Interim condensed consolidated financial information and review report

# International Financial Advisors Holding – KPSC
# [Formerly: International Financial Advisors – KPSC]
# and Subsidiaries
# Kuwait

31 March 2019 (Unaudited)

# Contents

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Al-Qatami, Al-Aiban & Partners
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# Report on review of interim condensed consolidated financial information

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

*Introduction*
We have reviewed the interim condensed consolidated statement of financial position of International Financial Advisors Holding – KPSC [Formerly: International Financial Advisors – KPSC] ("the Parent Company") and its subsidiaries ("the Group") as at 31 March 2019 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

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

*Conclusion*
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

*Emphasis of matters*
We draw attention to following:

- Note 5 to the interim condensed consolidated financial information, which indicates that the Group incurred a net loss of KD4,206,712 during the period ended 31 March 2019 and, as of that date, the Group's accumulated losses amounted to KD57,299,806 representing 79.6% of the Parent Company's share capital.

- Note 11 to the interim condensed consolidated financial information which indicates that the Parent Company was unable to settle certain instalments of KD5,600,000 due to a local bank.

These events or conditions may indicate that a material uncertainty exists that may affect the Group's ability to continue as a going concern. Our conclusion is not modified in respect of these matters.

## Report on review of interim condensed consolidated financial information of International Financial Advisors Holding – KPSC (continued)

### Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the three-month period ended 31 March 2019 that might have had a material effect on the business or 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 review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the three-month period ended 31 March 2019.

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

Kuwait
15 May 2019

# Interim condensed consolidated statement of profit or loss

| | Note | Three months ended 31 March 2019 (Unaudited) KD | Three months ended 31 March 2018* (Unaudited) KD |
|---|---|---|---|
| **Continuing operations** | | | |
| **Income** | | | |
| Revenue from contracts with customers | | **12,931** | 9,029 |
| Other gains/(loss) on financial assets | | **51,105** | (2,402) |
| Share of results of associates | | **(3,887,533)** | 363,661 |
| Other income | | **312,244** | 14,427 |
| | | **(3,511,253)** | 384,715 |
| **Expenses and other charges** | | | |
| Staff costs | | **(63,794)** | (101,522) |
| Other operating expenses and charges | | **(136,434)** | (173,313) |
| Depreciation | | **(935)** | - |
| Finance costs | | **(494,296)** | (784,047) |
| | | **(695,459)** | (1,058,882) |
| **Loss for the period from continuing operations** | | **(4,206,712)** | (674,167) |
| **Discontinued operations** | | | |
| Loss from discontinued operations | 6 | **-** | (2,240,099) |
| **Loss for the period** | | **(4,206,712)** | (2,914,266) |
| **Attributable to :** | | | |
| Owners of the Parent Company | | **(4,209,379)** | (1,984,428) |
| Non-controlling interests | | **2,667** | (929,838) |
| | | **(4,206,712)** | (2,914,266) |
| **Basic and diluted (loss)/earnings per share attributable to the owners of the Parent Company** | | | |
| - From continuing operations | | **(6.26)** | 0.38 |
| - From discontinued operations | | **-** | (3.33) |
| | 7 | **(6.26)** | (2.95) |

* Amount shown here do not correspond with the previously reported interim condensed consolidated financial information for the three-month period ended 31 March 2018 as a result of adjustments made for discontinued operations as detailed in Note 6.

# Interim condensed consolidated statement of profit or loss and other comprehensive income

| | Three months ended 31 March 2019 (Unaudited) KD | Three months ended 31 March 2018 (Unaudited) KD |
|---|---|---|
| **Loss for the period** | **(4,206,712)** | (2,914,266) |
| ***Other comprehensive (loss)/income :*** | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | |
| Investments at fair value through other comprehensive income: | | |
| - Net change in fair value arising during the period | **(2,896,751)** | (36,518) |
| | **(2,896,751)** | (36,518) |
| *Items that will be reclassified subsequently to the statement of profit or loss:* | | |
| Share of other comprehensive income of associates | **51,671** | (1,587,445) |
| Exchange differences arising on translation of foreign operations | **173,512** | 798,984 |
| | **225,183** | (788,461) |
| Total other comprehensive loss | **(2,671,568)** | (824,979) |
| **Total comprehensive loss for the period** | **(6,878,280)** | (3,739,245) |
| **Attributable to:** | | |
| Owners of the parent company | **(6,928,131)** | (3,032,996) |
| Non-controlling interests | **49,851** | (706,249) |
| | **(6,878,280)** | (3,739,245) |

