	-	-	-	(276,078)	(24,450)	-	-	(300,528)	-	(300,528)
Total comprehensive income for the period	-	-	-	-	(276,078)	(24,450)	-	332,629	32,101	25,231	57,332
Balance at March 31, 2018	**26,964,000**	**5,904,559**	**833,543**	**17,978**	**(211,598)**	**169,443**	**730,372**	**(551,461)**	**33,856,836**	**2,451,744**	**36,308,580**

The accompanying notes form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of cash flows for the three months ended March 31, 2018
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	The three months ended March 31,	
	2018	2017
Cash flows from operating activities		
Net profit for the period	**357,860**	31,308
Adjustments		
Losses/(gains) of investments	**33,609**	(49,216)
Depreciation of property and equipments	**63,347**	66,567
Provision for end of service indemnity	**6,002**	917
Group's share in associate results	**(353,855)**	16,258
Adjusted profit before calculating the effect of change in working capital items	**106,963**	65,834
Accounts receivable and other debit balances	**(201,954)**	272,330
Accounts payable and other credit balances	**97,628**	(250,111)
Net cash generated from operating activities	**2,637**	88,053
End of service indemnity paid	**(94)**	(8,141)
Net cash generated from operating activities	**2,543**	79,912
Cash flows from investing activities		
Paid for purchasing of investments at fair value through profit or loss	**(17,911)**	-
Proceeds from sale of investments at fair value through profit or loss	**20,666**	12,879
Paid for purchasing of share in associates	**(12,861)**	-
Proceeds from sale of share in associates	**13,493**	-
Property and equipments	**(26,814)**	(4,745)
Net cash used in investing activities	**(23,427)**	8,134
Net (decrease)/increase in cash and cash equivalent	**(20,884)**	88,046
Cash and cash equivalent at beginning of the period	**32,279**	67,720
Cash and cash equivalent at end of the period	**11,395**	155,766

The accompanying notes form an integral part of this interim condensed consolidated financial information.

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

Notes to the interim condensed consolidated financial information for the three months ended March 31, 2018
(Unaudited)
"All amounts are in Kuwaiti Dinar unless stated otherwise"

1- Incorporation and activity

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

The "Parent Company's" main activities are as follow:

- 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 renting 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 it to achieve its objectives inside or outside Kuwait. Also 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 Sharia 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 this interim condensed consolidated financial information for the three months ended March 31, 2018 for issue on May 14, 2018.

2- Significant accounting policies

2/1) Basis of preparation

The interim condensed consolidated financial information of the "Group" has been prepared in accordance with IAS 34, "***Interim Financial Reporting***". Accordingly, it does not include all of the information and footnotes required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards.

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual audited consolidated financial statements of "the Group" for the year ended December 31, 2017 except for the adoption of IFRS 9: Financial Instruments ("IFRS 9") and IFRS 15: Revenue from Contracts with Customers ("IFRS 15") from January 1, 2018. The changes in the accounting policies arising from the adoption of these standards are explained below.

During the period "the Group" has adopted all the standards that came into effect for annual periods beginning January 1, 2018.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the consolidated year ending December 31, 2018. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2017.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of "the Group".

2/2) Application of new International Financial Reporting Standards (IFRSs)

- **Adoption of IFRS 9: Financial Instruments**

The Group has adopted IFRS 9 issued in July 2014 with a date of initial application of January 1, 2018. 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.

Financial assets

The Group classifies financial assets upon initial recognition of IFRS 9 into following categories:

- Fair Value Through Profit and Loss (FVTPL)
- Fair value though other comprehensive income (FVOCI)
- Amortised cost (AC)

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as at fair value through profit or loss. Transaction costs on financial assets classified as at fair value through profit or loss are recognized in the interim condensed consolidated statement of profit or loss.

Fair value through profit and loss (FVTPL)

Financial assets whose business model is to acquire and sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding are classified as FVTPL.

In addition to the above, 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 FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified as FVTPL are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the interim condensed consolidated statement of profit or loss. Interest income and dividends are recognised in the interim condensed consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

Fair value through other comprehensive income (FVOCI)

Debt instruments at FVOCI

The Group classifies debt instruments at FVOCI if it meets both of the following conditions:

- 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 give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments classified as FVOCI 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 the interim condensed consolidated statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to interim condensed consolidated statement of profit or loss.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at FVOCI if 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.

