

Date :

التاريخ : 31 مارس 2019

Mr. Hassan Abdulrahman Al-Serkal
Executive VP & Chief Operations Officer
Head of Operation Division
Dubai Financial Market

السيد / حسن عبدالرحمن السركال المحترم...
نائب رئيس تنفيذي رئيس تنفيذي العمليات
رئيس قطاع العمليات
سوق دبي المالي

Greeting ,,,

تحية طيبة وبعد ,,,

Subject : Consolidated Annual Financial
Statements for the year ended 31/12/2018 for
International Financial Advisors Holding Company
and Subsidiaries

الموضوع : البيانات المالية السنوية للسنة المنتهية في
2018/12/31 لشركة الإستشارات المالية
الدولية القابضة والشركات التابعة

Please note that the Board of Directors Meeting of
International Financial Advisors Holding Company
had been held today 31/03/2019 , at 2:00 PM and
approved the followings :

برجاء الإحاطة بأن مجلس إدارة شركة الاستشارات المالية
الدولية القابضة قد عقد إجتماعه اليوم 2019/03/31 ، في
تمام الساعة الثانية ظهراً ، وقد وافق المجلس على القرارات
التالية:

The Board of Directors reviewed and approved the
Consolidated Annual Financial Statements of the
company for the year ended 31/12/2018.

إطلع المجلس على البيانات المالية السنوية للشركة عن السنة
المنتهية في 2018/12/31 ، و وافق عليها واعتمدها .

The Company's board of directors recommended
not to distribute any dividends for the fiscal year
ended 31/12/2018.

كما أوصى المجلس بعدم توزيع أرباح عن السنة المالية المنتهية
في 2018/12/31 .

We attached the signed Consolidated Annual Financial
Statements for the year ended 31/12/2018 (Arabic &
English Copy), after approved from The Board of
Directors Meeting today.

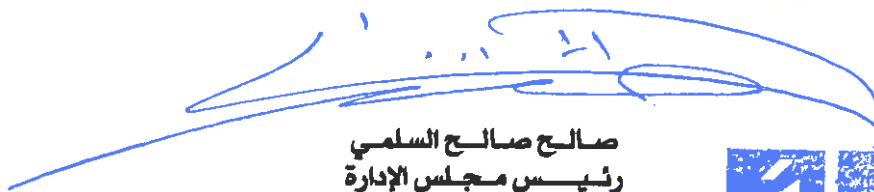
كما نرفق لكم طيه البيانات المالية السنوية الموقعة عن
السنة المنتهية في 2018/12/31 ، (نسخة باللغة العربية
ونسخة باللغة الإنجليزية) وذلك بعد اعتمادها من مجلس
إدارة الشركة في إجتماعه اليوم .

Kindly Note & do the needful.

برجاء الإحاطة واتخاذ ما يلزم .

Regards ,

وتفضلوا بقبول فائق التحية والتقدير ,,,



صالح صالح السلمي
رئيس مجلس الإدارة

Saleh Saleh Al-Selmi
Chairman



International Financial Advisors - KPSC

[CR 20377 - Capital KD 72,000,000]

شركة الاستشارات المالية الدولية (س.م.ك) عامة
(سجل تجاري رقم ٢٠٢٧٧ - رأس المال ٧٢,٠٠٠,٠٠٠ د.ك.)
مجمع الصالحية - مدخل (١) - الدور الخامس - ص.ب: ٤٦٩٤ الصفاة - ١٣٠٤٧ الكويت - هاتف: ٢٢ ٤٥٩ ٦٣١ (+ ٩٦٥) - فاكس: ٢٢ ٤٥٩ ٦٣١ (+ ٩٦٥)

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Consolidated financial statements and independent auditor's report

International Financial Advisors Holding – KPSC

[Formerly: International Financial Advisors – KPSC]

and Subsidiaries

Kuwait

31 December 2018

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Independent auditor's report

To the shareholders of
International Financial Advisors Holding – KPSC
[Formerly: International Financial Advisors – KPSC]
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of International Financial Advisors Holding – KPSC [Formerly: International Financial Advisors – KPSC] (the “Parent Company”) and its subsidiaries, (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our 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.

Emphasis of Matters

We draw attention to the following matters:

- Note 1 to the consolidated financial statements regarding cancellation of the licence by the Capital Market Authority and removal of the Parent Company from the register of the Central Bank of Kuwait.
- Note 19 to the consolidated financial statements which indicates that the Parent Company was unable to settle certain instalments of KD5,600,000 due to a local bank.

Our opinion is not modified in respect of these matters.

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. We have determined the matters described below as the key audit matters.



**Independent Auditor's Report to the Shareholders of
International Financial Advisors Holding - KPSC
[Formerly: International Financial Advisors – KPSC]**

Key Audit Matters (continued)

Equity Method of Accounting

The Group has interests in number of associates which are significant to the Group's consolidated financial statements which are accounted for under the equity method of accounting. Under the equity method, the Group's interests in the associates are initially stated at cost, and are adjusted thereafter for the post-acquisition changes in the Group's share of the net assets of the associates, less any impairment. The complexity of the Group's control environment and our ability as Group's auditor to obtain an appropriate level of understanding of these entities including any related party transactions. Due to these factors and the significance of the investment in associates to the Group's consolidated financial statements we consider this as a key audit matter.

Our audit procedures included, among others, determining the nature and extent of audit procedures to be carried out for associates and selecting significant associates based on the size and/or risk profile of these entities. During our audit we communicated with the component auditors. We also provided instructions to the component auditors covering the significant areas and risks to be addressed including the identification of related parties and transactions. Furthermore, we evaluated the Group's methodology and testing of the key assumptions used by the Group in determining the associates' recoverable amount based on value-in-use. We also assessed the adequacy of the Group's disclosures in Note 16 to the consolidated financial statements.

Valuation investment at fair value through other comprehensive income

The Group's investments at fair value through other comprehensive income (FVTOCI) include significant unquoted investments. Due to their unique structure and terms, the valuation of these instruments is determined through the application of valuation techniques that involve the exercise of management's judgements and the use of assumptions and estimates. Therefore, there are significant measurement uncertainties involved in valuations. As a result, the valuations of these instruments was significant to our audit. We have, therefore, spent significant audit efforts in assessing the appropriateness of the valuations and underlying assumptions. The Group's disclosures about its investments at FVTOCI are included in Notes 14 and 28.2 to the consolidated financial statements.

Our audit procedures included agreeing carrying values of the unquoted investments to the Group's valuations prepared using valuation techniques, assessing and challenging the appropriateness of estimates, assumptions and valuation methodology and obtained supporting documentation and explanations to corroborate the valuations.

Other information included in the Group's 2018 annual report

Management is responsible for the other information. Other information consists of the information included in the Group's 2018 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report and we expect to obtain the remaining sections of the Group's Annual Report after the date of our auditor's 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, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 have obtained prior to the date of this auditor's 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.



**Independent Auditor's Report to the Shareholders of
International Financial Advisors Holding - KPSC
[Formerly: International Financial Advisors – KPSC]**

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 in 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 of the Parent Company 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.

Auditor's 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



**Independent Auditor's Report to the Shareholders of
International Financial Advisors Holding - KPSC
[Formerly: International Financial Advisors – KPSC]**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 year 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 and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2018 that might have had a material effect on the business or the consolidated financial position of the Parent Company, except for the matter referred to in Note 1 with respect to the vacant position of chief executive officer.

We further report that, during the course of our audit, we have not become aware, of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of the banking business, and its related regulations during the year ended 31 December 2018 that might have had a material effect on the business or financial position of the Parent Company.

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

Kuwait
31 March 2019

Consolidated statement of profit or loss

	Note	Year ended 31 Dec. 2018 KD	Year ended 31 Dec. 2017* KD
Continuing operations			
Income			
Revenue from contracts with customers		31,742	60,785
Loss on disposal of subsidiaries	6	(7,408,969)	-
Net loss from investment properties	7	(33,290)	(94,657)
Share of results of associates	16	(1,044,702)	2,765,132
Net loss on sale of shares in investment in associates		-	(612,603)
Reversal of provisions no longer required	8	1,608,939	-
Foreign exchange gain/(loss)		429,268	(400,364)
Other gains on financial assets	9	640,493	903,128
Other income	10	637,450	413,514
		(5,139,069)	3,034,935
Expenses and other charges			
Staff costs		(361,321)	(561,119)
Other operating expenses and charges		(820,766)	(1,255,129)
Impairment of investment in associates	16	(607,189)	(1,442,811)
Impairment of available for sale investments		-	(1,510,456)
Impairment of goodwill	17	-	(1,663,767)
Depreciation		(966)	(7,172)
Finance costs		(3,018,627)	(3,176,796)
		(4,808,869)	(9,617,250)
Loss for the year		(9,947,938)	(6,582,315)
Taxation on overseas subsidiaries		-	(193,752)
Loss for the year from continuing operations		(9,947,938)	(6,776,067)
Loss from discontinued operations	6	(5,513,300)	(2,534,218)
Loss for the year		(15,461,238)	(9,310,285)
Attributable to:			
Owners of the Parent Company		(12,259,217)	(8,263,609)
Non-controlling interests		(3,202,021)	(1,046,676)
		(15,461,238)	(9,310,285)
Basic and diluted loss per share attributable to the owners of the Parent Company			
- From continuing operations		(14.86)	(10.12)
- From discontinued operations		(3.36)	(2.16)
	11	(18.22)	(12.28)

* Amounts shown here do not correspond with the previously reported consolidated financial statements for the year ended 31 December 2017 as a result of adjustments made for discontinued operations as detailed in Note 6.

The notes set out on pages 12 to 64 form an integral part of these consolidated financial statements.

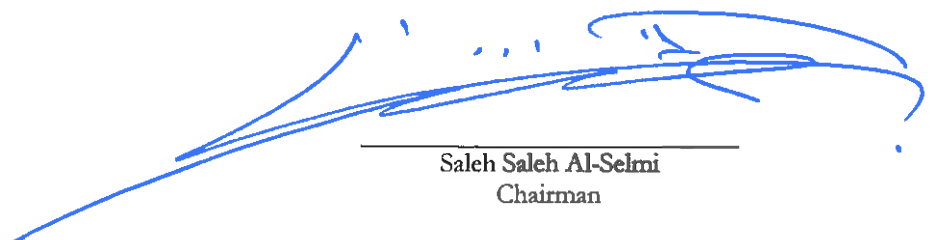
Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2018 KD	Year ended 31 Dec. 2017 KD
Loss for the year	(15,461,238)	(9,310,285)
Other comprehensive income/(loss):		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Investments at fair value through other comprehensive income:		
- Net change in fair value arising during the period	(126,879)	-
	(126,879)	-
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Reclassification of foreign currency translation reserve related to non-operating subsidiary	-	2,880,593
Available for sale investments:		
- Net change in fair value arising during the year	-	(1,053,042)
- Transferred to consolidated statement of profit or loss on sale	-	(886,797)
- Transferred to consolidated statement of profit or loss on impairment	-	1,557,693
Share of other comprehensive income of associates	(3,502,640)	2,319,177
Exchange differences arising on translation of foreign operations	2,497,583	(132,749)
	(1,004,957)	4,684,875
Total other comprehensive (loss)/income	(1,131,836)	4,684,875
Total comprehensive loss for the year	(16,593,074)	(4,625,410)
Total comprehensive loss for the year attributable to:		
Owners of the Parent Company	(12,852,367)	(5,349,969)
Non-controlling interests	(3,740,707)	724,559
	(16,593,074)	(4,625,410)