*The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.*

# Interim condensed consolidated statement of financial position

| | Note | 31 March 2019 (Unaudited) KD | 31 Dec. 2018 (Audited) KD | 31 March 2018 (Unaudited) KD |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | 8 | **379,233** | 426,616 | 8,572,960 |
| Investments at fair value through profit or loss | | **2,702,516** | 3,370,063 | 92,905 |
| Receivables and other assets | | **2,795,919** | 2,825,066 | 24,184,275 |
| Due from related parties | 16 | **19,787,696** | 19,231,678 | 1,279,387 |
| Trading properties | | - | - | 10,130,604 |
| Investments at fair value through other comprehensive income | | **3,222,959** | 6,015,709 | 16,640,296 |
| Investment properties | | **1,864,871** | 1,861,449 | 6,631,347 |
| Investment in associates | 9 | **77,530,438** | 81,950,281 | 38,193,285 |
| Goodwill | | - | - | 38,531,877 |
| Properties under development | | - | - | 81,004,940 |
| Capital work in progress | | - | - | 46,590,672 |
| Property, plant and equipment | | **17,062** | 17,997 | 104,825,502 |
| **Total assets** | | **108,300,694** | 115,698,859 | 376,678,050 |
| | | | | |
| **Liabilities and equity** | | | | |
| **Liabilities** | | | | |
| Payables and other liabilities | 10 | **14,755,809** | 14,810,490 | 72,450,388 |
| Due to related parties | 16 | **3,203,433** | 3,420,914 | 30,912,389 |
| Due to banks | | **1,214,890** | 727,722 | |
| Borrowings | 11 | **64,262,384** | 64,262,384 | 196,693,838 |
| Advances received from customers | | - | - | 997,858 |
| **Total liabilities** | | **83,436,516** | 83,221,510 | 301,054,473 |
| | | | | |
| **Equity** | | | | |
| Share capital | | **72,000,000** | 72,000,000 | 72,000,000 |
| Share premium | | **11,973,061** | 11,973,061 | 11,973,061 |
| Treasury shares | 12 | **(32,757,404)** | (32,757,404) | (32,757,404) |
| Treasury shares reserve | 12 | - | - | 104,935 |
| Statutory and voluntary reserves | | **32,757,404** | 32,757,404 | 32,757,404 |
| Fair value reserve | | **138,115** | 2,612,831 | 6,354,698 |
| Foreign currency translation reserve | | **(3,226,237)** | (3,352,565) | (5,738,998) |
| Accumulated losses | | **(57,299,806)** | (51,985,172) | (43,626,170) |
| **Equity attributable to owners of the Parent Company** | | **23,585,133** | 31,248,155 | 41,067,526 |
| Non-controlling interests | | **1,279,045** | 1,229,194 | 34,556,051 |
| **Total equity** | | **24,864,178** | 32,477,349 | 75,623,577 |
| **Total liabilities and equity** | | **108,300,694** | 115,698,859 | 376,678,050 |

Saleh Saleh Al-Selmi
Chairman

*The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.*

# Interim condensed consolidated statement of changes in equity (Unaudited)

| | Equity attributable to the owners of the Parent Company | | | | | | | | Non-controlling Interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital KD | Share premium KD | Treasury shares KD | Statutory and voluntary reserves KD | Fair value reserve KD | Foreign currency translation reserve KD | Accumulated losses KD | Sub – total KD | KD | KD |
| **Balance at 1 January 2019** (audited) | 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 |
| Share of adjustments arising on adoption of IFRS 9 by associates | - | - | - | - | - | - | (662,103) | (662,103) | - | (662,103) |
| **Balance at 1 January 2019 (Restated)** | 72,000,000 | 11,973,061 | (32,757,404) | 32,757,404 | 2,612,831 | (3,352,565) | (52,647,275) | 30,586,052 | 1,229,194 | 31,815,246 |
| Loss for the period | - | - | - | - | - | - | (4,209,379) | (4,209,379) | 2,667 | (4,206,712) |
| Other comprehensive (loss)/income | - | - | - | - | (2,845,080) | 126,328 | - | (2,718,752) | 47,184 | (2,671,568) |
| **Total comprehensive (loss)/income for the period** | - | - | - | - | (2,845,080) | 126,328 | (4,209,379) | (6,928,131) | 49,851 | (6,878,280) |
| **Realised loss on investments at FVOCI** | - | - | - | - | 370,364 | - | (370,364) | - | - | - |
| **Share of loss on partial disposal of subsidiary in associate** | - | - | - | - | - | - | (72,788) | (72,788) | - | (72,788) |
| **Balance at 31 March 2019 (unaudited)** | 72,000,000 | 11,973,061 | (32,757,404) | 32,757,404 | 138,115 | (3,226,237) | (57,299,806) | 23,585,133 | 1,279,045 | 24,864,178 |