Equity instruments at FVOCI are subsequently measured at fair value. Changes in fair value including foreign exchange gains and losses are recognised in OCI. Dividends are recognised in interim condensed consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

Equity instruments at FVOCI are not subject to an impairment assessment. On derecognition, cumulative gains or losses will be reclassified from fair value reserve to retained earnings in the interim condensed consolidated statement of changes in equity.

Amortised cost (AC)

The Group classifies financial assets at AC if it meets both of the following conditions and is not designated as at FVTPL:

- 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.

Financial assets classified at AC are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains/losses and impairment are recognized in the interim condensed consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the interim condensed consolidated statement of profit or loss.

Financial liabilities
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 Group's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the interim condensed consolidated statement of profit or loss.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

Classification and measurement of financial assets and financial liabilities
The Group determines classification and measurement category of financial assets, except equity instruments and derivatives, based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account.

The SPPI test
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows met the SPPI test.

"Principal" for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and a profit margin. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.
The effect of the adoption of IFRS 9 regarding the investment's classification and measurement is the reclassification of the Group's certain investments in accordance with the requirement of the standard as disclosed in notes (4),(5) and (6) to the interim condensed consolidated financial statements and there is no impact on the interim condensed consolidated statement of profit or loss.

Impairment of financial assets
IFRS 9 replaces the "incurred loss" model in IAS 39 with an "Expected Credit Loss" (ECL) model. Accordingly, the Group applies the new impairment model for its financial assets. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Incorporating forward-looking information increases the degree of judgment required as to how changes in these macro-economic factors will affect ECLs. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

IFRS 9 introduces three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: Lifetime ECL – credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realized and the time value of money.

The Group expects to apply the simplified approach to recognize lifetime expected credit losses for its trade receivables as permitted by IFRS 9. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component is categorized under stage 2 and lifetime ECL is recognised.

Objective evidence that debt instrument is impaired includes whether any payment of principal or profit is overdue by more than 90 days or there are any known difficulties in the cash flows including the sustainability of the counterparty's business plan, credit rating downgrades, breach of original terms of the contract, its ability to improve performance once a financial difficulty has arisen, deterioration in the value of collateral etc. The Group assesses whether objective evidence of impairment exists on an individual basis for each individually significant asset and collectively for others not deemed individually significant

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets with fair value.

The effect of adoption of IFRS 9 regarding ECL amounted to KD 186,736 was recorded in the interim condensed consolidated statement of change in equity as shown in note (5) on the interim condensed consolidated financial information.

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 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 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 FVTPL;

- 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.

- **Adoption of IFRS 15: Revenue from Contract from Customers**
  IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after January 1, 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. It established a new five-step model that will apply to revenue arising from contracts with customers as follows:

  Step 1 : Identify the contract(s) with a customer
  Step 2 : Identify the performance obligations in the contract
  Step 3 : Determine the transaction price
  Step 4 : Allocate the transaction price to the performance obligations in the contract
  Step 5 : Recognize revenue when (or as) the entity satisfies a performance obligation

  The Group adopted IFRS 15 "Revenue from Contract from Customers" resulting in no change in the revenue recognition policy of the Group in relation to its contracts with customers. Further, adoption of IFRS 15 had no impact on this interim condensed consolidated financial information of the Group.

2/3) Critical judgments and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying "the Group's" accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2017.

3- Investment in subsidiaries

The interim condensed consolidated financial information includes the "Parent Company's" interim condensed consolidated financial information and its subsidiaries mentioned below:

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

The interim condensed financial information of the subsidiaries has been consolidated based on financial information prepared by the management as of March 31, 2018.

4- Investments at fair value through profit or loss

	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
Investments in local shares - quoted	**152,142**	190,931	229,324
Investments in local shares - unquoted	-	2,735,026	7,257,929
	152,142	2,925,957	7,487,253

On January 1, 2018 the Group adopted IFRS 9, and as a result it reclassified the investments at fair value through profit or loss with an amount of KD 2,735,026 to investments at fair value through other comprehensive income (Notes – 6)

The investments have been evaluated in accordance with valuation instruments mentioned in note (15).