The notes set out on pages 12 to 64 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	31 Dec. 2018 KD	31 Dec. 2017 KD
Assets			
Cash and cash equivalents	12	426,616	12,190,584
Investments at fair value through profit or loss		3,370,063	95,304
Receivables and other assets	13	2,825,066	21,172,332
Due from related parties	27	19,231,678	1,927,648
Trading properties		-	9,410,633
Investments at fair value through other comprehensive income	14	6,015,709	-
Available for sale investments	3.1	-	15,117,502
Investment properties	15	1,861,449	6,542,067
Investment in associates	16	81,950,281	38,832,258
Goodwill	17	-	38,550,102
Properties under development		-	81,785,579
Capital work in progress		-	46,643,792
Property, plant and equipment		17,997	104,544,237
Total assets		115,698,859	376,812,038
Liabilities and equity			
Liabilities			
Payables and other liabilities	18	14,810,490	73,434,324
Due to related parties	27	3,420,914	25,136,045
Due to banks	12	727,722	95,881
Borrowings	19	64,262,384	195,245,229
Advances received from customers		-	3,537,737
Total liabilities		83,221,510	297,449,216
Equity			
Share capital	20	72,000,000	72,000,000
Share premium	20	11,973,061	11,973,061
Treasury shares	21	(32,757,404)	(32,757,404)
Treasury shares reserve		-	104,935
Statutory and voluntary reserves	22	32,757,404	32,757,404
Fair value reserve		2,612,831	7,958,281
Foreign currency translation reserve		(3,352,565)	(6,294,013)
Accumulated losses		(51,985,172)	(41,641,742)
Total equity attributable to the owners of the Parent Company		31,248,155	44,100,522
Non-controlling interests	6	1,229,194	35,262,300
Total equity		32,477,349	79,362,822
Total liabilities and equity		115,698,859	376,812,038



Saleh Saleh Al-Selmi
Chairman

The notes set out on pages 12 to 64 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to the owners of the Parent Company										
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory and voluntary reserves KD	Fair value reserve KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub – total KD	Non- controlling interests KD	Total KD
Balance at 1 January 2018	72,000,000	11,973,061	(32,757,404)	104,935	32,757,404	7,958,281	(6,294,013)	(41,641,742)	44,100,522	35,262,300	79,362,822
Adjustments arising on adoption of IFRS 9 (note 3.1)	-	-	-	-	-	(1,227,025)	-	1,227,025	-	-	-
Share of adjustments arising on adoption of IFRS 9 by an associate	-	-	-	-	-	(55,674)	-	55,674	-	-	-
Balance at 1 January 2018 (Restated)	72,000,000	11,973,061	(32,757,404)	104,935	32,757,404	6,675,582	(6,294,013)	(40,359,043)	44,100,522	35,262,300	79,362,822
Decrease of non-controlling interests on disposal of subsidiary (Note 6)	-	-	-	-	-	-	-	-	-	(30,749,876)	(30,749,876)
Increase in non-controlling interest due to capital increase of subsidiary	-	-	-	-	-	-	-	-	-	457,477	457,477
Reclassification on disposal of a subsidiary	-	-	-	(104,935)	-	-	-	104,935	-	-	-
Transactions with owners	-	-	-	(104,935)	-	-	-	104,935	-	(30,292,399)	(30,292,399)
Loss for the year	-	-	-	-	-	-	-	(12,259,217)	(12,259,217)	(3,202,021)	(15,461,238)
Other comprehensive income	-	-	-	-	-	(3,534,598)	2,941,448	-	(593,150)	(538,686)	(1,131,836)
Total comprehensive income/(loss) for the year	-	-	-	-	-	(3,534,598)	2,941,448	(12,259,217)	(12,852,367)	(3,740,707)	(16,593,074)
Realised loss on investments at FVTOCI	-	-	-	-	-	(606,137)	-	606,137	-	-	-
Share of realised loss on investments at FVTOCI of associates	-	-	-	-	-	77,984	-	(77,984)	-	-	-
Balance at 31 December 2018	72,000,000	11,973,061	(32,757,404)	-	32,757,404	2,612,831	(3,352,565)	(51,985,172)	31,248,155	1,229,194	32,477,349

Consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the Parent Company										
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory and voluntary reserves KD	Fair value reserve KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub – total KD	Non-controlling interests KD	Total KD
Balance at 1 January 2017	72,000,000	11,973,061	32,757,404)	104,935	32,757,404	6,408,275	(7,657,647)	(33,378,133)	49,450,491	34,537,741	83,988,232
Loss for the year	-	-	-	-	-	-	-	(8,263,609)	(8,263,609)	(1,046,676)	(9,310,285)
Other comprehensive income	-	-	-	-	-	1,550,006	1,363,634	-	2,913,640	1,771,235	4,684,875
Total comprehensive income/(loss) for the year	-	-	-	-	-	1,550,006	1,363,634	(8,263,609)	(5,349,969)	724,559	(4,625,410)
Balance at 31 December 2017	72,000,000	11,973,061	32,757,404)	104,935	32,757,404	7,958,281	(6,294,013)	(41,641,742)	44,100,522	35,262,300	79,362,822

The notes set out on pages 12 to 64 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Year ended 31 Dec. 2018 KD	Year ended 31 Dec. 2017 KD
OPERATING ACTIVITIES		
Loss for the year from continuing operations	(9,947,938)	(6,776,067)
Loss from discontinued operations	(5,513,000)	(2,534,218)
Adjustments:		
Loss on sale of available for sale investments	-	2,311,688
Gain on sale of investment properties	(1,813)	(164,049)
Loss on disposal of subsidiaries	6,444,223	-
Change in fair value of investment properties	33,290	(281,185)
Impairment of goodwill	-	1,663,767
Impairment of available for sale investments	-	1,557,693
Impairment of investment in associates	607,189	1,442,811
Dividend income	(178,498)	(224,767)
Interest income	(118,299)	(356,396)
Finance costs	10,036,311	14,003,066
Realisation of foreign currency translation reserve	-	2,880,593
Reversal of provisions no longer required	-	(4,638,500)
Depreciation	2,924,524	3,398,982
Share of results of associates	1,064,295	(2,229,926)
Net loss on sale of shares in investment in associates	-	(5,697,318)
Foreign exchange loss on non-operating liabilities	(368,904)	512,594
	4,981,080	4,868,768
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	(602,034)	151,688
Receivables and other assets	(23,856,085)	(3,923,269)
Due from related parties	(2,708,924)	(436,183)
Trading properties	3,914,033	(1,899,536)
Payables and other liabilities	161,524	8,655,054
Due to related parties	9,634,761	3,687,507
Advances received from customers	4,419,969	(3,823,374)
Cash from/(used in) operating activities	(4,055,686)	7,280,655
Dividend income received	2,187	224,767
Interest income received	106,355	356,396
Finance costs paid	(6,154,465)	(11,876,032)
Net cash used in operating activities	(10,102,609)	(4,014,214)

Consolidated statement of cash flows (continued)

	Note	Year ended 31 Dec. 2018 KD	Year ended 31 Dec. 2017 KD
INVESTING ACTIVITIES			
Net proceeds from sale of subsidiaries		(9,109,649)	-
Net movement in investment in associates		360,755	2,544,109
Proceeds from sale of shares in investment in associates		-	9,909,018
Net movement in properties under development		5,700,638	(11,068,520)
Additions to capital work in progress		(16,466)	-
Net movement in property, plant and equipment		(1,379,253)	(2,273,654)
Proceeds from sale of property, plant and equipment		-	-
Proceeds from redemption of available for sale investments		1,003,305	5,928,770
Proceeds from sale of investment properties		460,545	5,356,830
Purchase of available for sale investments		-	(2,635,861)
Net cash from investing activities		(2,980,225)	7,760,692
FINANCING ACTIVITIES			
Proceeds from bank loans		3,516,634	23,584,763
Repayment of bank loans		(3,197,797)	(23,104,190)
Change in non-controlling interests		457,477	-
Net cash from financing activities		776,314	480,573
Increase/(decrease) in cash and cash equivalents		(12,306,520)	4,227,051
Foreign currency adjustment		(89,289)	(779,641)
Cash and cash equivalents at beginning of the year	12	11,748,257	8,300,847
Cash and cash equivalents at end of the year	12	(647,552)	11,748,257

* Details of cash flows of discontinued operation summarised in note 6.

The notes set out on pages 12 to 64 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Incorporation and activities of the Parent Company

International Financial Advisors Holding – KPSC [Formerly: International Financial Advisors - KPSC] (“the Parent Company”) is a Kuwaiti Public Shareholding Company incorporated on 31 January 1974 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The Parent Company is regulated by the Central Bank of Kuwait and the Capital Market Authority of Kuwait as an investment company (see below). The Parent Company’s shares are listed on Boursa Kuwait and Dubai Financial Market.

The Parent Company has not yet appointed a chief executive officer which is a requirement of the Companies Law. The Parent Company intends to appoint a chief executive officer as soon as practically possible.

The Securities Activities Licence issued by the Capital Markets Authority (“CMA”) expired on 29 March 2018 under which the Parent Company carried out certain investment activities. Management did not renew the licence. Accordingly, the CMA notified the Parent Company on 6 May 2018 that it is no longer considered a licenced entity under the CMA regulations. Consequently, the Parent Company is currently in the process of disposing the portfolios under management (Note 23).

Furthermore, while during the year the Parent Company was subject to the supervision of the Central Bank of Kuwait (“CBK”) it communicated to the CBK its desire to be removed from CBK register. On 13 November 2018, the CBK notified the Parent Company that its name will be removed from the CBK register only after the holding of shareholders’ general assembly to change its legal status and activities.

Subsequent to the reporting date, the shareholders in their Extra-Ordinary General Assembly held on 6 January 2019 approved to change the legal status of the Parent Company to a Holding Company and activities, which was registered in the commercial register on 20 January 2019. Accordingly, subsequent to the reporting period, on 3 February 2019, the Parent Company was removed from the CBK register.

The objectives of the Parent Company were amended to become as follows:

- Management of the parent company’s subsidiaries or participation in management of other companies in which it holds ownership stakes and providing the necessary support thereto.
- Investing funds by way of trading in shares, bonds and other financial securities
- Acquisition of properties and movables necessary to carry out the business activities as allowable by the law.
- Financing and extending loans to investee companies and providing guarantees for third parties, provided that the share of the holding company in the investee company is not less than 20%.
- Acquisition of industrial rights and related intellectual properties or any other industrial trademarks or royalties and any other property related thereto, and renting such properties to the subsidiary companies and others whether inside Kuwait or abroad.
- Using cash surplus to invest in financial portfolios/funds managed by specialised parties.

The Parent Company has the right to carry out its activities inside Kuwait or abroad whether directly or through power of attorney.

The Parent Company is authorized to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the company in achieving its objectives whether in Kuwait or abroad. The Parent Company has the right to establish, participate in or acquire such institutions.

The Group comprises the Parent Company and its subsidiaries as detailed in note 6.

Notes to the consolidated financial statements (continued)

1 Incorporation and activities of the Parent Company (continued)

The address of the Parent Company's registered office is PO Box 4694, Safat 13047, State of Kuwait.

The Parent Company's board of directors approved these consolidated financial statements for issue on 31 March 2019 and are subject to the approval of the general assembly of the shareholders.

2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board ("IASB"), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB, as modified for use by the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK"). The modification requires adoption of all IFRSs for such institutions except for the IFRS 9 requirement for measurement of estimated credit losses ("ECL") for credit facilities. The CBK requires to measure the provision for credit losses at the higher of provision calculated under IFRS 9 in accordance with the CBK guidelines, and the provision required by the prudential regulations of the CBK.