*The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.*

# Interim condensed consolidated statement of changes in equity (Unaudited) (continued)

| | Equity attributable to the owners of the Parent Company | | | | | | | | | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital KD | Share premium KD | Treasury shares KD | Treasury shares reserve KD | Statutory and voluntary reserve KD | Fair value reserve KD | Foreign currency translation reserve KD | Accumulated losses KD | Sub – total KD | KD | KD |
| **Balance at 1 January 2018 (audited)** | 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 |
| Loss for the period | - | - | - | - | - | - | - | (1,984,428) | (1,984,428) | (929,838) | (2,914,266) |
| Other comprehensive (loss)/income | - | - | - | - | - | (1,603,583) | 555,015 | - | (1,048,568) | 223,589 | (824,979) |
| Total comprehensive (loss)/income for the period | - | - | - | - | - | (1,603,583) | 555,015 | (1,984,428) | (3,032,996) | (706,249) | (3,739,245) |
| **Balance at 31 March 2018 (unaudited)** | 72,000,000 | 11,973,061 | (32,757,404) | 104,935 | 32,757,404 | 6,354,698 | (5,738,998) | (43,626,170) | 41,067,526 | 34,556,051 | 75,623,577 |

*The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.*

# Interim condensed consolidated statement of cash flows

| | Notes | Three months ended 31 March 2019 (Unaudited) KD | Three months ended 31 March 2018* (Unaudited) KD |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Loss for the period from continuing operations** | | **(4,206,712)** | (674,167) |
| **Loss from discontinued operations** | | - | (2,240,099) |
| Adjustments: | | | |
| Dividend income | | - | (3,106) |
| Interest income | | (117,606) | (9,622) |
| Finance costs | | 7,128 | 2,948,136 |
| Depreciation | | 935 | 1,000,775 |
| Share of results of associates | | 3,887,533 | 363,661 |
| | | (428,722) | 1,385,578 |
| **Changes in operating assets and liabilities:** | | | |
| Investments at fair value through profit or loss | | 667,547 | 2,399 |
| Receivables and other assets | | 29,147 | (3,011,943) |
| Due from related parties | | (556,018) | (883,191) |
| Trading properties | | - | (719,971) |
| Payables and other liabilities | | (54,681) | (3,254,961) |
| Due to related parties | | (203,876) | 5,776,344 |
| Advances received from customers | | - | (2,539,879) |
| Cash used in operating activities | | (546,603) | (3,245,624) |
| Dividend income received | | - | 3,106 |
| Interest income received | | - | 9,622 |
| Finance costs paid | | (7,128) | (772,992) |
| **Net cash used in operating activities** | | **(553,731)** | (4,005,888) |
| **INVESTING ACTIVITIES** | | | |
| Net movement in investment in associates | | - | (727,322) |
| Net movement in properties under development | | - | 1,511,018 |
| Net movement in property, plant and equipment | | - | (723,856) |
| **Net cash from investing activities** | | - | 59,840 |
| **FINANCING ACTIVITIES** | | | |
| Net movement in borrowings | | - | 681,224 |
| **Net cash from financing activities** | | - | 681,224 |
| Decrease in cash and cash equivalents | | (553,731) | (3,264,824) |
| Foreign currency adjustment | | 19,180 | (352,800) |
| Cash and cash equivalents at beginning of the period | 8 | (647,552) | 11,844,138 |
| **Cash and cash equivalents at end of the period** | 8 | **(1,182,103)** | 8,226,514 |

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

*The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.*

# Notes to the interim condensed consolidated financial information

## 1 Incorporation and activities 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 18).

Furthermore, while during 2018, 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.

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 its activities, which was registered in the commercial register on 20 January 2019. Accordingly, 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.

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

# Notes to the interim condensed consolidated financial information (continued)

## 1 Incorporation and activities of the Parent Company (continued)

This interim condensed consolidated financial information for the three-month period ended 31 March 2019 was authorised for issue by the Parent Company's board of directors on 15 May 2019.

## 2 Basis of preparation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2019 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting polices used in the preparation of these interim condensed consolidated financial statements information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2018, except for the changes described in Note 3.

The annual 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.

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

This interim condensed consolidated financial information does not contain all information and disclosures required for complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2018.

Operating results for the three months ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019. For more details, refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2018.

The Group has consolidated the financial information of its subsidiaries using interim condensed financial information and management accounts as at 31 March 2019.

# Notes to the interim condensed consolidated financial information (continued)

## 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 2019 which have been adopted by the Group. Information on these new standards is presented below:

| *Standard or Interpretation* | *Effective for **annual** periods beginning* |
|---|---|
| IFRS 16 Leases | 1 January 2019 |

***IFRS 16 Leases***

IFRS 16 replaced IAS 17 and the related Interpretations. IFRS 16 introduced new and amended requirements with respect to accounting for leases. As a result, lessee accounting is now significantly different and removes distinction between finance and operating leases. It now requires recognition of a right-of-use asset and lease liability at commencement date for all leases, except for short term leases and low value leases. However, the accounting by lessor has largely remained unchanged. The new accounting policy is described below.

On transition, for leases previously accounted for as operating leases management has assessed that these leases that fall under the definition of IFRS 16 have a remaining lease term of less than 12 months and therefore, the Group has elected the optional exemption to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. The adoption of this standard did not have a significant impact on this interim condensed consolidated financial information.

