Al Salam Group Holding Company

K.S.C (Public)
and its subsidiaries
Kuwait
Interim condensed consolidated financial information
for the three months ended March 31, 2019
with review report
(Unaudited)

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

Interim condensed consolidated financial information
for the three months ended March 31, 2019
with review report
(Unaudited)

Contents

	Exhibit
Review report on the interim condensed consolidated financial information	
Interim condensed consolidated statement of financial position (Unaudited)	A
Interim condensed consolidated statement of profit or loss (Unaudited)	B
Interim condensed consolidated statement of profit or loss and other comprehensive income (Unaudited)	C
Interim condensed consolidated statement of changes in equity (Unaudited)	D
Interim condensed consolidated statement of cash flows (Unaudited)	E
	Page
Notes to the interim condensed consolidated financial information (Unaudited)	1 –11

Rödl
Middle East
Burgan - International Accountants
Ali Al-Hasawi & Co

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

Review report on the interim condensed consolidated financial information

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Salam Group Holding Company K.S.C. (Public) – ("the Parent Company") and its subsidiaries (together referred to as "the group") as of March 31, 2019 and the interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three months period then ended. The management of the Group is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. 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 the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Report on other legal and regulatory matters

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting books of the "Parent Company". We further report that, to the best of our knowledge and belief, no violations of the Companies Law no. 1 of year 2016 , related Executive Regulations and its subsequent amendments or law no. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its regulation or the "Parent Company" memorandum , articles of association and its subsequent amendments, have occurred during the three months period ended March 31, 2019 that might have had a material effect on the business of the "Parent Company" or on its interim condensed consolidated financial position.



Ali A. Al Hasawi
Licence No. 30 (A)
Rödl Middle East
Burgan International Accountants

May 14, 2019
State of Kuwait

Exhibit – A

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

Interim condensed consolidated statement of financial position as of March 31, 2019
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	Note	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
Assets				
Cash and cash equivalent		**33,781**	5,067	11,395
Investments at fair value through profit or loss	4	**112,848**	130,642	152,142
Accounts receivable and other debit balances	5	**5,325,130**	5,559,481	5,756,747
Inventory		**25,354**	30,286	-
Investments at fair value through other comprehensive income	6	**3,028,070**	3,100,576	4,491,392
Investments in associates	7	**22,890,229**	22,932,766	23,184,789
Intangible assets		**3,364,665**	3,364,665	3,364,665
Property and equipment		**2,147,548**	2,217,165	2,111,236
Right of use asset	8	**73,575**	-	-
Total assets		**37,001,200**	37,340,648	39,072,366
Liabilities and equity				
Liabilities				
Accounts payable and other credit balances	9	**2,850,939**	2,989,964	2,651,315
Lease liability		**73,961**	-	-
Provision for end of service indemnity		**147,788**	132,395	112,471
Total liabilities		**3,072,688**	3,122,359	2,763,786
Equity				
Share capital		**26,964,000**	26,964,000	26,964,000
Share premium		**5,904,559**	5,904,559	5,904,559
Statutory reserve		**833,543**	833,543	833,543
Voluntary reserve		**17,978**	17,978	17,978
Cumulative changes in fair value		**(1,674,920)**	(1,602,414)	(211,598)
Group's share in associates reserves		**259,598**	316,367	169,443
Gains on sale of treasury shares		**730,372**	730,372	730,372
Accumulated losses		**(1,533,004)**	(1,432,650)	(551,461)
Equity attributable to Shareholders of the "Parent Company"		**31,502,126**	31,731,755	33,856,836
Non-controlling interests		**2,426,386**	2,486,534	2,451,744
Total equity		**33,928,512**	34,218,289	36,308,580
Total liabilities and equity		**37,001,200**	37,340,648	39,072,366

Ali Khalid Al-Qabandi
Chairman

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

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

Interim condensed consolidated statement of profit or loss for the three months ended March 31, 2019
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	Note	The three months ended March 31, 2019	2018
Revenues			
Gains/(losses) of investments	10	**6,809**	(33,609)
Group's share in associate's results	7	**(9,717)**	353,855
Net contracts (losses)/revenues		**(47,423)**	109,080
Other income		**30,997**	63,242
General and administrative expenses		**(141,168)**	(134,708)
Net (losses)/profit for the period		**(160,502)**	357,860
Attributable to:			
Shareholders of the "Parent Company"		**(100,354)**	332,629
Non-controlling interests		**(60,148)**	25,231
Net (losses)/profit for the period		**(160,502)**	357,860
(Losses)/earnings per share/(fils)	11	**(0.372)**	1.234