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2018 which have been adopted by the Group. Information on these new standards is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IAS 40 Investment Property – Amendments	1 January 2018
Annual Improvements to IFRSs 2014-2016 Cycle	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

IFRS 9 Financial Instruments

The IASB published IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The main areas of impact are as follows:

- the classification and measurement of the financial assets are based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.
- an expected credit loss-based impairment is recognised on the trade receivables and investments in debt-type assets currently classified as available for sale and held-to-maturity, unless classified as at fair value through profit or loss in accordance with the new criteria.
- it is no longer possible to measure equity investments at cost less impairment and all such investments are instead measured at fair value. Changes in fair value are presented in profit or loss unless an irrevocable designation is made to present them in other comprehensive income.
- if the fair value option continues to be elected for certain financial liabilities, fair value movements are presented in other comprehensive income to the extent those changes relate to own credit risk.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

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

IFRS 9 Financial Instruments (continued)

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVTOCI) and Fair value through profit or loss (FVTPL). The standard eliminated IAS 39 categories of held to maturity, loans and receivables and available for sale.

Further, the gains and losses on subsequent measurement of debt type financial instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI) are now recognised in equity and will be recycled to profit or loss on derecognition or reclassification.

However, gains or losses on subsequent measurement of equity type financial assets measured at FVTOCI are now recognised in equity and not recycled to profit or loss on derecognition. Dividend income on these assets continues to be recognised in profit or loss.

Based on the analysis of the Group's financial assets and liabilities as at 1 January 2018 and of the circumstances that existed at that date, management of the Group have determined the impact of implementation of IFRS 9 on the consolidated financial statements as follows:

Classification and measurement:

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

Accounts receivable are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Management analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

	IAS 39		IFRS 9	
	Classification	Carrying amount KD	Classification	Carrying amount KD
Financial assets				
Cash and bank balances	Loans and receivables	12,190,584	Amortised cost	12,190,584
Receivables and other assets	Loans and receivables	15,888,924	Amortised cost	15,888,924
Due from related parties	Loans and receivables	1,927,648	Amortised cost	1,927,648
Local quoted securities	FVTPL	41,808	FVTPL	41,808
Local unquoted securities	FVTPL	53,496	FVTPL	53,496
Foreign unquoted securities	AFS	2,672,725	FVTPL	2,672,725
Local quoted securities	AFS	40,151	FVTOCI	40,151
Foreign quoted securities	AFS	14,082	FVTOCI	14,082
Local unquoted securities	AFS	6,342,692	FVTOCI	6,342,692
Foreign unquoted securities	AFS	6,021,017	FVTOCI	6,021,017
Managed funds	AFS	26,835	FVTOCI	26,835
Total financial assets		45,219,962		45,219,962

There is no impact on the financial liabilities of the Group and will continue to be measured at amortised cost.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

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

IFRS 9 Financial Instruments (continued)

Impairment:

IFRS 9 requires the Group to record expected credit losses (ECL) on all of its financial assets measured at amortised cost. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. Under IFRS 9, the Group measures ECL as follows:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

The Group has applied simplified approach to impairment for financial assets at amortised cost as required or permitted under the standard. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Management has reviewed its financial assets at amortised cost for any additional impairment and concluded that no additional impairment is required.

Summary of impact on application of IFRS 9:

As allowed by the transition provisions of IFRS 9, the Group elected not to restate comparative information for prior periods with respect to classification and measurement, and including impairment requirements. The information presented for the comparative periods does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

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

	31 Dec. 2017 KD	Reclassification KD	1 Jan. 2018 KD
Assets			
Available for sale investments	15,117,502	(15,117,502)	-
Investments at fair value through other comprehensive income	-	12,444,777	12,444,777
Investments at fair value through profit or loss	95,304	2,672,725	2,768,029
Equity			
Fair value reserve *	7,958,281	(1,282,699)	6,675,582
Accumulated losses *	(41,641,742)	1,282,699	(40,359,043)

- * Includes a reclassification of KD55,674 between fair value reserve and accumulated losses related to the Group's share of IFRS 9 adjustment of an associate.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

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

IFRS 40 Investment Property - Amendments

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

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

Annual Improvements to IFRSs 2014-2016 Cycle

Amendments to IAS 28 - Clarifies that a qualifying entity is able to choose between applying the equity method or measuring an investment in an associate or joint venture at fair value through profit or loss, separately for each associate or joint venture at initial recognition of the associate or joint venture. Amendment is effective for annual periods beginning on or after 1 January 2018.

Adoption of these amendments did not have a significant impact on the Group's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The Interpretations looks at what exchange rate to use for translation when payments are made or received in advance of the related asset, expense or income. A diversity was observed in practice in circumstances in which an entity recognises a non-monetary liability arising from advance consideration. The diversity resulted from the fact that some entities were recognising revenue using the spot exchange rate at the date of the receipt of the advance consideration while others were using the spot exchange rate at the date that revenue was recognized. IFRIC 22 addresses this issue by clarifying that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

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

3.2 IASB Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	No stated date
IFRS 16 Leases	1 January 2019
IAS 28 - Amendments	1 January 2019
IFRS 3 - Amendments	1 January 2020
IAS 1 and IAS 8 - Amendments	1 January 2020

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IFRS 16 Leases

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

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

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices
- assessing their current disclosures for finance and operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use asset
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions
- assessing the additional disclosures that will be required.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IAS 28 – Amendments

The amendments to IAS 28 clarify that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Management does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IFRS 3 – Amendments

The Amendments to IFRS 3 Business Combinations are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only with respect to Definition of Business. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business

Management does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IAS 1 and IAS 8 – Amendments

The amendments to IAS 1 and IAS 8 clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Management does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

4 Summary of significant accounting policies

The significant accounting policies and measurements bases adopted in the preparation of the consolidated financial statements are summarised below:

4.1 Basis of preparation

The consolidated financial statements of the Group have been prepared under historical cost convention except for investments at fair value through profit or loss, investments at fair value through other comprehensive income and investment properties that have been measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

Notes to the consolidated financial statements (continued)

4 Summary of significant accounting policies (continued)

4.1 Basis of preparation (continued)

The Group has elected to present the “statement of comprehensive income” in two statements: the “statement of profit or loss” and a “statement of profit or loss and other comprehensive income”.

The financial year end of IFA Hotels and Resorts Co.– KPSC and Arzan Financial Group For Financing and Investment – KPSC (associates) is 31 December, but for the purpose of consolidating those associates in to the Group’s consolidated financial statements, the consolidated financial information for the period ended 30 September 2018 were used after appropriate adjustments have been made for the effects of significant transactions or events for the period up to 31 December 2018.

4.2 Basis of consolidation

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company’s financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary’s profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

When a controlling interest in the subsidiaries is disposed of, the difference between the selling price and the net asset value plus cumulative translation difference and goodwill is recognised in the consolidated statement of profit or loss.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Parent Company.

Notes to the consolidated financial statements (continued)

4 Summary of significant accounting policies (continued)

4.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquire and c) acquisition-date fair value of any existing equity interest in the acquire, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in the consolidated statement of profit or loss immediately.

4.4 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

4.5 Investment in associates and joint ventures

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Joint venture is an arrangement that the Group controls jointly with one or more other investor, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investments in associates and joint ventures are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate and joint venture is not recognised separately and is included in the amount recognised as investment in associates and joint ventures.

Under the equity method, the carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint ventures, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Notes to the consolidated financial statements (continued)

4 Summary of significant accounting policies (continued)

4.5 Investment in associates and joint ventures (continued)

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The share of results of an associate and joint ventures is shown on the face of the consolidated statements of profit or loss. This is the profit attributable to equity holders of the associate and joint venture and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate and joint venture.

The difference in reporting dates of the associates and joint ventures and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. The associate's and joint ventures accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate and joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate and joint ventures 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 joint ventures and its carrying value and recognises the amount under a separate heading in the consolidated statement of profit or loss.

Upon loss of significant influence and joint control over the associate and joint ventures, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate and joint venture upon loss of significant influence and joint control and the fair value of the retained investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

4.6 Segment reporting

The Group has four operating segments: the assets management, treasury and investments, real estate and other. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources. All inter-segment transactions are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

4.7 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers service to a customer.

The Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Notes to the consolidated financial statements (continued)

4 Summary of significant accounting policies (continued)

4.7 Revenue recognition (continued)

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts, if any, as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable, if any, in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

4.7.1 Fees from advisory services

Fees arising for rendering specific advisory services, brokerage services, equity and debt placement transactions for a third party or arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

4.7.2 Income from hotel operations and other related services

Income from hotel includes hotel services revenue, food and beverage and room revenue.

Income from rooms, food and beverage and other related services is recognised when the room is occupied, food and beverages are sold and other related services on the performance of services.

4.7.3 Income from sale of properties

Revenue on sale of condominiums is recognised when risk and reward related to property has been transferred to customer. Risk and reward are transferred when legal notice is served to customer to take the possession of the property or on actual hand over to the customer. Income from sale of properties is shown net of all direct expenses in the consolidated statement of profit or loss.

4.8 Rental income

Rental income arising from investment properties is accounted for on a straight line basis over the lease term.

4.9 Interest income on financial assets

Interest income is recognised using the effective interest method.

4.10 Dividend income

Dividend income is recognised when the right to receive payment is established.

4.11 Operating expenses

Operating expenses are recognised in consolidated statement of profit or loss upon utilisation of the service or at the date of their origin.

4.12 Cost of sale of properties

Cost of sale of properties includes the cost of land and development costs. Development costs include the cost of infrastructure and construction. The cost of sales in respect of sale of condominiums is recognised on the basis of per square feet average cost of construction. Per square feet average cost of construction is derived from total saleable area and total construction cost.

Notes to the consolidated financial statements (continued)

4 Summary of significant accounting policies (continued)

4.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

4.14 Taxation

4.14.1 *Kuwait Foundation for the Advancement of Sciences (KFAS)*

The contribution to KFAS is calculated at 1% of taxable profit of the Group attributable to the shareholders of the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

4.14.2 *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 after deducting directors' fees for the year. 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.

4.14.3 *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 Zakat regulations, no carry forward of losses to the future years or any carry back to prior years is permitted.

4.14.4 *Taxation on overseas subsidiaries*

Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate.

4.15 Property, plant and equipment

Properties in the course of 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 for qualifying assets, and the borrowing costs incurred in accordance with the Group's accounting policies.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, other than freehold land and properties under development over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is not depreciated.

Building on leasehold land is depreciated over the term of lease.

Notes to the consolidated financial statements (continued)

4 Summary of significant accounting policies (continued)

4.15 Property, plant and equipment (continued)

Plant and equipment, furniture and fixtures, motor vehicles and yachts are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

Freehold buildings	50 years
Building on leasehold land	over the term of lease
Plant and equipment	5 – 7 years
Furniture and fixtures	5 – 10 years
Motor vehicles	4 -5 years
Yacht	10 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated statement of profit or loss.

4.16 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost. Subsequently, investment properties are revalued annually and are included in the consolidated statement of financial position at their fair values. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the consolidated statement of profit or loss within “change in fair value of investment properties” and “gain/loss on sale of investment properties”

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

4.17 Property under development

Property under development represents properties under development/construction for trade, which are stated lower of cost and net realisable value. Cost includes the cost of land, construction, design and architecture, and other related expenditures such as professional fees, project management fees and engineering costs attributable to the project, which are accrued as and when activities that are necessary to get the assets ready for the intended use are in progress. Direct costs from the start of the project up to completion of the project are accrued to property under development. Completion is defined as the earlier of the issuance of the certificate of practical completion, or when management considers the project to be completed. Net realisable value is estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make sale. Upon completion, unsold properties, if any, are transferred to trading properties. Properties under development is disclosed net of transfer to cost of properties sold under IFRS 15.