**New accounting policy for leases**

*The Group as a lessee*

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

*Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet measured as follows:

# Notes to the interim condensed consolidated financial information (continued)

## 3 Changes in accounting policies (continued)

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

New accounting policy for leases

*Right-of-use asset*
The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

*Lease liability*
At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

*The Group as a lessor*
The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contacts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.

Rental income from operating leases is recognised on a straight line basis over lease term. Initial direct cost incurred in arranging and negotiating a lease are added to the carrying amount of the lease assets and recognised on a straight line basis over the lease term.

Amounts due under finance leases are recognised as receivables. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding for the finance lease.

# Notes to the interim condensed consolidated financial information (continued)

## 3 Changes in accounting policies (continued)

### 3.2 IASB Standards issued but not yet effective

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

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

| *Standard or Interpretation* | *Effective for **annual** periods beginning* |
|---|---|
| IFRS 3 - Amendments | 1 January 2020 |
| IAS 1 and IAS 8 - Amendments | 1 January 2020 |

***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.

# Notes to the interim condensed consolidated financial information (continued)

## 4 Judgement and estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2018 except for the changes arising from applying IFRS 16 as noted in 3 above. These include identification of whether a contract contains a lease, determine reasonable certainty of extension or termination of a lease, classification of leases, determining whether variable payments are in-substance fixed, establishing whether there are multiple leases in a single contract, determination of appropriate discount rate, and assessment of impairment

## 5 Fundamental accounting concept

During the period, the Group incurred a net loss of KD4,206,712 and as of 31 March 2019 and the accumulated losses of the Group amounted to KD57,299,806 which exceeds 75% of the paid up share capital of the Parent Company.

According to Article 271of the Companies Law, if the accumulated losses of a shareholding company amount to three quarters of the paid up capital, the members of board of directors of the Parent Company shall call for an extraordinary general meeting of the shareholders to resolve whether to continue or be dissolved before the term specified in the Memorandum of Incorporation or to take other appropriate measures. If the board of directors does not call the extraordinary general meeting or a resolution could not be passed in this regard, the Ministry of Commerce or any interested person may request the competent court to dissolve the Parent Company. The directors of the Parent Company are yet to convene this extraordinary general assembly of the shareholders.

Management has made an assessment of the Group's ability to continue to continue as a going concern and is satisfied that the Group has the required resources and to enable the Group to continue in business for the foreseeable future. Management also confirms that this situation is temporary as it is working on restructuring the Group's asset based investments and re-negotiating the loan instalments payments terms and dates.

Based on this undertaking management believes that it remains appropriate to prepare the interim condensed consolidated financial information on a going concern basis. However, this uncertainty may cast doubt on the Group's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The interim condensed consolidated financial information do not include any adjustments that would result from the basis of preparation being inappropriate.

## 6 Discontinued operations

At the beginning of the year 2018, the Group owned 57.39% of the shares in IFA Hotels and Resorts - KPSC "IFA HR" (subsidiary). During 2018, the Parent Company transferred 63,543,420 shares in IFA Hotels and Resorts - KPSC constituting 10.45% of IFA HR'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. Consequently, the Group reclassified its remaining interest of 46.94% in IFA HR as an associate since management believes the Group has lost the power to control the investee.

# Notes to the interim condensed consolidated financial information (continued)

## 6 Discontinued operations (continued)

The tables below show the amounts of income, expenses and cash flows relating to discontinued operation which were consolidated in the prior period.

| | Three months ended | |
|---|---|---|
| | **31 March 2019 (Unaudited) KD** | 31 March 2018 (Unaudited) KD |
| Revenue from contracts with customers | - | 18,915,574 |
| Cost of revenue | - | (12,977,626) |
| | - | 5,937,948 |
| Management and consultancy fees | - | 157,038 |
| Other Income | - | 725,162 |
| | - | 6,820,148 |
| **Expenses and other charges** | | |
| Staff costs | - | (1,132,909) |
| Operating expenses and other charges | - | (4,590,843) |
| Depreciation | - | (1,000,775) |
| Finance costs | - | (2,164,089) |
| | - | (8,888,616) |
| **Loss before taxation on overseas subsidiaries** | - | (2,068,468) |
| Taxation on overseas subsidiaries | - | (171,631) |
| **Loss for the period from discontinued operations** | - | (2,240,099) |

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

| | Three months ended | |
|---|---|---|
| | **31 March 2019 (Unaudited) KD** | 31 March 2018 (Unaudited) KD |
| Operating activities | - | (856,267) |
| Investing activities | - | 4,703,873 |
| Financing activities | - | (2,015,044) |
| | - | 1,832,565 |

# Notes to the interim condensed consolidated financial information (continued)

## 7 Basic and diluted (loss)/earnings per share attributable to the Owners of the Parent Company

Basic and diluted (loss)/earnings per share attributable to the Owners of the Parent Company is calculated by dividing the (loss)/profit for the period attributable to the Owners of the Parent Company by the weighted average number of shares outstanding during the period excluding treasury shares.