5- Accounts receivable and other debit balances

	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
Advance payments for purchasing investments *	**294,028**	294,028	329,168
Trade receivables (by net)	**1,761,798**	1,694,909	1,685,310
Provision for doubtful debts	**(336,736)**	(150,000)	(150,000)
	1,719,090	1,838,937	1,864,478
Due from related parties (Note - 12)	**2,124,505**	2,111,157	1,747,605
Banks guarantee	**1,346,426**	1,252,191	1,198,077
Free profit loan to the shareholders authority	**-**	-	400,287
Prepaid expenses	**480,658**	460,627	476,415
Staff receivables	**65,984**	66,395	26,332
Refundable deposits	**20,084**	12,222	12,189
	5,756,747	5,741,529	5,725,383

At the adoption of IFRS 9 on January 1 , 2018 the Group assessed it's ECL under IFRS 9 and recorded the additional impairment of KD 186,730 in the accounts receivables balances and this amount has been steeled in the opening balance of the accumulated losses.

* This item represents the amount of KD 294,028 as advance payments for purchasing investments, the ownership of these investments hasn't been transferred till the date of the interim condensed consolidated financial information, and therefore, the management of the Group has formed a provision with all amount to cover the possibility of un transferring the ownership or non-collection in the near future.

The movements of provision for doubtful debts are as follows:

	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
Balance at January 1,	**150,000**	150,000	150,000
Formed during the period/year/period	**186,736**	-	-
	336,736	150,000	150,000

6- Investments at fair value through other comprehensive income

The investments at fair value through other comprehensive income are equity securities not held for trading and the management took irrevocable decision for them upon initial verification of the recognition of changes at fair value, which they are strategic investments and the Group considers that they are more related to application of IFRS 9 result as of 1 January 2018 and the Group chose to reclassify the investments with an amount of K.D 2,032,444 and amount of KD 2,735,026 from available for sale investments (Note – 7) and investments at fair value through profit or loss (Note – 4) respectively.

	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
Investments in local shares - quoted	**602,353**	-	-
Investments in local shares - unquoted	**3,889,039**	-	-
	4,491,392	-	-

The investments at fair value through other comprehensive income have been evaluated in accordance with evaluation methods that disclosed in (Note - 15).

7- Available for sale investments

	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
Investments in local shares - quoted	-	878,431	1,180,887
Investments in local shares - unquoted	-	1,154,013	6,417,357
	-	2,032,444	7,598,244

On January 1, 2018 the group adopted IFRS 9 and as a result of which it had reclassified available for sale investments with a carrying amount of K.D 2,032,444 to investments at fair value through other comprehensive income (Note - 6).

8- Investments in associates

The details of these investments are as follow:

	Shareholding percentage %					
	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
India Holding Company K.S.C (Holding)	%33.98	%33.98	%33.98	8,409,307	8,409,307	8,429,326
Gulf Petroleum Investment Co. K.S.C (Public)	%15.65	%15.66	%16.53	7,095,774	6,897,137	8,005,013
Jiyad Holding Company - K.S.C (Public)	%20.567	%20.567	-	7,679,708	7,547,147	-
				23,184,789	22,853,591	16,434,339

- The investment in the associate –India Holding Company K.S.C.(Holding) includes a goodwill with an amount of KD 1,455,038.
- The Group's share in results of India Holding K.S.C (Holding) has not been recognized as of March 31, 2018.
- The Group's share in results of Gulf Petroleum Investment Co K.S.C (Public) has been recognized based on the audited financial statements as of December 31, 2017 and the it's results profit with an amount of KD 200,856.
- The group share in results of Jiyad Holding Company K.S.C. (Public) has been recognized based on interim condensed consolidated financial information as of March 31,2018 and it's results is profit with an amount of KD 152,999.