Notes to the consolidated financial statements (continued)

4 Summary of significant accounting policies (continued)

4.18 Capital work-in-progress

Capital work-in-progress includes land which is stated at cost less impairment in value, if any. The carrying value of land is reviewed according to circumstances to make sure that there is no impairment loss in value or that the carrying value may not be recoverable. If any such indication exists and when the carrying value is declined, the value of land is written down to its recoverable amount.

Capital work-in-progress also includes the cost of construction, design and architecture, advances paid for purchase of properties and other related expenditures such as professional fees, project management fees and engineering costs attributable to the project, which are capitalized as and when activities that are necessary to get the assets ready for the intended use are in progress. Direct costs from the start of the project up to completion of the project are capitalised.

4.19 Trading properties

Trading properties include purchase and development costs of completed unsold real estate properties. Development costs include planning, maintenance and service costs. Trading properties are recorded at the lower of cost and net realisable value. Cost are those expense incurred in brining each property to its present condition. Net realisable value is based on estimated selling price less any further cost expected to be incurred on disposal.

4.20 Impairment testing of goodwill and non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses reduce first the carrying amount of any goodwill allocated to that asset. Any remaining impairment loss is charged pro rata to the other assets. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the asset's is recoverable amount exceeds its carrying amount.

Notes to the consolidated financial statements (continued)

4 Summary of significant accounting policies (continued)

4.21 Financial instruments

4.21.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

A financial asset (or, where applicable a part of financial asset or part of group of similar financial assets) is primarily derecognised when:

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset or
 - (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

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

4.21.2 Classification of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through other comprehensive income (FVTOCI)
- financial assets at fair value through profit or loss (FVTPL)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

The Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see note 4.21.3 below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Notes to the consolidated financial statements (continued)

4 Summary of significant accounting policies (continued)

4.21 Financial instruments (continued)

4.21.3 Subsequent measurement of financial assets

a) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Group's financial assets at amortised cost comprise of the following:

- Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

- Due from related parties

Amounts receivable as a result of transactions with related parties and cash advances to related parties are included under due from related parties.

- Receivables and other assets

Accounts receivable are stated at original invoice amount less allowance for any uncollectible amounts. Bad debts are written off as incurred.

Receivables which are not categorised under any of the above are classified as "other assets".

b) Financial assets at FVTOCI

The Group's financial assets at FVTOCI comprise investment in equity shares. These represent investments in equity shares of various companies and include both quoted and unquoted.

On initial recognition, the Group may make an irrevocable election (on an instrument - by - instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short - term profit - taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Notes to the consolidated financial statements (continued)

4 Summary of significant accounting policies (continued)

4.21 Financial instruments

4.21.3 Subsequent measurement of financial assets (continued)

b) Financial assets FVTOCI (continued)

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity on de-recognition.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss.

c) Financial assets at FVTPL

Financial assets that do not meet the criteria for measurement at amortised cost or FVTOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. The category also contains investments in equity shares.

Assets in this category are measured at fair value with gains or losses recognised in consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group's financial assets at FVTPL comprise investment in equity shares.

4.21.4 Impairment of financial assets

All financial assets except for those at FVTPL and equity investments at FVTOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets at amortised cost or at FVTOCI.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward - looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Group always recognises lifetime ECL for accounts receivable and other assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Notes to the consolidated financial statements (continued)

4 Summary of significant accounting policies (continued)

4.21 Financial instruments

4.21.4 Impairment of financial assets (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

4.21.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include accounts payable and other liabilities, borrowings, advances received from customers and due to related parties.

The subsequent measurement of financial liabilities depends on their classification as follows:

- *Financial liabilities at amortised cost*

These are stated using effective interest rate method. Accounts payable and other liabilities are classified as financial liabilities other than at FVTPL.

- *Payables and other liabilities*

Accounts payable and other liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed or not.

- *Borrowings*

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

- *Advances received from customers*

Advances received from customers represent money received from customers towards instalments for properties they have contracted to purchase in accordance with the terms of the sale agreements.

- *Due to related parties*

Amounts due as a result of transactions with related parties and cash advances from related parties are included under due to related parties.

4.22 Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Notes to the consolidated financial statements (continued)

4 Summary of significant accounting policies (continued)

4.23 Trade and settlement date accounting

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

4.24 Offsetting of financial instruments

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

4.25 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 28.

4.26 Advances received from customers

Advances received from customers represent money received from customers towards instalments for properties in accordance with the terms of the sale agreements as well as for the membership at beach club. Advances received from customers are stated net of revenue recognised during the period under IFRS 15.

4.27 Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred for the purpose of giving immediate financial support to the Group with no future related costs are recognized in consolidated statement of profit or loss in the period in which they become receivable.

4.28 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued and paid up.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the companies' law and the Parent Company's articles of association.

Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into KD.

Fair value reserve – comprises gains and losses relating to investments at FVTOCI.

Notes to the consolidated financial statements (continued)

4 Significant accounting policies (continued)

4.28 Equity, reserves and dividend payments (continued)

Accumulated losses include all current and prior period profits and losses. All transactions with owners of the Parent Company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in payables and other liabilities when the dividends have been approved in a meeting of the general assembly.

4.29 Treasury shares

Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity.

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "gain of the sale of treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

4.30 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

4.31 End of service indemnity

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

In addition to the end of service indemnity, with respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries.

4.32 Fiduciary assets

Assets and related deposits held in trust or in a fiduciary capacity are not treated as assets or liabilities of the Group and accordingly are not included in these consolidated financial statements.

Notes to the consolidated financial statements (continued)

4 Significant accounting policies (continued)

4.33 Related party transactions

Related parties consist of directors, executive officers, their close family members and companies of which they are principal owners. All related party transactions are approved by management.

4.34 Foreign currency translation

4.34.1 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Translation difference on non-monetary asset classified as, "fair value through profit or loss" is reported as part of the fair value gain or loss in the consolidated statement of profit or loss and "available for sale" are reported as part of the cumulative change in fair value reserve within other comprehensive income.

4.34.2 Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

5 Significant management judgements and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

5.1 Significant management judgments

In the process of applying the Group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

5.1.1 Business model assessment

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 4.21). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty (continued)

5.1 Significant management judgments (continued)

5.1.2 Judgements in determining the timing of satisfaction of performance obligations

The determination of the whether or not performance obligation criterion set out in IFRS 15 relating to transfer of control of goods to customers has been satisfied requires significant judgement.

5.1.3 Fair values of assets and liabilities acquired

The determination of the fair value of the assets, liabilities and contingent liabilities as a result of business combination requires significant judgement.

5.1.4 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

5.1.5 Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading, or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost or net realisable value whichever is lower or fair value.

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 investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

5.2 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

5.2.1 Impairment of financial assets

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The Group based these estimates using reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

An estimate of the collectible amount of 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.

5.2.2 Fair value of financial instruments

Management apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty (continued)

5.2 Estimation uncertainty (continued)

5.2.3 *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.

5.2.4 *Estimation of impairment of property, plant and equipment and capital work-in progress and their useful lives*

The Group's management tests annually whether property plant and equipment and capital work-in progress have suffered impairment in accordance with the accounting policies stated within note 5 above. The recoverable amounts of the assets are 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 of property plant and equipment and the related depreciation charge. The depreciation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

5.2.5 *Percentage of completion*

The Group recognises accrual for capital work in progress and properties under development based on the percentage of completion method. The percentage of work completion is determined by the independent lead consultant of the respective projects.

The percentage of completion method is applied on a cumulative basis in each accounting year to the current estimates of accrual for capital work in progress and property under development. Any change in estimate for determination of accruals for capital work in progress and property under development is recognised in current consolidated statement of financial position.

5.2.6 *Cost to complete the projects*

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

5.2.7 *Impairment of development properties*

The Group reviews the realisable values of development properties to assess if there is an indication of impairment. In determining whether the impairment losses should be recognised in the consolidated statement of profit or loss, management assesses the current selling prices of the property units and the anticipated costs for completion of such property units for properties which remain unsold at the reporting date. If the selling proceeds are lower than the anticipated costs to complete, an impairment provision is recognised for the identified loss event or condition to reduce the cost of development properties recognised within properties under development in the consolidated statement of financial position to net realisable value.

5.2.8 *Business combinations*

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty (continued)

5.2 Estimation uncertainty (continued)

5.2.9 Revaluation of investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment property may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6 Subsidiary companies

Details of the Group's consolidated subsidiaries at the end of the reporting period are as follows:

Name of the subsidiary	Country of Incorporation	Ownership percentage		Principal activity
		31 Dec. 2018 %	31 Dec. 2017 %	
IFA Hotels and Resorts Co.- KPSC (6.1a)	Kuwait	-	57.357	Hotel operations
First Takaful Insurance Company – KPSC	Kuwait	90.98	90.98	Insurance
Gulf Real Estate Co. – WLL	Kuwait	46.318	46.318	Real estate
IFA Aviation Co. – KSCC	Kuwait	74.8	74.8	Aviation
Radeem Real Estate Co. – SAL	Lebanon	99.9	99.9	Real estate
Dana Real Estate Co. – SAL	Lebanon	96.67	96.67	Real estate
Suhail Telecommunication Services Company- KSCC (6.1b)	Kuwait	-	99	Telecommunication
Seven Seas Resorts Co. – KSCC (6.1c)	Kuwait	-	63.566	Hotel operations

The Group has pledged all its equity interest in First Takaful Insurance Company – KPSC and Gulf Real Estate Co. – WLL against Group's borrowings (note 19).

6.1 Disposal of subsidiaries

a) IFA Hotels and Resorts - KPSC

At the beginning of the year, the Group owned 57.39% of the shares in IFA Hotels and Resorts - KPSC ("IFAHR") (subsidiary). During the year, the Parent Company transferred 63,543,420 shares in IFAHR, constituting 10.45% of IFAHR's total shares, to a foreign bank for a consideration of KD12,708,684 (equivalent to USD42,026,071) as part settlement of foreign loans (Note 19). Consequently, the Group reclassified its remaining interest of 46.94% in IFAHR as an associate since management believes the Group has lost the power to control the investee. The retained interest is re-measured at fair value, immediately following the partial disposal. As a result, a loss of KD7,089,828 was recognised in the consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

6 Subsidiary companies (continued)

6.1 Disposal of subsidiaries (continued)

a) IFA Hotels and Resorts - KPSC (continued)

At the date of disposal, the carrying amounts of IFAHR's net assets disposed of were as follows:

	KD
Assets	
Cash and cash equivalents	5,760,047
Receivables and other assets	31,746,726
Due from related parties	1,235,050
Trading properties	5,496,600
Investments at fair value through other comprehensive income	2,527,282
Investment properties	4,052,547
Investment in associates	9,849,356
Properties under development	76,657,524
Goodwill	192,958
Capital work in progress	46,760,765
Property, plant and equipment	105,986,675
Total assets	290,265,520
Liabilities and equity	
Payables and other liabilities	56,398,132
Due to related parties	47,075,661
Borrowings	120,777,775
Advances received from customers	7,957,696
Foreign currency translation reserve	(5,217,083)
Fair value reserve	(315,922)
Non-controlling interests	25,046,171
Total liabilities and equity	251,722,430
Net assets as at date of disposal attributable to the Group	38,543,090
Net assets disposed	38,543,090
Carrying value of related goodwill	38,352,105
Total carrying value disposed	76,895,195
	KD
Fair value of consideration received	
- Part settlement of loans (Note 19)	12,708,684
- Fair value of retained interest in IFAHR classified to investments in associate (Note 16)	57,096,683
	69,805,367
Less: Total carrying value disposed at the date of disposal	(76,895,195)
Loss on disposal of subsidiary	(7,089,828)