| | Three months ended 31 March 2019 (Unaudited) | Three months ended 31 March 2018 (Unaudited) |
|---|---|---|
| **(Loss)/profit for the period attributable to the shareholders of the Parent Company** | | |
| - From continuing operations (KD) | **(4,209,379)** | 255,671 |
| - From discontinued operations (KD) | **-** | (2,240,099) |
| | **(4,209,379)** | (1,984,428) |
| Weighted average number of shares outstanding during the period (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) | **(6.26)** | 0.38 |
| - From discontinued operations (Fils) | **-** | (3.33) |
| | **(6.26)** | (2.95) |

## 8 Cash and cash equivalents

| | 31 March 2019 (Unaudited) KD | 31 Dec. 2018 (Audited) KD | 31 March 2018 (Unaudited) KD |
|---|---|---|---|
| Cash and bank balances | **379,233** | 426,616 | 8,572,960 |
| Less: Restricted balance | **(346,446)** | (346,446) | (346,446) |
| Less: Due to banks | **(1,214,890)** | (727,722) | - |
| Cash and cash equivalents as per interim condensed consolidated statement of cash flows | **(1,182,103)** | (647,552) | 8,226,514 |

# Notes to the interim condensed consolidated financial information (continued)

## 9 Investment in associates

The movement in associates during the period/year is as follows:

| | 31 March 2019 (Unaudited) KD | 31 Dec. 2018 (Audited) KD | 31 March 2018 (Unaudited) KD |
|---|---|---|---|
| Carrying value at the beginning of the period/year | 81,950,281 | 38,832,258 | 38,832,258 |
| Additions | - | 62,401,687 | - |
| Reclassified to investments at FVTOCI | - | (7,480) | (7,480) |
| Share of results of associates | (3,887,533) | (1,064,295) | 363,661 |
| Dividend received | - | (347,811) | (2,937) |
| Impairment | - | (607,189) | - |
| Share of other comprehensive income | 51,671 | (3,502,540) | (1,587,445) |
| De-recognition on disposal of subsidiary | - | (11,426,120) | - |
| Share of adjustment on adoption of IFRS 9 | (662,103) | - | - |
| Share of loss on partial disposal of interest in subsidiary | (72,788) | - | - |
| Share of realised loss on investments at FVTOCI | (294) | 77,984 | - |
| Foreign exchange translation adjustment | 151,204 | (2,406,213) | 595,228 |
| | 77,530,438 | 81,950,281 | 38,193,285 |

## 10 Payables and other liabilities

| | 31 March 2019 (Unaudited) KD | 31 Dec. 2018 (Audited) KD | 31 March 2018 (Unaudited) KD |
|---|---|---|---|
| Accounts payable and accruals | 974,799 | 987,341 | 32,050,308 |
| Construction related payables and accruals | 263,390 | 263,390 | 12,076,124 |
| Dividend payable | 31,721 | 31,721 | 565,605 |
| Provisions for KFAS, NLST and Zakat | 7,322,285 | 7,307,684 | 11,140,640 |
| Provision for employees' end of service benefits and leave | 464,310 | 471,290 | 2,400,978 |
| Provision for loans receivable | - | - | 1,556,000 |
| Due to policyholders | 3,257,927 | 3,223,847 | 3,390,196 |
| Other liabilities | 2,441,377 | 2,525,217 | 9,270,537 |
| | 14,755,809 | 14,810,490 | 72,450,388 |

# Notes to the interim condensed consolidated financial information (continued)

## 11 Borrowings

The loan balances and bank facilities of the Group at the date of the interim condensed consolidated statement of financial position represent the following:

| | Currency | Period due From | Period due To | Effective Interest rates | Purpose | Assets pledged | 31 March 2019 (Unaudited) KD | 31 Dec. 2018 (Audited) KD | 31 March 2018 (Unaudited) KD |
|---|---|---|---|---|---|---|---|---|---|
| 1 | USD | 28-12-2005 | 28-12-2027 | 1.5% | Financing the Group's investments | Shares of Parent Company and IFA H& R shares | **24,103,284** | 24,103,284 | 35,746,040 |
| 2 | EUR | 15-06-2007 | 28-12-2027 | 1.5% | Financing the Group's investments | Shares of IFA H& R and certain investments at FVTOCI | **7,604,100** | 7,604,100 | 7,244,752 |
| 3 | KD | 26-06-2011 | 31 -12- 2023 | 4% | Debt repayment | Local portfolio with 120% coverage | **24,000,000** | 24,000,000 | 24,000,000 |
| 4 | KD | 01-01-2010 | 31-12-2019 | 4.75% | Local equity financing | Financial portfolio with 175% coverage (a) | **8,555,000** | 8,555,000 | 8,555,000 |
| 5 | AED | 01-05-2007 | 31-12-2020 | 6.3% - 15.3% | Projects financing | Properties located in Palm Jumeirah, U.A.E and collections deposited in account in a foreign bank account | - | - | 107,885,263 |
| 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 | - | - | 11,461,941 |
| 7 | EUR | 15-09-2011 | 15-03-2024 | 6.5% | Acquisition of properties | Investment properties owned by the subsidiary | - | - | 1,800,842 |
| | | | | | | | **64,262,384** | 64,262,384 | 196,693,838 |