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

Exhibit – C

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

Interim condensed consolidated statement of profit or loss and other comprehensive income for the three months ended March 31, 2019
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	The three months ended March 31,	
	2019	2018
Net (losses)/profit for the period	**(160,502)**	357,860
Other comprehensive losses :		
Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:		
Cumulative changes in fair value for investments at fair value through other comprehensive income	**(72,506)**	(276,078)
Items that may be reclassified subsequently to the interim consolidated statement of profit or loss:		
Net movement of the Group's share in associates' reserves	**(56,769)**	(24,450)
Total other comprehensive loss for the period	**(129,275)**	(300,528)
Total comprehensive (losses)/income for the period	**(289,777)**	57,332
Attributable to:		
Shareholders of the "Parent Company"	**(229,629)**	32,101
Non-controlling interests	**(60,148)**	25,231
Total comprehensive (losses)/income for the period	**(289,777)**	57,332

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

Exhibit – E

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

Interim condensed consolidated statement of cash flows for the three months ended March 31, 2019
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	The three months ended March 31,	
	2019	2018
Cash flows from operating activities		
Net (losses)/profit for the period	**(160,502)**	357,860
Adjustments		
(Gains)/losses of investments	**(6,809)**	33,609
Depreciation of property and equipments	**72,226**	63,347
Right of use asset amortization	**6,682**	-
Lease liability's interest	**1,204**	-
Provision for end of service indemnity	**16,795**	6,002
Gain on sale of property and equipments	**(12,000)**	-
Group's share in associate results	**9,717**	(353,855)
Adjusted (losses)/profit before calculating the effect of change in working capital items	**(72,687)**	106,963
Accounts receivable and other debit balances	**234,351**	(201,954)
Inventory	**4,932**	-
Accounts payable and other credit balances	**(139,025)**	97,628
Net cash generated from operating activities	**27,571**	2,637
End of service indemnity paid	**(1,402)**	(94)
Net cash generated from operating activities	**26,169**	2,543
Cash flows from investing activities		
Paid for purchasing of investments at fair value through profit or loss	**(156,373)**	(17,911)
Proceeds from sale of investments at fair value through profit or loss	**168,720**	20,666
Paid for purchasing of share in associates	**(38,233)**	(12,861)
Proceeds from sale of share in associates	**26,540**	13,493
Property and equipments	**(3,624)**	(26,814)
Proceeds from sale of property and equipments	**13,015**	-
Payment for Lease liability	**(7,500)**	-
Net cash generated from/(used in)investing activities	**2,545**	(23,427)
Net increase/(decrease) in cash and cash equivalent	**28,714**	(20,884)
Cash and cash equivalent at beginning of the period	**5,067**	32,279
Cash and cash equivalent at end of the period	**33,781**	11,395

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

Exhibit – D

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

Interim condensed consolidated statement of changes in equity for the three months ended March 31, 2019
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	Equity attributable to Shareholders of the "Parent Company"										
	Share capital	Share premium	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Group's share in associate reserves	Gains on sale of treasury shares	accumulated losses	Total equity attributable to shareholders of the "Parent Company"	Non controlling interests	Total
Balance at January 1, 2018	26,964,000	5,904,559	833,543	17,978	64,480	193,893	730,372	(697,354)	34,011,471	2,426,513	36,437,984
Transition adjustment on adoption of IFRS 9 at January 1, 2018 (note 5)	-	-	-	-	-	-	-	(186,736)	(186,736)	-	(186,736)
Balance at January 1, 2018 (restated)	26,964,000	5,904,559	833,543	17,978	64,480	193,893	730,372	(884,090)	33,824,735	2,426,513	36,251,248
Net profit for the period	-	-	-	-	-	-	-	332,629	332,629	25,231	357,860
Other comprehensive income	-	-	-	-	(276,078)	(24,450)	-	-	(300,528)	-	(300,528)
Total comprehensive income for the period	-	-	-	-	(276,078)	(24,450)	-	332,629	32,101	25,231	57,332
Balance at March 31, 2018	26,964,000	5,904,559	833,543	17,978	(211,598)	169,443	730,372	(551,461)	33,856,836	2,451,744	36,308,580
Balance at January 1, 2019	26,964,000	5,904,559	833,543	17,978	(1,602,414)	316,367	730,372	(1,432,650)	31,731,755	2,486,534	34,218,289
Net loss for the period	-	-	-	-	-	-	-	(100,354)	(100,354)	(60,148)	(160,502)
Other comprehensive loss	-	-	-	-	(72,506)	(56,769)	-	-	(129,275)	-	(129,275)
Total comprehensive loss for the period	-	-	-	-	(72,506)	(56,769)	-	(100,354)	(229,629)	(60,148)	(289,777)
Balance at March 31, 2019	**26,964,000**	**5,904,559**	**833,543**	**17,978**	**(1,674,920)**	**259,598**	**730,372**	**(1,533,004)**	**31,502,126**	**2,426,386**	**33,928,512**

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

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

Notes to the interim condensed consolidated financial information for the three months ended March 31, 2019
(Unaudited)
"All amounts are in Kuwaiti Dinar unless stated otherwise"

1- Incorporation and activity

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

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

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

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

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

The registered address of the "Parent Company" is: Al-Shark – Block 5 – Building 4 Bahbahani real-estate Company ownership- 16 Floor – Office No. 11.