Notes to the consolidated financial statements (continued)

6 Subsidiary companies (continued)

6.1 Disposal of subsidiaries (continued)

a) IFA Hotels and Resorts - KPSC (continued)

IFAHR's operating results up to the date of disposal were as follows:

	Year ended	
	31 Dec. 2018 KD	31 Dec. 2017 KD
Revenue from contracts with customers	5,4474,507	57,401,846
Cost of revenue	(36,982,097)	(32,258,159)
	17,492,410	25,143,687
Interest income	88,772	319,358
Management and consultancy fees	294,638	271,047
Net gains from investment property	1,813	539,891
Net loss from available for sale investments	-	(3,254,885)
Share of results of associates	(19,593)	(535,206)
Gain on sale of shares in associate	-	3,112,046
Net gain on disposal of subsidiary	964,746	-
Reversal of provisions no longer required	-	4,638,500
Net other income	848,594	1,623,676
	19,671,280	31,858,114
Expenses and other charges		
Staff costs	(3,164,080)	(4,504,257)
Operating expenses and other charges	(11,978,418)	(16,165,056)
Impairment of available for sale investments	-	(47,237)
Depreciation	(2,923,558)	(3,391,810)
Finance costs	(7,017,684)	(10,826,270)
	(25,073,740)	(34,934,630)
Loss before taxation on overseas subsidiaries	(5,402,460)	(3,076,516)
Taxation on overseas subsidiaries	(110,840)	542,298
Loss for the year from discontinued operations	(5,513,300)	(2,534,218)

Cash flows generated from discontinued operations for the reporting periods under review are as follows:

	Year ended	
	31 Dec. 2018 KD	31 Dec. 2017 KD
Operating activities	(7,942,693)	2,830,463
Investing activities	1,438,301	3,014,355
Financing activities	776,314	(7,489,473)
	(5,727,978)	(1,644,655)

b) Suhail Telecommunication Services Company-KSCC

During the year, Group sold its equity Suhail Telecommunication Services Company-KSCC("STSC") with a net loss of KD383,215 to a related party.

Notes to the consolidated financial statements (continued)

6 Subsidiary companies (continued)

6.1 Disposal of subsidiaries (continued)

b) Suhail Telecommunication Services Company-KSCC (continued)

At the date of disposal, the carrying amounts of STSC's net assets disposed of were as follows:

	KD
Assets	
Cash and cash equivalents	653
Investments at fair value through other comprehensive income	200
Investment in associates	1,576,764
Total assets	1,577,617
Liabilities	
Payables and other liabilities	6,742
Due to related parties	1,177,660
Total liabilities	1,184,402
Net assets as at date of disposal attributable to the Group	393,215
 Sale Proceeds	 10,000
Net assets disposed	(393,215)
Loss on disposal of subsidiary	(383,215)

c) Seven Seas Resorts Company - KSCC

During the year, Group sold its equity ownership in Seven Seas Resorts Company-KSCC ("SSRC") resulting into a net gain of KD64,074 to a related party. As at date of disposal, the value of net liability disposed of SSRC was KD54,074.

6.2 Subsidiaries with material non-controlling interests

The Group includes the following subsidiaries with material non-controlling interests (NCI):

Name	Proportion of ownership Interests and voting rights held by the NCI		Loss allocated to NCI		Accumulated NCI	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
	%	%	KD	KD	KD	KD
IFA Hotels and Resorts Co. – KPSC (refer note 6.1a)	-	42.643%	(2,352,064)	(1,035,860)	-	32,569,587
First Takaful Insurance Company – KPSC	9.016%	9.016%	74,039	109,053	763,065	886,819
Individually immaterial subsidiaries with non- controlling interests			(923,996)	(119,869)	466,129	1,805,894
			(3,202,021)	(1,046,676)	1,229,194	35,262,300

No dividends were paid to the NCI during the years 2018 and 2017.

Notes to the consolidated financial statements (continued)

6 Subsidiary companies (continued)

6.2 Subsidiaries with material non-controlling interests (continued)

Summarised financial information for the above subsidiary, before intragroup eliminations, is set out below:

6.2.1 First Takaful Insurance Company – KPSC

	31 Dec. 2018 KD	31 Dec. 2017 KD
Non-current assets	14,083,688	15,586,970
Current assets	4,297	9,183
Total assets	14,087,985	15,596,153
Non-current liabilities	5,577,230	5,614,587
Current liabilities	47,278	145,476
Total liabilities	5,624,508	5,760,063
Equity attributable to the shareholders of the Parent Company	7,700,412	8,949,271
Non-controlling interest	763,065	886,819
	Year ended 31 Dec. 2018 KD	Year ended 31 Dec. 2017 KD
Profit for the year attributable to the shareholders of the Parent Company	747,161	1,100,499
Profit for the year attributable to NCI	74,039	109,053
Profit for the year	821,200	1,209,552
Other comprehensive loss for the year attributable to the shareholders of the Parent Company	(1,996,019)	(713,529)
Other comprehensive loss for the year attributable to NCI	(197,794)	(70,706)
Total other comprehensive loss for the year	(2,193,813)	(784,235)
Total comprehensive (loss)/income for the year attributable to the shareholders of the Parent Company	(1,248,858)	386,970
Total comprehensive (loss)/income for the year attributable to NCI	(123,755)	38,347
Total comprehensive loss for the year	(1,372,613)	425,317
	Year ended 31 Dec. 2018 KD	Year ended 31 Dec. 2017 KD
Net cash flow used in operating activities	(347,811)	(672,511)
Net cash from investing activities	347,811	672,511
Net cash flow	-	-

Notes to the consolidated financial statements (continued)

7 Net loss from investment properties

	Year ended 31 Dec. 2018 KD	Year ended 31 Dec. 2017 KD
Loss on sale of investment properties	-	(83,187)
Change in fair value	(33,290)	(11,470)
	(33,290)	(94,657)

8 Reversal of provisions no longer required

	Year ended 31 Dec. 2018 KD	Year ended 31 Dec. 2017 KD
Reversal of provision for loans receivable (note 18)	1,556,000	-
Others	52,939	-
	1,608,939	-

9 Other gains on financial assets

	Year ended 31 Dec. 2018 KD	Year ended 31 Dec. 2017 KD
Change in fair value of investments at fair value through profit or loss	640,493	(36,264)
Loss on disposal of investments at fair value through profit or loss	-	(3,807)
Gain on disposal of available for sale investments	-	943,199
	640,493	903,128

10 Other income

	Year ended 31 Dec. 2018 KD	Year ended 31 Dec. 2017 KD
Dividend income (a)	178,498	224,767
Interest income from financial assets held at amortised cost	29,527	37,038
Others	429,425	151,709
	637,450	413,514

a) Dividend income

	Year ended 31 Dec. 2018 KD	Year ended 31 Dec. 2017 KD
Dividend income from investments at FVTPL	1,200	1,000
Dividend income from available for sale investments	-	223,767
Dividend income from investments at FVTOCI:		
- Relating to investments held at the end of the year	177,298	-
	178,498	224,767

Notes to the consolidated financial statements (continued)

11 Basic and diluted loss per share attributable to the owners of the Parent Company

Basic and diluted loss per share attributable to the owners of the Parent Company is calculated by dividing the loss for the year attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the year, excluding treasury shares.

	Year ended 31 Dec. 2018	Year ended 31 Dec. 2017
Loss for the year attributable to the shareholders of the Parent Company		
- From continuing operations (KD)	(10,000,369)	(6,810,125)
- From discontinued operations (KD)	(2,258,848)	(1,453,484)
	(12,259,217)	(8,263,609)
Weighted average number of shares outstanding during the year (shares)	672,889,436	672,889,436
Basic and diluted loss per share attributable to the owners of the Parent Company		
- From continuing operations (Fils)	(14.86)	(10.12)
- From discontinued operations (Fils)	(3.36)	(2.16)
	(18.22)	(12.28)

12 Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows comprise of the following accounts:

	31 Dec. 2018 KD	31 Dec. 2017 KD
Cash and bank balances	426,616	12,190,584
Less: Restricted balance	(346,446)	(346,446)
Less: Due to banks	(727,722)	(95,881)
Cash and cash equivalents as per consolidated statement of cash flows	(647,552)	11,748,257

13 Receivables and other assets

	31 Dec. 2018 KD	31 Dec. 2017 KD
Financial assets		
Accounts receivable	25,891	9,212,761
Staff receivables	20,239	1,200,244
Qard Hassan to policyholders' fund	2,217,773	2,258,377
Others	213,784	3,217,542
	2,477,687	15,888,924
Non-financial assets		
Prepaid expenses	82,272	2,180,781
Advances to contractors	-	627,878
Others	265,107	2,474,749
	347,379	5,283,408
	2,825,066	21,172,332

Notes to the consolidated financial statements (continued)

14 Investments at fair value through other comprehensive income

	31 Dec. 2018 KD	31 Dec. 2017 KD
Local quoted securities	30,954	-
Foreign quoted securities	1,813	-
Local unquoted securities	5,903,271	-
Foreign unquoted securities	52,839	-
Managed funds	26,832	-
	6,015,709	-

These investments are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate these investments as at FVTOCI as it believes that recognising short-term fluctuations in the fair value of these financial assets in the consolidated statement of profit or loss would not be consistent with the Group's strategy of holding these financial assets for long-term purposes and realising their performance potential in the long run. The Group's investments at FVTOCI disaggregated by sectors are as follows:

	Financial services KD	Distribution and marketing KD	Others KD	Total KD
Local quoted securities	30,954	-	-	30,954
Foreign quoted securities	-	-	1,813	1,813
Local unquoted securities	743,266	5,086,366	73,639	5,903,271
Foreign unquoted securities	-	-	52,839	52,839
Managed funds	26,832	-	-	26,832
	801,052	5,086,366	128,291	6,015,709

Investments at fair value through other comprehensive income amounting to KD5,860,582 are pledged as security against borrowing facilities of the Group (note 19).

15 Investment properties

The movement in investment properties is as follows:

	31 Dec. 2018 KD	31 Dec. 2017 KD
Balance at the beginning of the year	6,542,067	10,826,813
Change in fair value arising during the year	(33,290)	281,185
Disposals during the year	(458,732)	(5,192,781)
De-recognition on disposal of subsidiaries	(4,179,673)	-
Foreign currency adjustment	(8,923)	626,850
Balance at end of the year	1,861,449	6,542,067

The details of fair valuation of investment properties are disclosed in note 28.3.

Investment properties amounting to KD Nil (31 December 2017: KD4,525,838) are pledged as security against borrowing facilities of the Group (note 19).