(a) 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 interim condensed consolidated financial information (continued)

## 11 Borrowings (continued)

The Group's borrowings are pledged against the following assets of the Group:

| | **31 March 2019 (Unaudited) KD** | 31 Dec. 2018 (Audited) KD | 31 March 2018 (Unaudited) KD |
|---|---|---|---|
| Restricted cash and bank balances (note 8) | **346,446** | 346,446 | 346,446 |
| Investments at fair value through profit or loss | **13,483** | 17,358 | 21,884 |
| Trading properties | **-** | - | 5,945,337 |
| Investments at FVTOCI | **3,067,226** | 5,860,582 | 5,816,329 |
| Investment in associate | **64,268,943** | 70,049,812 | 1,595,844 |
| Investment properties | **-** | - | 4,620,341 |
| Properties under development | **-** | - | 75,464,791 |
| Property, plant and equipment | **-** | - | 88,941,169 |
| Investment in subsidiary | 8,438,240 | 7,903,284 | 34,428,756 |
| **Total assets pledged** | 76,134,338 | 84,177,482 | 217,180,897 |

## 12 Treasury shares

| | **31 March 2019 (Unaudited)** | 31 Dec. 2018 (Audited) | 31 March 2018 (Unaudited) |
|---|---|---|---|
| Number of shares | **47,110,564** | 47,110,564 | 47,110,564 |
| Percentage of issued shares | **6.54%** | 6.54% | 6.54% |
| Cost (KD) | **32,757,404** | 32,757,404 | 32,757,404 |
| Market value (KD) | **1,064,699** | 1,323,807 | 1,206,030 |

## 13 Capital commitments

### Capital expenditure 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 March 2019 (Unaudited) KD** | 31 Dec. 2018 (Audited) KD | 31 March 2018 (Unaudited) KD |
|---|---|---|---|
| Estimated and contracted capital expenditure for construction of properties under development and trading properties | **2,163,724** | 2,539,423 | 17,486,294 |
| Finance guarantees | **15,258** | 16,272 | - |
| Post-dated cheques issued | **2,412,990** | 1,716,802 | 1,409,457 |
| | **4,591,972** | 4,272,497 | 18,895,751 |

The Group expects to finance the future expenditure commitments from the following sources:

a) Sale of investment properties
b) Advances from customers
c) Share capital increase
d) Advances provided by the shareholders, related entities and joint ventures
e) Borrowings, if required

# Notes to the interim condensed consolidated financial information (continued)

## 14 Segmental analysis

The Group 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 March 2019 (Unaudited) KD | 31 March 2018 (Unaudited) KD | 31 March 2019 (Unaudited) KD | 31 March 2018 (Unaudited) KD | 31 March 2019 (Unaudited) KD | 31 March 2018 (Unaudited) KD | 31 March 2019 (Unaudited) KD | 31 March 2018 (Unaudited) KD | 31 March 2019 (Unaudited) KD | 31 March 2018 (Unaudited) KD |
| **Segment revenue:** | | | | | | | | | | |
| From continuing operations | 12,931 | 9,029 | (3,718,822) | 373,987 | - | - | 194,638 | 1,699 | (3,511,253) | 384,715 |
| From discontinued operations | - | 157,038 | - | - | - | 5,937,948 | - | 725,162 | - | 6,820,148 |
| | 12,931 | 166,067 | (3,718,822) | 373,987 | - | 5,937,948 | 194,638 | 726,861 | (3,511,253) | 7,204,863 |
| **Segment profit/(loss):** | | | | | | | | | | |
| From continuing operations | 12,931 | 9,029 | (4,213,118) | (410,060) | - | - | (6,525) | (273,136) | (4,206,712) | (674,167) |
| From discontinued operations | - | 157,038 | - | - | - | (3,122,299) | - | 725,172 | - | (2,240,099) |
| **Profit/(loss) for the period** | 12,931 | 166,067 | (4,213,118) | (410,060) | - | (3,122,299) | (6,525) | 452,026 | (4,206,712) | (2,914,266) |
| Depreciation | | | | | | | | | 935 | 1,000,775 |
| Finance costs | | | | | | | | | 494,296 | 2,948,136 |