The Board of Directors approved this interim condensed consolidated financial information for the three months ended March 31, 2019 for issue on May 14, 2019.

2- Significant accounting policies

2/1) Basis of preparation

The accompanying interim condensed consolidated financial statements are prepared in accordance with IAS 34-"Interim Financial Reporting". These interim condensed consolidated financial statements should be read in conjunction with the financial statements of the Group for the year ended December 31, 2018.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for three-month period ended March 31, 2019 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2019.

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application

of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2018.
The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended December 31, 2018.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of newly effective and amended standards as set out below.

Newly effective standard and amendments and improvements to standards
The new International Financial Reporting Standard ("IFRS" or "standard") No. 16 has become effective with effect from January 1, 2019.

The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

a. IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Group has applied IFRS 16 using the modified retrospective approach. Under this approach the Group does not restate its comparative figures but recognises the cumulative effect of adopting IFRS 16, as an adjustment to the opening balance of retained earnings as of January 1, 2019. Accordingly, the Group's accompanying interim condensed consolidated financial information for the three months ended March 31, 2019 have been prepared in accordance with the requirements of IFRS 16 and there for the group recognized a right-of-use within assets and lease liabilities with in other liabilities.

b. Other amendments to Standards

The following interpretation and amendments to standards have also been applied by the Group in preparation of these interim condensed financial statements. The amendments to the below standards did not have any material impact to the Group, but they may result in additional disclosures at the year end:

- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Annual Improvements 2015-2017 Cycle (issued in December 2017)
  - Amendments to IFRS 3 Business Combinations
  - Amendments to IFRS 11 Joint Arrangements
  - Amendments to IAS 12 Income Taxes
  - Amendments to IAS 23 Borrowing Costs

The adoption of the above did not result in any changes to previously reported net profit or consolidated equity of the Group.

New and amended standards not yet effective, but available for early adoption
The below new and amended IFRS that are available for early adoption for financial year ending December 31, 2019 are not effective until a later period, and they have not been applied in preparing these interim condensed consolidated financial information.

Adoption not expected to impact the Group's financial statements:

Effective date	Description
January 1, 2020	• Amendments to IFRS 3 • Amendments to References to the Conceptual Framework in IFRS Standards • Amendments to IAS 1 and IAS 8 on 'Definition of
January 1, 2022	• IFRS 17 Insurance Contracts
Effective date to be determined	• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2/2) Critical judgments and estimates

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

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

3- Investment in subsidiaries

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

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

The interim condensed financial information of the subsidiaries has been consolidated based on interim condensed financial information prepared by the management as of March 31, 2019.

4- Investments at fair value through profit or loss

	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
Investments in local shares - quoted	**112,848**	130,642	152,142

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

5- Accounts receivable and other debit balances

	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
Advance payments for purchasing investments	**294,058**	294,028	294,028
Trade receivables	**3,411,601**	3,483,453	1,761,798
Expected credit losses provision	**(1,422,664)**	(1,422,664)	(336,736)
	2,282,995	2,354,817	1,719,090
Due from related parties (Note - 12)	**1,197,214**	1,479,420	2,124,505
Bank guarantees	**1,252,233**	1,154,182	1,346,426
Prepaid expenses	**555,770**	518,118	480,658
Staff receivables	**24,729**	40,722	65,984
Refundable deposits	**12,189**	12,222	20,084
	5,325,130	5,559,481	5,756,747

The movements of expected credit losses provision during the period/year/period are as follows:

	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
Balance at January 1,	**1,422,664**	150,000	150,000
Transition adjustment of adoption of IFRS 9	**-**	1,272,664	-
Formed during the period/year/period	**-**	-	186,736
	1,422,664	1,422,664	336,736

6- Investments at fair value through other comprehensive income

	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
Investments in local shares - quoted	**490,808**	563,314	602,353
Investments in local shares - unquoted	**2,537,262**	2,537,262	3,889,039
	3,028,070	3,100,576	4,491,392

The movements of investments at fair value through other comprehensive income during the period/year/period are as follows:

	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
Balance at January 1,	**3,100,576**	-	-
Impact of adopting IFRS 9	**-**	4,767,470	4,767,470
Change in fair value	**(72,506)**	(1,666,894)	(276,078)
	3,028,070	3,100,576	4,491,392

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

7- Investments in associates

The details of these investments are as follow:

	Shareholding percentage %					
	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018	**March 31, 2019**	December 31, 2018 (Audited)	March 31, 2018
India Holding Company K.S.C (Holding)	**%33.98**	%33.98	%33.98	**8,362,890**	8,363,123	8,409,307
Gulf Petroleum Investment Co. K.S.C (Public)	**%15.549**	%15.487	%15.65	**6,610,128**	6,689,772	7,095,774
Jiyad Holding Company - K.S.C (Public)	**%20.567**	%20.567	%20.567	**7,917,211**	7,879,871	7,679,708
				22,890,229	22,932,766	23,184,789

- During the current financial period the Group has been increased it's share in the associate (Gulf Petroleum Investment Co. K.S.C (Public)) by 0.062% and therefore it's ownership increased to 15.549% instead of 15.487% and since the Group exercising a significant influence on the Company's financial and operational policies the investment is still held and categorized as investment in associate.
- The investment in the associate (India Holding Company K.S.C.(Holding)) includes a goodwill with an amount of KD 1,455,038.
- The Group's share in results of India Holding K.S.C (Holding) has been recognized and it's results losses with an amount of KD 233 based on interim condensed financial information prepared by the management as of March 31, 2019.
- The Group's share in results of Gulf Petroleum Investment Co. K.S.C (Public) has been recognized and it's results losses with an amount of KD 47,411 based on audited financial statements as of December 31, 2018.
- The group share in results of Jiyad Holding Company K.S.C. (Public) has been recognized and it's results profit with an amount of KD 37,927 based on interim condensed consolidated financial information as of March 31, 2019.

8- Right of use asset

This item represents the present value of the rents amounts which capitalized according to IFRS 16 that was adopted at beginning of the current financial year and which will be depreciated during related rent contracts.

9- Accounts payable and other credit balances

	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
Due to related parties (Note -12)	**519,571**	806,873	714,602
Purchasing of property and equipments payables	**497,487**	607,044	715,613
Accrued expenses	**420,450**	289,449	223,455
Trade payables	**465,998**	340,423	242,813
Purchasing of financial investments payables	**204,822**	204,822	204,822
Advance payments from clients	**165,941**	165,941	-
Tax deductions	**412,278**	412,278	394,245
Accrued dividends	**115,767**	115,767	116,598
Provision for staff-leave	**48,625**	41,319	39,167
Others	**-**	6,048	-
	2,850,939	2,989,964	2,651,315

10- Gains/(losses) of investments

	The three months ended March 31 ,	
	2019	2018
Net gains on sale of investments	**10,969**	2,535
Change in fair value of investments at fair value through profit or loss	**(4,160)**	(36,144)
	6,809	(33,609)

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

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

	The three months ended the March 31,	
	2019	2018
Net (loss)/profit for the period	**(100,354)**	332,629
Weighted average number of outstanding shares during the period	**269,640,000**	269,640,000
(Loss)/earnings per share/(fils)	**(0.372)**	1.234

12- Related parties' transactions

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

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

Interim condensed consolidated statement of financial position:	**March 31, 2019**	December 31, 2018 (Audited)	March 31, 2018
Due from related parties (Note - 5)	**1,197,214**	1,479,420	2,124,505
Due to related parties (Note - 9)	**519,571**	806,873	714,602

Interim condensed consolidated statement of profit or loss:

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

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

13- Segmental information

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

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

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

14- The Shareholders General Assembly

The Ordinary Shareholders General Assembly had been held on May 6, 2019 and approved the financial statements for the financial year ended December 31, 2018 and approved the board of directors proposal to not distribute remuneration for the financial year ended December 31, 2018.

15- Financial instruments

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

Financial assets	**March 31, 2019**	December 31, 2018 (Audited)	March 31, 2018
Cash and cash equivalents	**33,781**	5,067	11,395
Investments at fair value through profit or loss	**112,848**	130,642	152,142
Accounts receivable and other debit balances	**5,325,130**	5,559,481	5,756,747
Investments at fair value through other comprehensive income	**3,028,070**	3,100,576	4,491,392
	8,499,829	8,795,766	10,411,676

Financial liabilities	**March 31, 2019**	December 31, 2018 (Audited)	March 31, 2018
Accounts payable and other credit balances	**2,850,939**	2,989,964	2,651,315
Lease liability	**73,961**	-	-
	2,924,900	2,989,964	2,651,315

Fair value of financial instruments

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

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

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

The fair value hierarchy has the following levels:

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

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

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

March 31, 2019:	**Level 1**	**Level 3**	**Total**
Assets:			
Investments at fair value through profit or loss			
Quoted securities	**112,848**	**-**	**112,848**
Investments at fair value through other comprehensive income			
Quoted securities	**490,808**	**-**	**490,808**
Unquoted securities	**-**	**2,537,262**	**2,537,262**
	603,656	**2,537,262**	**3,140,918**
Liabilities:	**-**	**-**	**-**
Net fair value	**603,656**	**2,537,262**	**3,140,918**

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

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

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