Notes to the consolidated financial statements (continued)

16 Investment in associates

The details of the associates are as follows:

Company name	Principal Activities	Country of incorporation	31 Dec. 2018 %	31 Dec. 2017 %
Arzan Financial Group For Financing and Investment – KPSC (Quoted)	Financing	Kuwait	16.87	16.87
IFA Hotels and Resorts Co. – KPSC	Hotel operations	Kuwait	45.64	-
Neova Sigorta Insurance Company ("Neova")*	Insurance	Turkey	35	35
Legend & IFA Developments (Pty) Ltd *	Property development	South Africa	-	50
Zamzam Religious Tourism Co. – KSCC	Hajj & Umrah	Kuwait	20	20
Abwab Capital Limited *	Investments	UAE	-	9.19
Weqaya Takaful Insurance and Reinsurance Company-SSC (Quoted)*	Insurance	Saudi Arabia	20	20

The movement of the investment in associates is as follows:

	31 Dec. 2018 KD	31 Dec. 2017 KD
Carrying value at the beginning of the year	38,832,258	41,103,181
Additions (a and b)	62,401,687	20,536
Disposals	-	(6,814,579)
Reclassified to investments at FVTOCI	(7,480)	-
Share of results	(1,064,295)	2,229,926
Dividend received	(347,811)	-
Dilution gain	-	38,234
Impairment (c)	(607,189)	(1,442,811)
Reversal of impairment	-	1,493,527
Share of other comprehensive income	(3,502,540)	2,319,177
Share of realised loss on investments at FVTOCI	77,984	-
De-recognition on disposal of subsidiaries (note 6.1a and 6.1b)	(11,426,120)	-
Foreign exchange translation adjustment	(2,406,213)	(114,933)
	81,950,281	38,832,258

- a) Additions include an amount of KD57,096,683 arising from reclassifying the residual interest of IFAHR to investment in associates (Note 6.1a). As a result, the Group recognised provisional goodwill of KD29,505,549.

	KD
Fair value of remaining interest in IFAHR	57,096,683
Less: proportionate ownership in the net assets of IFAHR	(27,591,134)
Provisional goodwill	29,505,549

The provisional goodwill will be adjusted retrospectively, if required, when the final Purchase Price Allocation is completed during the one year measurement period from the acquisition date.

- b) Additions include an amount of KD5,305,004 arising from reclassifying the residual interest of VCV to investment in associate held by IFAHR, subsidiary that was disposed during the year (Note 6.1a).

Notes to the consolidated financial statements (continued)

16 Investment in associates (continued)

- c) The Group assessed the fair value of its investment in Neova Sigorta Insurance Company and recognised an impairment loss of KD607,189 (2017: KD1,442,811).
- d) The Group's subsidiary has discontinued to recognise its share of further losses of the associate (Weqaya Takaful Insurance and Reinsurance Company) with and is stated at a carrying value of KD1 from 1 April 2014 in accordance with IAS-28. The Group's share of unrecognised losses of the associate and its fair value as at 31 December 2018 cannot be determined because the investee company's shares have been suspended from trading since 3 June 2014. If the investee company subsequently reports profit, the Group will resume recognising its share of these profits only after its share of profits equal the share of losses not recognised.
- e) Investment in associates amounting to KD70,049,812 (31 December 2017: KD1,803,732) is pledged as security against Group's borrowings (note 19).

Summarised financial information of Group's material associates are set out below. The summarised financial information below represents the amounts presented in the financial statements of the associates and not the Group's share of these amounts adjusted for differences in accounting policies between the Group and its associates.

Arzan Financial Group for Financing and Investment - KPSC [Quoted]:

	31 Dec. 2018 KD	31 Dec. 2017 KD
Non-current assets	110,453,993	168,963,803
Current assets	33,189,676	33,408,040
Total assets	143,643,669	202,371,843
Non-current liabilities	(17,210,599)	(59,987,454)
Current liabilities	(21,776,622)	(19,016,691)
Total liabilities	(38,987,221)	(79,004,145)
Net assets attributable to the owner of the Parent Company	104,656,448	123,367,698
	Year ended 31 Dec. 2018 KD	Year ended 31 Dec. 2017 KD
Revenue	7,003,478	7,768,951
Profit for the year	1,840,200	1,111,614
Other comprehensive (loss)/income for the year	(20,515,449)	13,280,079
Total comprehensive (loss)/income for the year	(18,675,249)	14,391,693

Notes to the consolidated financial statements (continued)

16 Investment in associates (continued)

Arzan Financial Group for Financing and Investment - KPSC [Quoted] (continued):

Reconciliation of the above summarised financial information of the associate with the carrying amount in the consolidated statement of financial position is given below:

	31 Dec. 2018 KD	31 Dec. 2017 KD
Group's ownership interest (%)	16.87%	16.87%
Net assets of the associate	104,656,448	123,367,698
Group's share of net assets	17,650,310	20,806,149
Carrying amount	17,650,310	20,806,149
Market price	3,791,406	3,998,352

No dividends were received from Arzan during the years 2018 and 2017.

Management believes that the current market price per share of its investment in Arzan is not indicative of its fair value. Management has also obtained valuation of the investment and concluded that there is no impairment in the carrying value of its investment in Arzan.

IFA Hotels and Resorts Co.– KPSC (Quoted):

	31 Dec. 2018 KD
Non-current assets	168,631,977
Current assets	127,875,413
Total assets	296,507,390
Non-current liabilities	(80,256,901)
Current liabilities	(164,304,773)
Total liabilities	(244,561,674)
Net assets attributable to the owner of the Parent Company	51,945,716
	Year ended 31 Dec. 2018 KD
Revenue	20,999,005
Loss for the year	(12,160,916)
Other comprehensive income for the year	3,324,703
Total comprehensive loss for the year	(8,836,213)

Notes to the consolidated financial statements (continued)

16 Investment in associates (continued)

IFA Hotels and Resorts Co.- KPSC (Quoted): (continued)

Reconciliation of the above summarised financial information of the associate with the carrying amount in the consolidated statement of financial position is given below:

	31 Dec. 2018 KD
Group's ownership interest (%)	45.64%
Net assets of the associate	51,945,716
Group's share of net assets	23,708,768
Goodwill	28,690,734
Carrying amount	52,399,502
Market price	24,706,364

No dividends were received from IFAHR during the years 2018 and 2017.

Management believes that the current market price per share of its investment in IFAHR is not indicative of its fair value. Management has also obtained valuation of the investment and concluded that there is no impairment in the carrying value of its investment in IFAHR.

Neova Sigorta Insurance Company (Unquoted):

	31 Dec. 2018 KD	31 Dec. 2017 KD
Non-current assets	2,587,400	2,066,688
Current assets	116,630,307	122,946,360
Total assets	119,217,707	125,013,048
Non-current liabilities	(2,379,733)	(1,981,561)
Current liabilities	(97,910,704)	(101,646,001)
Total liabilities	(100,290,437)	(103,627,562)
Net assets	18,927,270	21,385,486
	Year ended 31 Dec. 2018 KD	Year ended 31 Dec. 2017 KD
Revenue	58,876,808	85,682,256
Profit for the year	4,803,568	7,550,887
Other comprehensive loss	(6,268,037)	-
Total comprehensive income for the year	(1,464,469)	7,550,887

Notes to the consolidated financial statements (continued)

16 Investment in associates (continued)

Neova Sigorta Insurance Company (Unquoted): (continued)

Reconciliation of the above summarised financial information of the associate with the carrying amount in the consolidated statement of financial position is given below:

	31 Dec. 2018 KD	31 Dec. 2017 KD
Group's ownership interest (%)	35%	35%
Net assets of the associate	18,927,270	21,385,486
Group's share of net assets	6,624,547	7,484,921
Goodwill	5,241,365	5,848,554
Carrying amount	11,865,912	13,333,475

The Group assessed the fair value of its investment in Neova Sigorta Insurance Company. Accordingly, the Group recognised an impairment loss of KD607,189 (2017: KD1,442,811).

17 Goodwill

	31 Dec. 2018 KD	31 Dec. 2017 KD
Balance at the beginning of the year	38,550,101	40,174,557
Disposal	(22,929)	-
Impairment	-	(1,663,767)
Foreign exchange translation adjustments	713	39,312
De-recognition on disposal of subsidiary (note 6.1a)	(38,527,885)	-
Balance at the end of the year	-	38,550,102

18 Payables and other liabilities

	31 Dec. 2018 KD	31 Dec. 2017 KD
Accounts payable and accruals	987,341	31,415,704
Construction related payables and accruals	263,390	12,066,332
Dividend payable	31,721	565,642
Provisions for KFAS, NLST and Zakat	7,307,684	11,120,128
Provision for employees' end of service benefits and leave	471,290	2,366,188
Provision for loans receivable (a)	-	1,556,000
Due to policyholders	3,223,847	3,334,117
Other liabilities	2,625,217	11,010,213
	14,810,490	73,434,324

- a) During the year, the Parent Company reversed a provision for loans receivable, which was approved by the Central Bank of Kuwait on 23 October 2018.

Notes to the consolidated financial statements (continued)

19 Borrowings

The details of loan balances and bank facilities of the Group are as follows:

	Currency	Period due		Effective interest rates	Purpose	Assets pledged	31 Dec. 2018 KD	31 Dec. 2017 KD
		From	To					
1	USD	28-12-2005	28-12-2027	1.5%	Financing the Group's investments	Shares of Parent Company and IFAHR (a)	24,103,284	35,746,040
2	EUR	15-06-2007	28-12-2027	1.5%	Financing the Group's investments	Shares of IFAHR and AFS investments	7,604,100	7,244,752
3	KD	26-06-2011	31-12-2023	4.50%	Debt repayment	Local portfolio with 120% coverage	24,000,000	24,000,000
4	KD	01-01-2010	31-12-2019	4.25%	Local equity financing	Local portfolio with 175% coverage (b)	8,555,000	8,555,000
5	AED	01-05-2007	31-03-2020	6.3% - 15.3%	Projects financing	Properties located in Palm Jumeirah, U.A.E and restricted deposited in a foreign bank account	-	106,989,160
6	Rand	23-05-2007	21-05-2018	2.25% - 10.5%	Financing the Group's investments	Mortgage of certain properties, plant and equipment and certain trading properties in South African subsidiaries	-	10,215,165
7	EUR	15-09-2011	15-03-2024	6.5%	Acquisition of properties	Investment properties owned by the subsidiary	-	2,495,112
							64,262,384	195,245,229

(a) During the year, the Parent Company settled amounts totaling KD16,759,460 being part of one of the loans due to a foreign bank which includes KD12,708,684 by way of transferring 63,543,420 shares of one of the Group's subsidiaries, IFA Hotels and Resorts Co. – KPSC (Note 6.1a) and KD4,050,776 by transferring certain investments at fair value through other comprehensive income. As agreed with the foreign bank, the Parent Company capitalised the accrued interest of KD5,844,956 on its foreign loans and restructured the maturity of total outstanding balance including accrued interest in nine instalments of varying assets.

(b) The Group was unable to settle certain instalments of KD5,600,000 due in accordance with contractual terms and conditions to a local bank and accordingly, the total outstanding loan amounting to KD8,555,000 became due. Management of the Parent Company is currently negotiating with the local bank to restructure the maturity of the loan. The Parent Company has filed legal cases to determine the amount due to the bank. The court has referred the matter to the experts department.

Notes to the consolidated financial statements (continued)

19 Borrowings (continued)

The movement of the borrowings is as follows:

	31 Dec. 2018 KD	31 Dec. 2017 KD
Balance at the beginning of the year	195,245,229	194,304,431
Loans obtained	3,516,634	23,584,763
Repayments	(19,957,267)	(23,156,559)
Interest capitalised	6,844,956	-
Foreign exchange translation adjustments	390,597	512,594
De-recognition on disposal of subsidiary (note 6.1)	(120,777,775)	-
Balance at the end of the year	64,262,384	195,245,229

The borrowings are pledged against Group's assets are as follows:

	31 Dec. 2018 KD	31 Dec. 2017 KD
Restricted balances (Note 12)	346,446	346,446
Investments at FVTPL	17,368	20,832
Investments at FVTOCI	6,860,582	-
Available for sale investments	-	5,822,770
Investment in associates (note 16)	70,049,812	1,803,732
Investment properties	-	4,525,838
Trading properties	-	5,219,114
Properties under development	-	34,033,854
Property, plant and equipment	-	87,686,963
Investment in a subsidiary (note 6)	7,903,284	57,761,225
Total assets pledged	84,177,482	197,220,774

20 Share capital

The authorised, issued and paid up share capital of the Parent Company comprised of 720,000,000 shares of 100 Fils each, all fully paid (31 December 2017: 720,000,000 shares of 100 Fils each).