# Notes to the interim condensed consolidated financial information (continued)

## 14 Segmental analysis (continued)

| | Asset Management | | Treasury and Investments | | Real Estate | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 31 March 2019 (Unaudited) KD | 31 March 2018 (Unaudited) KD | 31 March 2019 (Unaudited) KD | 31 March 2018 (Unaudited) KD | 31 March 2019 (Unaudited) KD | 31 March 2018 (Unaudited) KD | 31 March 2019 (Unaudited) KD | 31 March 2018 (Unaudited) KD | 31 March 2019 (Unaudited) KD | 31 March 2018 (Unaudited) KD |
| Total segmental assets | - | - | 83,835,146 | 102,031,323 | 1,881,933 | 249,183,065 | - | - | 85,717,079 | 351,214,388 |
| Total segmental liabilities | - | - | (65,477,274) | (75,545,792) | - | (122,145,904) | - | - | (65,477,274) | (197,691,696) |
| **Net segmental assets** | - | - | 18,357,872 | 26,485,531 | 1,881,933 | 127,037,161 | - | - | 20,239,805 | 153,522,692 |
| Unallocated assets | | | | | | | | | 22,583,615 | 25,463,662 |
| Unallocated liabilities | | | | | | | | | (17,959,242) | (103,362,777) |
| **Net Assets** | | | | | | | | | 24,864,178 | 75,623,577 |

# Notes to the interim condensed consolidated financial information (continued)

## 15 Annual General Assembly of the Shareholders

The Annual General Assembly of the shareholders of Parent Company for the year ended 31 December 2018 has not been held yet. Accordingly, the consolidated financial statements for the year ended 31 December 2018 have not been approved by the shareholders of the Parent Company. The interim condensed consolidated financial information for the three-month period ended 31 March 2019 does not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2018.

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.

## 16 Related party balances and transactions

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.

| | 31 March 2019 (Unaudited) KD | 31 Dec. 2018 (Audited) KD | 31 March 2018 (Unaudited) KD |
|---|---|---|---|
| ***Balances included in the interim condensed consolidated statement of financial position:*** | | | |
| **Due from related parties: *** | | | |
| - Due from associate | **16,386,130** | 16,390,545 | - |
| - Due from other related parties | **3,401,566** | 2,841,133 | 1,279,387 |
| | **19,787,696** | 19,231,678 | 1,279,387 |
| **Due to related parties:** | | | |
| - Due to associate | **68,865** | 69,144 | 368,275 |
| - Due to other related parties | **3,134,568** | 3,351,770 | 30,544,114 |
| | **3,203,433** | 3,420,914 | 30,912,389 |

| | Three months ended | |
|---|---|---|
| | **31 March 2019 (Unaudited) KD** | 31 March 2018 (Unaudited) KD |
| ***Transactions included in interim condensed consolidated statement of profit or loss:*** | | |
| Dividend income | **-** | 1,906 |
| Finance costs | **29,887** | - |
| **Key management compensation of the Group** | | |
| Short-term employee benefits | **112,840** | 98,639 |

* Due from related parties are stated net of a provision of KD Nil (31 December 2018: KD Nil, 31 March 2018: KD481,912).

 

# Notes to the interim condensed consolidated financial information (continued)

## 16 Related party balances and transactions (continued)

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

Due to related parties include balance amounting to KD2,551,762 (31 December 2018: KD2,551,762 and 31 March 2018: KD8,107,785) which carries interest at 4.75% (31 December 2018: 4.75% and 31 March 2018: 2.75% to 4.5%) per annum and is payable in 2021. The remaining balances of KD651,671 (31 December 2018: KD869,152 and 31 March 2018: KD22,804,604) are non-interest bearing and have no specific repayment terms.

## 17 Fair value measurement

### 17.1 Fair value hierarchy

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

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

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

The carrying amounts of the Group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position may also be categorized as follows:

| | 31 March 2019 (Unaudited) KD | 31 Dec. 2018 (Audited) KD | 31 March 2018 (Unaudited) KD |
|---|---|---|---|
| **Financial assets:** | | | |
| ***At amortised cost:*** | | | |
| • Cash and cash equivalents | **379,233** | 426,616 | 8,572,960 |
| • Receivables and other assets | **2,437,595** | 2,477,687 | 19,040,760 |
| • Due from related parties | **19,787,696** | 19,231,678 | 1,279,387 |
| ***At fair value:*** | | | |
| • Investments at fair value through profit or loss | **2,702,516** | 3,370,063 | 92,905 |
| • Investments at fair value through other comprehensive income | **3,222,959** | 6,015,709 | 16,640,296 |
| | **28,529,999** | 31,521,753 | 45,626,308 |
| **Financial liabilities:** | | | |
| ***At amortised costs:*** | | | |
| • Payables and other liabilities | **14,755,809** | 14,810,490 | 72,450,388 |
| • Due to related parties | **3,203,433** | 3,420,914 | 30,912,389 |
| • Due to banks | **1,214,890** | 727,722 | - |
| • Borrowings | **64,262,384** | 64,262,384 | 196,693,838 |
| | **83,436,516** | 83,221,510 | 300,056,615 |

# Notes to the interim condensed consolidated financial information (continued)

## 17 Fair value measurement (continued)

### 17.1 Fair value hierarchy (continued)

Management considers that the carrying amounts of receivables and financial liabilities, which are stated at amortised cost, approximate their fair values.