9- Accounts payable and other credit balances

	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
Due to related parties (Note -12)	714,602	674,666	313,430
Purchasing of property and equipments payables	715,613	874,025	1,393,490
Accrued expenses	223,455	60,521	270,960
Trade payables	242,813	179,913	125,700
Purchasing of financial investments payables	204,822	204,822	204,822
Provision for staff-leave	39,167	32,141	32,528
Tax deductions	394,245	411,001	396,634
Accrued dividends	116,598	116,598	117,802
	2,651,315	2,553,687	2,855,366

10- (Losses)/gains of investments

	The three months ended March 31,	
	2018	2017
Net gains on sale of investments	**2,535**	12,825
Change in fair value of investments at fair value through profit or loss	**(36,144)**	36,391
	(33,609)	49,216

11- Earnings per share/(fils)

Earnings per share /(fils) is calculated by dividing the net profit for the period by the weighted average number of outstanding shares during the period as follow:

	The three months ended the March 31,	
	2018	2017
Net profit for the period	**332,629**	12,500
Weighted average number of outstanding shares during the period	**269,640,000**	269,640,000
Earnings per share/(fils)	**1.234**	0.046

12- Related parties' transactions

Related parties comprise of associates, major shareholders, Board of Directors members, key management personnel of the Group and companies which they controlled or jointly controlled or significantly influence. The Group's management approved 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 except for Finance and Musharka.

The balances and movement of transactions with related parties included in the interim condensed consolidated financial information are as follows:

Interim condensed consolidated statement of financial position:	**March 31, 2018**	December 31, 2017 (Audited)	March 31, 2017
Due from related parties (Note - 5)	**2,124,505**	2,111,157	1,747,605
Due to related parties (Note - 9)	**714,602**	674,666	313,430

Interim condensed consolidated statement of profit or loss:

The interim condensed consolidated statements of profit or loss not include any transactions with related parties.

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

13- Segmental information

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Operating segments:
The Group's operating segments primarily operates concentrated on investing activity and general trading and contracting.

Geographical segments:
The Group operates in one main geographical market that is local market in State of Kuwait.

14- The Shareholders General Assembly

The Ordinary Shareholders General Assembly had been held on May 3, 2018 and approved the financial statements for the financial year ended December 31, 2017 and approved the board of directors not to dividends for the financial year ended December 31, 2017 and no remuneration for the Board of Directors' for the financial year ended December 31, 2017.

15- Financial instruments

Categories of financial instruments
The Group's financial assets and liabilities have been classified in the interim condensed consolidated statement of financial position are as follows:

Financial assets	**March 31, 2018**	December 31, 2017 (Audited)	March 31, 2017
Cash and cash equivalents	**11,395**	32,279	155,766
Term Deposit	**-**	-	135,000
Investments at fair value through profit or loss	**152,142**	2,925,957	7,487,253
Accounts receivable and other debit balances	**5,756,747**	5,741,529	5,725,383
Investments at fair value through other comprehensive income	**4,491,392**	-	-
Available for sale investments	**-**	2,032,444	7,598,244
	10,411,676	10,732,209	21,101,646

	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
Financial liabilities			
Accounts payable and other credit balances	**2,651,315**	2,553,687	2,855,366

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.

The following table presents financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of 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 or 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 interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

March 31, 2018:	**Level 1**	**Level 3**	**Total**
Assets:			
Investments at fair value through profit or loss			
Quoted securities	**152,142**	-	**152,142**
Investments at fair value through other comprehensive income			
Quoted securities	**602,353**	-	**602,353**
Unquoted securities	-	**3,889,039**	**3,889,039**
	754,495	**3,889,039**	**4,643,534**
Liabilities:	-	-	-
Net fair value	**754,495**	**3,889,039**	**4,643,534**

March 31, 2017:	Level 1	Level 3	Total
Assets:			
Investments at fair value - statement of profit or loss			
Quoted securities	229,324	-	229,324
Unquoted securities	-	7,257,929	7,257,929
Available for sale investments			
Quoted securities	1,180,887	-	1,180,887
Unquoted securities	-	6,417,357	6,417,357
	1,410,211	13,675,286	15,085,497
Liabilities:	-	-	-
Net fair value	1,410,211	13,675,286	15,085,497

The fair value of other financial assets and liabilities approximate its carrying amount as of the interim condensed consolidated financial information date.

The fair value of these other financial assets and liabilities has been determined according to the third level based on the management's estimations.