Share premium is not available for distribution, unless otherwise stipulated by local laws.

21 Treasury shares

	31 Dec. 2018	31 Dec. 2017
Number of treasury shares (share)	47,110,564	47,110,564
Percentage of treasury shares to paid up capital (%)	6.54	6.54
Cost (KD)	32,757,404	32,757,404
Market Value	1,323,807	1,323,807

Notes to the consolidated financial statements (continued)

22 Reserves

Statutory reserve

In accordance with the Companies Law and the Parent Company's articles of association, 10% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, Zakat provision, NLST provision and directors' remuneration is to be transferred to statutory reserve. No transfer is required in a year when losses are made or where cumulative losses exist. The Parent Company may resolve to discontinue such annual transfer when the reserve equals or exceeds 50% of the paid-up share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

Voluntary reserve

In accordance with the Parent Company's articles of association, 10% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, Zakat provision, NLST provision and directors' remuneration is to be transferred to voluntary reserve. The Parent Company may resolve to discontinue such transfers by a resolution of the Parent Company's Board of Directors. There are no restrictions on distribution of voluntary reserve. No transfer is required in a year when losses are made or when cumulative losses exist.

23 Fiduciary accounts

The Group manages financial portfolios on behalf of others, mutual funds, and maintains cash balances and securities in fiduciary accounts, which are not reflected in the consolidated statement of financial position. Assets under management control as at 31 December 2018 amounted to KD4,141,000 (31 December 2017: KD29,088,883). The Group earned management fees of KD15,153 (31 December 2017: KD60,785) from these activities.

24 Annual general assembly

The board of directors of the Parent Company propose not to distribute any dividend for the year ended 31 December 2018. This proposal is subject to the approval of the Parent Company's shareholders at the Annual General Assembly.

The Annual General Assembly of the Shareholders held on 13 May 2018 approved the consolidated financial statements of the Group for the year ended 31 December 2017 and approved the directors' proposal not to distribute any dividend for the year ended 31 December 2017.

25 Capital Commitments

The Group had capital commitments, through its associate, towards its share of funding required to construct several real estate projects in Dubai – UAE and South Africa. The Group's share in the estimated funding commitments on these projects is as follows:

	31 Dec. 2018 KD	31 Dec. 2017 KD
Estimated and contracted capital expenditure for construction of properties under development and trading properties	2,539,423	17,486,294
Finance guarantees	16,272	23,390
Post-dated cheques issued	1,716,802	1,409,457
	4,272,497	18,919,141

Notes to the consolidated financial statements (continued)

26 Segmental Information

The Group's activities are concentrated in four main segments: asset management, treasury and investments, real estate and others. The segments' results are reported to the higher management in the Group. In addition, the segments revenue, assets are reported based on the geographic locations which the Group operates in. The following is the segments information, which conforms with the internal reporting presented to management.

	Asset Management			Treasury and Investments			Real Estate			Others			Total	
	31 Dec. 2018 KD	31 Dec. 2017 KD	31 Dec. 2018 KD	31 Dec. 2018 KD	31 Dec. 2017 KD	31 Dec. 2017 KD	31 Dec. 2018 KD	31 Dec. 2017 KD	31 Dec. 2018 KD	31 Dec. 2017 KD	31 Dec. 2018 KD	31 Dec. 2017 KD	31 Dec. 2018 KD	31 Dec. 2017 KD
Segment income:														
From continuing operations	31,742	60,785	(7,638,443)	3,222,804	-	-	2,467,632	(248,654)	(5,139,069)	3,034,935				
From discontinued operations	88,772	271,047	1,241,504	1,134,840	17,492,410	27,824,114	848,594	2,628,113	19,671,280	31,858,114				
	120,514	331,832	(6,396,939)	4,357,644	17,492,410	27,824,114	3,316,226	2,379,459	14,532,211	34,893,049				
Segment results:														
From continuing operations	31,742	60,785	(11,195,086)	(4,771,949)	-	-	1,215,406	(1,871,151)	(9,947,938)	(6,582,315)				
From discontinued operations	88,772	271,047	1,241,504	1,134,840	(7,692,170)	(7,110,516)	848,594	2,628,114	(5,513,300)	(3,076,515)				
	120,514	331,832	(9,953,582)	(3,637,109)	(7,692,170)	(7,110,516)	2,064,000	756,963	(15,461,238)	(9,658,830)				
Unallocated expenses (NLST, Zakat and taxations)														348,545
Loss for the year									(15,461,238)	(9,310,285)				
Depreciation									2,924,524	3,398,982				
Impairment on various assets									607,189	4,664,271				
Finance costs									10,036,311	14,003,066				

Notes to the consolidated financial statements (continued)

26 Segmental Information (continued)

	Asset Management		Treasury and Investments		Real Estate		Others		Total	
	31 Dec. 2018 KD	31 Dec. 2017 KD	31 Dec. 2018 KD	31 Dec. 2017 KD	31 Dec. 2018 KD	31 Dec. 2017 KD	31 Dec. 2018 KD	31 Dec. 2017 KD	31 Dec. 2018 KD	31 Dec. 2017 KD
Statement of financial position										
Total segmental assets	-	104,544,236	91,762,669	104,785,794	1,879,446	144,382,070	-	-	93,642,115	353,712,100
Total segmental liabilities	-	-	(64,262,384)	(195,245,229)	-	(3,537,737)	-	-	(64,282,384)	(198,782,966)
Net segmental assets	-	104,544,236	27,500,285	(90,459,435)	1,879,446	140,844,333	-	-	29,379,731	154,929,134
Unallocated assets										
Unallocated liabilities									22,056,744	23,099,938
									(18,959,126)	(98,666,250)
Net Assets									32,477,349	79,362,822

Geographical information:

	Assets		Revenue	
	31 Dec. 2018 KD	31 Dec. 2017 KD	31 Dec. 2018 KD	31 Dec. 2017 KD
Kuwait	107,658,380	92,816,085	(5,184,861)	771,997
UAE and Asia	4,712,604	233,549,171	17,204,469	22,975,087
Africa	-	33,656,851	2,271,786	6,117,032
Others	3,327,875	16,789,931	240,817	5,028,934
	115,698,859	376,812,038	14,532,211	34,893,050

Notes to the consolidated financial statements (continued)

27 Related parties transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

During the year, the Group entities entered into the following transactions with related parties that are not members of the Group:

	31 Dec. 2018 KD	31 Dec. 2017 KD
Balances included in the consolidated statement of financial position:		
Due from related parties: *		
- Due from associates	16,390,545	-
- Due from other related parties	2,841,133	1,927,648
	19,231,678	1,927,648
Due to related parties:		
- Due to associates	69,144	383,636
- Due to other related parties	3,351,770	24,752,409
	3,420,914	25,136,045
Transactions included in the consolidated statement of profit or loss:		
Finance costs	475,756	334,196
Dividend income	178,498	221,215
Gain on sale of available for sale investments	-	45,664
Gain on sale of subsidiaries (note 6)	69,538	-
Reversal of provisions no longer required	-	1,004,438
Gain on sale of shares in associates (net of foreign currency translation)	-	2,703,327
Key management compensation of the Group:		
Short-term benefits	662,016	534,164

* Due from related parties are stated net of a provision of KD Nil (2017: KD481,912).

Due from related parties are non-interest bearing and have no specific repayment terms.

Due to related parties include balances amounting to KD2,551,762 (31 December 2017: Nil) which earnings interest of 4.75% per annum and is repayable in 2021. Further, due to related parties amounting to Nil (31 December 2017: KD8,047,727) carries interest of Nil (31 December 2017: 2.5% to 4.5%) per annum and have no specific repayment date. The remaining balances of KD869,152 (31 December 2017: KD17,088,318) are non-interest bearing and have no specific repayment terms.

Notes to the consolidated financial statements (continued)

28 Fair value measurement

28.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

28.2 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position are as follows:

	31 Dec. 2018 KD	31 Dec. 2017 KD
Financial assets:		
At amortised cost:		
- Cash and cash equivalents	426,616	12,190,584
- Receivables and other assets	2,477,687	15,888,924
- Due from related parties	19,231,678	1,927,648
At Fair value:		
Investments at fair value through profit or loss	3,370,063	95,304
Investments at fair value through other comprehensive income	6,015,709	-
Available for sale investments:		
At fair value	-	14,353,282
At cost / cost less impairment	-	764,220
	31,521,753	45,219,962
Financial liabilities:		
At amortised cost:		
Payables and other liabilities	14,810,490	73,434,324
Due to related parties	3,420,914	25,136,045
Due to banks	727,722	95,881
Borrowings	64,262,384	195,245,229
	83,221,510	293,911,479

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

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

Notes to the consolidated financial statements (continued)

28 Fair value measurement (continued)

28.2 Fair value measurement of financial instruments

31 December 2018

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through profit or loss				
<i>Investments held for trading:</i>				
Local quoted securities	27,633	-	-	27,633
Local unquoted securities	-	-	14,555	14,555
Foreign unquoted securities	-	-	3,327,875	3,327,875
Investments at fair value through other comprehensive income				
Local quoted securities	30,951	-	-	30,951
Foreign quoted securities	1,813	-	-	1,813
Managed funds	-	26,835	-	26,835
Unquoted securities	-	-	5,956,110	5,956,110
	60,397	26,835	9,298,540	9,385,772

31 December 2017

Investments at fair value through profit or loss				
<i>Investments held for trading:</i>				
Local quoted securities	41,808	-	-	41,808
Local unquoted securities	-	-	53,496	53,496
Available for sale investments				
Local quoted securities	40,151	-	-	40,151
Foreign quoted securities	14,082	-	-	14,082
Managed funds	-	26,835	-	26,835
Unquoted securities	-	-	14,272,214	14,272,214
	96,041	26,835	14,325,710	14,448,586

There have been no significant transfers between levels 1 and 2 during the reporting period.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Quoted securities

All the listed equity securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Unquoted securities

The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or other valuation techniques which include some assumptions that are not supportable by observable market prices or rates.

c) Investment in managed funds

Investment funds managed by other mainly comprise of unquoted units and the fair value of these units has been determined based on net assets values reported by the fund manager as of the reporting date.

Notes to the consolidated financial statements (continued)

28 Fair value measurement (continued)

28.2 Fair value measurement of financial instruments (continued)

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques(s) and inputs used).

Financial assets	Fair value as at	Fair value Hierarchy	Valuation technique(s) and key input (s)	Significant unobservable input (s)	Relationship of unobservable inputs to fair value
	31 Dec. 2018 KD	31 Dec. 2017 KD			
Investment at fair value through profit or loss:					
Local quoted securities	27,633	41,808	1	N/A	N/A
Local unquoted securities	14,555	53,496	3	Cash flow estimate and discount rate	Higher estimated cash flows and lower discount rates, results in higher fair value
Foreign unquoted securities	3,327,875	-	3	Cash flow estimate and discount rate	Higher estimated cash flows and lower discount rates, results in higher fair value
Investments at FVTOCI / Available for sale investments					
Quoted securities	30,951	40,151	1	N/A	N/A
Foreign quoted securities	1,813	14,082	1	N/A	N/A
Managed funds	26,835	26,835	2	N/A	N/A
Unquoted securities	5,956,110	14,272,214	3	Cash flow estimate and discount rate	Higher estimated cash flows and lower discount rates, results in higher fair value

The impact on consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk used to estimate fair value of level 3 investments were changed by 5%.