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

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

| | Level 1<br>KD | Level 2<br>KD | Level 3<br>KD | Total<br>KD |
|---|---|---|---|---|
| **31 March 2019 (unaudited)** | | | | |
| ***Investments at fair value through profit or loss*** | | | | |
| *Investments held for trading:* | | | | |
| Local quoted securities | **33,648** | **-** | **-** | **33,648** |
| Local unquoted securities | **-** | **-** | **14,555** | **14,555** |
| Foreign unquoted securities | **-** | **-** | **2,654,313** | **2,654,313** |
| ***Investments at fair value through other comprehensive income*** | | | | |
| Local quoted securities | **26,050** | **-** | **-** | **26,050** |
| Foreign quoted securities | **2,453** | **-** | **-** | **2,453** |
| Managed funds | **-** | **26,832** | **-** | **26,832** |
| Unquoted securities | **-** | **-** | **3,167,624** | **3,167,624** |
| | **62,151** | **26,832** | **5,836,492** | **5,925,475** |
| **31 December 2018 (audited)** | | | | |
| ***Investments at fair value through profit or loss*** | | | | |
| *Investments held for trading:* | | | | |
| 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 |

# Notes to the interim condensed consolidated financial information (continued)

## 17 Fair value measurement (continued)

### 17.1 Fair value hierarchy (continued)

| | Level 1<br>KD | Level 2<br>KD | Level 3<br>KD | Total<br>KD |
|---|---|---|---|---|
| **31 March 2018 (unaudited)** | | | | |
| ***Investments at fair value through profit or loss*** | | | | |
| *Investments held for trading:* | | | | |
| Local quoted securities | 39,409 | - | - | 39,409 |
| Local unquoted securities | - | - | 53,496 | 53,496 |
| ***Investments at fair value through other comprehensive income*** | | | | |
| Local quoted securities | 33,460 | - | - | 33,460 |
| Foreign quoted securities | 14,324 | - | - | 14,324 |
| Managed funds | - | 26,832 | - | 26,832 |
| Unquoted securities | - | - | 16,565,680 | 16,565,680 |
| | 87,193 | 26,832 | 16,619,176 | 16,733,201 |

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.

**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 March 2019 (Unaudited) KD** | 31 Dec. 2018 (Audited) KD | 31 March 2018 (Unaudited) KD |
| Opening balance | **3,342,430** | 53,496 | 53,496 |
| Adjustment arising on adoption of IFRS 9 | - | 2,672,725 | - |
| Additions | - | - | - |
| Disposal | **(727,560)** | (38,941) | - |
| Gains or losses recognised in: | | | |
| - Consolidated statement of profit or loss | **53,998** | 655,150 | - |
| Balance end of the period/year | **2,668,868** | 3,342,430 | 53,496 |
| Total amount recognised in profit or loss on level 3 instruments | **53,998** | 655,150 | - |

# Notes to the interim condensed consolidated financial information (continued)

## 17 Fair value measurement (continued)

### 17.1 Fair value hierarchy (continued)

| | Investments at FVTOCI | | |
|---|---|---|---|
| | **31 March 2019 (Unaudited) KD** | 31 Dec. 2018 (Audited) KD | 31 March 2018 (Unaudited) KD |
| Opening balance | **5,956,110** | 14,272,214 | 14,272,214 |
| Adjustment arising on adoption of IFRS 9 | - | (2,672,725) | - |
| Movement between level 3 and carried at cost | - | 764,220 | 764,220 |
| Additions | **436,851** | 1,531,020 | 1,531,469 |
| Disposals | **(332,850)** | (4,961,975) | - |
| Transferred | - | 1,394 | 7,480 |
| De-recognition on disposal of subsidiaries | - | (2,527,282) | - |
| Gains or losses recognised in: | | | |
| - Other comprehensive loss | **(2,892,487)** | (450,756) | (9,703) |
| Closing balance | **3,167,624** | 5,956,110 | 16,565,680 |

## 18 Fiduciary accounts

The Group manages portfolios on behalf of others, mutual funds and maintains cash balances and securities in fiduciary accounts, which are not reflected in the interim condensed consolidated statement of financial position. Assets under management at 31 March 2019 amounted to KD1,666,865 (31 December 2018: KD4,141,000 and 31 March 2018: KD13,403,734. The Group earned management fee of KD Nil (31 December 2018: KD15,153 and 31 March 2018: KD15,153) from these activities.

## 19 Comparative information

Certain comparative figures have been reclassified to conform to the presentation in the current period, and such reclassification does not affect previously reported net assets, net equity and net results for the period or net increase in cash and cash equivalents.