Notes to the consolidated financial statements (continued)

28 Fair value measurement (continued)

28.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements

The Group's financial assets and liabilities classified in level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	Investments at fair value through profit or loss	
	31 Dec. 2018 KD	31 Dec. 2017 KD
Balance beginning of the year	53,496	31,597
Adjustment arising on adoption of IFRS 9	2,672,725	-
Additions	-	50,000
Disposal	(38,941)	-
Gains or losses recognised in: - Consolidated statement of profit or loss	655,150	(28,101)
Balance end of the year	3,342,430	53,496
Total amount recognised in profit or loss on level 3 instruments	655,150	-

	Investments at FVTOCI / Available for sale Investments	
	31 Dec. 2018 KD	31 Dec. 2017 KD
Balance beginning of the year	14,272,214	20,932,631
Adjustment arising on adoption of IFRS 9	(2,672,725)	-
Movement between level 3 and carried at cost	764,220	-
Additions	1,531,020	2,634,634
Disposals	(4,961,976)	(8,087,262)
Transferred	1,394	-
Impairment	-	(1,557,693)
De-recognition on disposal of subsidiaries	(2,527,282)	-
Gains or losses recognised in: - Other comprehensive (loss)/income	(450,756)	349,904
Balance end of the year	5,956,110	14,272,214

28.3 Fair value measurement of non-financial assets

The Group also measures non-financial assets such as investment properties at fair value at each annual reporting date. The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2018				
Investment properties				
Land in Jordan	-	-	401,212	401,212
Land in UAE	-	-	472,575	472,575
Buildings in Lebanon	-	-	987,662	987,662
	-	-	1,861,449	1,861,449

Notes to the consolidated financial statements (continued)

28 Fair value measurement (continued)

28.3 Fair value measurement of non-financial assets (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2017				
Investment properties				
Land in Jordan	-	-	417,983	417,983
Land in UAE	-	-	517,038	517,038
Apartments in Dubai – UAE	-	-	127,126	127,126
Buildings in Lebanon	-	-	954,081	954,081
Apartments in Portugal	-	-	4,525,839	4,525,839
	-	-	6,542,067	6,542,067

The fair value of the investment properties has been determined based on valuations obtained from independent valuers, who are specialised in valuing these types of investment properties. The significant inputs and assumptions are developed in close consultation with management.

The fair value of investment properties was determined using the market comparison approach. The market approach reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances, current use and construction costs.

The non-financial assets within level 3 can be reconciled from beginning to ending balances as follows:

	Investment properties Total	
	31 Dec. 2018 KD	31 Dec. 2017 KD
Balance beginning of the year	6,542,067	10,826,813
Disposal	(458,732)	(5,192,781)
Gains or losses recognised in consolidated statement of profit or loss:		
- Change in fair value	(33,290)	281,185
- Foreign currency translation differences	(8,923)	626,850
Related to disposal of subsidiaries (note 6)	(4,179,673)	-
Balance end of the year	1,861,449	6,542,067
Total amount included in the consolidated statement of profit or loss for unrealised loss on level 3 assets	(33,290)	281,185

29 Risk management objectives and policies

The Group's activities expose it to variety of financial risks: market risks (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk.

The board of directors of the Parent Company is ultimately responsible for setting out risk strategies and objectives and policies for their management. The Group's risk management is carried out by the central risk management function and focuses on actively securing the Group's short to medium term cash flows by minimizing the potential adverse effects on the Group's financial performance through internal risk reports which analyse exposures by degree and magnitude of risks. Long term financial investments are managed to generate lasting returns.

Notes to the consolidated financial statements (continued)

29 Risk management objectives and policies (continued)

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The most significant financial risks to which the Group is exposed to are described below.

29.1 Market risk

a) Foreign currency risk management

The Group mainly operates in the GCC, South Africa and other Middle Eastern countries and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to UAE Dirham, Euro and US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored and forward exchanged contracts are entered into in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Where the amounts to be paid and received in specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward foreign contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other foreign currency transactions.

The Group had the following significant exposures denominated in foreign currencies, translated into Kuwaiti Dinar at the closing rate at year end:

	31 Dec. 2018 KD	31 Dec. 2017 KD
Euro	(7,546,512)	(9,578,644)
US Dollar	(24,137,818)	(40,565,662)
UAE Dirhams	14,413,802	-

If the Kuwaiti Dinar had strengthened/weakened against the foreign currencies by 5% (2017: 5%), then this would have the following impact on the loss for the year. There is no impact on the Group's equity.

	Loss/profit for the year	
	31 Dec. 2018 KD	31 Dec. 2017 KD
Euro	±377,326	±478,932
US Dollar	±1,206,891	±2,028,283
UAE Dirhams	±720,690	-

The above percentages have been determined based on the average foreign exchange rates in the previous twelve months.

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

Notes to the consolidated financial statements (continued)

29 Risk management objectives and policies (continued)

29.1 Market risk (continued)

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to its borrowings which are both at fixed rate and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate short term deposits and borrowings.

Positions are monitored regularly to ensure positions are maintained within established limits.

The following table illustrates the sensitivity of the (loss)/profit for the year to a reasonably possible change in interest rates of + 1% and – 1% (31 December 2017: + 1% and –1%) with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market condition. The calculations are based on the Group's financial instruments held at each date of the consolidated statement of financial position. All other variables are held constant. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

	31 Dec. 2018		31 Dec. 2017	
	+ 1 % KD	-1 % KD	+ 1 % KD	-1 % KD
Loss for the year	642,624	(642,624)	1,952,452	(1,952,452)

c) Equity price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is not significantly exposed to equity price risk as the total value of its listed equity investments are not significant.

29.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities. It also obtains security when appropriate.

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the date of the consolidated statement of financial position, as summarized below:

	31 Dec. 2018 KD	31 Dec. 2017 KD
Cash and cash equivalents	426,616	12,190,584
Receivables and other assets	2,477,687	15,888,924
Due from related parties	19,231,678	1,927,648
Available for sale investments	-	15,117,502
Investments at fair value through profit or loss	3,370,063	95,304
Investments at fair value through other comprehensive income	6,015,709	-
	31,521,753	45,219,962

Notes to the consolidated financial statements (continued)

29 Risk management objectives and policies (continued)

29.2 Credit risk (continued)

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

In respect of receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. The credit risk for bank balances are considered negligible, since the counterparties are reputable financial institutions with high credit quality. Information on other significant concentrations of credit risk is set out in note 29.3.

29.3 Concentration of assets

The Group operates in different geographical areas. The distribution of financial assets by geographic region is as follows:

	GCC KD	Asla KD	Africa KD	Europe KD	USA KD	Total KD
At 31 December 2018						
Cash and cash equivalents	424,123	2,493	-	-	-	426,616
Investments at fair value through profit or loss	42,188	-	-	3,327,875	-	3,370,063
Receivables and other assets	2,466,316	11,371	-	-	-	2,477,687
Due from related parties	19,225,416	6,262	-	-	-	19,231,678
Investments at FVTOCI	3,134,568	25,616	-	-	2,855,525	6,015,709
	25,292,611	45,742	-	3,327,875	2,855,525	31,521,753
At 31 December 2017						
Cash and cash equivalents	6,951,014	3,356	145,699	5,090,515	-	12,190,584
Investments at fair value through profit or loss	95,304	-	-	-	-	95,304
Receivables and other assets	12,600,661	14,919	2,561,279	712,065	-	15,888,924
Due from related parties	944,514	922	982,212	-	-	1,927,648
Available for sale investments	6,407,470	40,297	6,680	1,135,365	7,527,690	15,117,502
	26,998,963	59,494	3,695,870	6,937,945	7,527,690	45,219,962

29.4 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Notes to the consolidated financial statements (continued)

29 Risk management objectives and policies (continued)

29.4 Liquidity risk management (continued)

The table below analyses the Group's financial liabilities based on the remaining period at the financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand KD	Up to 1 year KD	Over 1 year KD	Total KD
31 December 2018				
Financial liabilities				
Payables and other liabilities	-	9,029,906	5,780,584	14,810,490
Due to related parties	869,152	121,209	2,794,179	3,784,540
Due to banks	727,722	-	-	727,722
Borrowings	8,555,000	4,992,685	58,586,780	72,134,465
	10,151,874	14,143,800	67,161,543	91,457,217
31 December 2017				
Financial liabilities				
Payables and other liabilities	-	58,101,564	15,332,760	73,434,324
Due to related parties	-	25,136,045	-	25,136,045
Due to banks	95,881	-	-	95,881
Borrowings	51,545,792	20,739,662	127,459,775	199,745,229
	51,641,673	103,977,271	142,792,535	298,411,479

Maturity profile of assets and liabilities at 31 December 2018:

	Within 1 year KD	Over 1 year KD	Total KD
31 December 2018			
Assets			
Cash and cash equivalents	426,616	-	426,616
Investments at fair value through profit or loss	3,370,063	-	3,370,063
Receivables and other assets	607,293	2,217,773	2,825,066
Due from related parties	19,231,678	-	19,231,678
Investments at FVTOCI	-	6,015,709	6,015,709
Investment properties	-	1,861,449	1,861,449
Investment in associates	-	81,950,281	81,950,281
Property, plant and equipment	-	17,997	17,997
	23,635,650	92,063,209	115,698,859
Liabilities			
Payables and other liabilities	8,812,308	5,998,182	14,810,490
Due to related parties	869,152	2,551,762	3,420,914
Due to banks	727,722	-	727,722
Borrowings	11,873,135	52,389,249	64,262,384
	22,282,317	60,939,193	83,221,510

Notes to the consolidated financial statements (continued)

29 Risk management objectives and policies (continued)

29.4 Liquidity risk management (continued)

Maturity profile of assets and liabilities at 31 December 2017:

	Within 1 year KD	Over 1 year KD	Total KD
31 December 2017			
Assets			
Cash and cash equivalents	12,190,584	-	12,190,584
Investments at fair value through profit or loss	95,304	-	95,304
Receivables and other assets	18,918,841	2,253,491	21,172,332
Due from related parties	1,927,648	-	1,927,648
Trading properties	9,410,633	-	9,410,633
Available for sale investments	-	15,117,502	15,117,502
Investment properties	-	6,542,067	6,542,067
Investment in associates	-	38,832,258	38,832,258
Goodwill	-	38,550,102	38,550,102
Properties under development	81,785,579	-	81,785,579
Capital work in progress	-	46,643,792	46,643,792
Property, plant and equipment	-	104,544,237	104,544,237
	124,328,589	252,483,449	376,812,038
Liabilities			
Payables and other liabilities	55,848,075	17,586,249	73,434,324
Due to related parties	25,136,045	-	25,136,045
Due to banks	95,881	-	95,881
Borrowings	72,285,454	122,959,775	195,245,229
Advances received from customers	-	3,537,737	3,537,737
	153,365,455	144,083,761	297,449,216

30 Capital management objectives

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure.

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of the following:

Gearing ratio

The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Notes to the consolidated financial statements (continued)

30 Capital management objectives (continued)

	31 Dec. 2018 KD	31 Dec. 2017 KD
Debt (a)	64,262,384	195,245,229
Cash and cash equivalents (note 12)	647,552	(11,748,257)
Net debt	64,909,936	183,496,972
Equity (b)	32,477,349	79,362,822
Net debt to equity ratio	200%	231%

- a. Debt is defined as long and short term borrowings.
b. Equity includes all capital and reserves of the Group.