SECURITIES GROUP COMPANY K.S.C. (PUBLIC)
AND SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017
WITH
INDEPENDENT AUDITORS' REPORT

SECURITIES GROUP COMPANY K.S.C. (PUBLIC)
AND SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

The Shareholders
Securities Group Company K.S.C. (Public) and Subsidiaries
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Securities Group Company K.S.C. (Public) ("the Parent Company") and subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of March 31, 2017, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2017, and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted for use by the State of Kuwait.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have identified the following key audit matters.

Impairment assessment of investment properties

Investment properties amounting to KD 29,663,774 form a significant part of the total assets of the Group and the Group follows the cost model to measure its investment properties. As part of the annual impairment exercise, management first identifies if there is any indication of impairment in the investment properties and did not note any indication of impairment . This area was important to our audit due to the size of the asset's carrying value, as well as judgments and estimates involved in the assessment of impairment. Accordingly, the impairment assessment of investment properties is considered a key audit matter. The Group performs this assessment by obtaining the valuation reports from licensed valuers. These valuations are dependent on certain key assumptions such as rental value, occupancy rates, discount rates, market knowledge and historical transactions. In estimating the fair value of the properties, the valuers primarily used the cost approach, income capitalization approach and market approach valuation techniques considering the nature and usage of the investment properties.

As part of our audit procedures, we have reviewed the valuation reports from the licensed valuers, appropriateness of the valuation technique and reasonableness of data used in the valuation. Furthermore, we reviewed the adequacy of disclosures in the consolidated financial statements, which is included in Note 10.

Investment in associates

The carrying value of investment in associates is significant to the Group's consolidated financial statements and the share of results recognised by the Group contributes significantly to the Group's results. Additionally, the Group's carrying value of its investment in Kuwait Saudi Pharmaceutical Industries Co. S.A.K. (Closed) ("KSPI") is significantly higher than the proportion of equity attributable to Group's ownership interest in the associate. Significant management judgement is required in determining the associate's recoverable amount based on its value-in-use. Therefore, we considered this as a key audit matter.

As part of our audit procedures, we obtained management's internal valuation of KSPI and inquired whether the management has identified any indication of impairment for its other associates, while also considering any changes in the associates' financial condition and did not note any indication of impairment. We reviewed the KSPI valuation report for appropriateness of valuation methodology used, reasonableness of key assumptions and data used in the valuation. Additionally for the significant associates, we discussed the audit approach with the associates' auditors, and provided instructions and set out information to be reported back to us as part of group reporting. Furthermore, we reviewed the adequacy of the disclosures relating to the associates included in Note 7 to the consolidated financial statements.

Other Information

Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information attached to it, and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted for use by the State of Kuwait, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended March 31, 2017 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the Organization of Banking Business, Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the fiscal year ended March 31, 2017, which might have materially affected on the Group's financial position or results of its operation.

Dr. Ali Owaid Rukheyes
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Member of Nexia International - (England)
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Nayef M. Al Bazie
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State of Kuwait
May 25, 2017

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2017	2016
Cash on hand and at banks		**12,683,971**	8,858,705
Financial assets at fair value through profit or loss	3	**20,151**	58,589
Accounts receivable and other debit balances	4	**1,196,503**	1,383,370
Loans granted to others	5	**190,899**	231,789
Financial assets available for sale	6	**30,712,563**	38,243,914
Investment in associates	7	**28,989,894**	28,003,585
Investment in unconsolidated subsidiaries	8	**833,946**	907,862
Investment held to maturity	9	**3,000,000**	3,000,000
Investment properties	10	**29,663,774**	35,662,852
Total assets		**107,291,701**	116,350,666
LIABILITIES AND EQUITY			
Liabilities:			
Loans	11	**52,716,573**	64,576,200
Accounts payable and other credit balances	12	**4,084,591**	3,962,833
Total liabilities		**56,801,164**	68,539,033
Equity:			
Capital	13	**25,528,372**	25,528,372
Treasury shares	14	**(297,374)**	(260,776)
Share premium		**3,046,592**	3,046,592
Statutory reserve	15	**12,764,186**	12,764,186
Voluntary reserve	16	**4,405,892**	4,405,892
Other reserves		**316,137**	-
Foreign currency translation adjustments		**622,479**	568,983
Cumulative changes in fair value		**1,066,022**	(1,022,220)
Retained earnings		**2,973,725**	2,715,513
Equity attributable to the shareholders of Parent Company		**50,426,031**	47,746,542
Non-controlling interests		**64,506**	65,091
Total equity		**50,490,537**	47,811,633
Total liabilities and equity		**107,291,701**	116,350,666
Memorandum accounts off the consolidated statement of financial position	22	**1,514,947,223**	1,607,625,467

The accompanying notes (1) to (28) form an integral part of the consolidated financial statements.

Khaled S. Al - Ali
Chairman

Ali Y. Al - Awadi
Vice Chairman and CEO

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED MARCH 31, 2017
(All amounts are in Kuwaiti Dinars)

	Note	2017	2016
Revenues:			
Net investment income	17	**2,262,257**	427,258
Fees and commission income	18	**2,052,423**	1,985,410
Interest income		**189,953**	180,922
Rental income		**1,249,018**	1,236,666
Group's share of results from associates	7	**1,274,020**	4,143,680
(Loss) gain on sale of investment property		**(23,630)**	37,975
Net provisions no longer required (charge)	4,12	**499,321**	(169,472)
Other income		**480,327**	289,661
		7,983,689	8,132,100
Expenses and other charges:			
General and administrative expenses	19	**(1,523,571)**	(1,620,666)
Finance charges	24	**(1,625,864)**	(1,533,463)
Impairment loss on financial assets available for sale	6	**(2,991,066)**	(15,994,033)
Impairment loss on investment in an associate	7	**-**	(4,044,177)
Foreign exchange (loss) gain		**(270,130)**	377,954
		(6,410,631)	(22,814,385)
Profit (loss) for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration		**1,573,058**	(14,682,285)
Contribution to KFAS		**(1,643)**	-
NLST		**(17,752)**	-
Zakat		**(5,975)**	-
Board of Directors' remuneration	20	**(25,000)**	-
Profit (loss) for the year		**1,522,688**	(14,682,285)
Attributable to:			
Shareholders of the Parent Company		**1,523,273**	(14,681,705)
Non-controlling interests		**(585)**	(580)
Profit (loss) for the year		**1,522,688**	(14,682,285)
		Fils	Fils
Earnings (loss) per share attributable to shareholders of the Parent Company	21	**6.02**	(57.67)

The accompanying notes (1) to (28) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2017
(All amounts are in Kuwaiti Dinars)

	2017	2016
Profit (loss) for the year	**1,522,688**	(14,682,285)
Other comprehensive income (loss):		
Items that may be reclassified subsequently to profit or loss		
Related to financial assets available for sale:		
Changes in fair value of financial assets available for sale	**1,032,777**	(535,648)
Reversal due to sale of financial assets available for sale	**(881,494)**	1,022,472
Reversal due to impairment of financial assets available for sale	**1,936,959**	10,160,253
	2,088,242	10,647,077
Share of other comprehensive income of associates	**893**	2,296
Exchange differences on translating foreign operations	**52,603**	66,963
Other comprehensive income for the year	**2,141,738**	10,716,336
Total comprehensive income (loss) for the year	**3,664,426**	(3,965,949)
Attributable to:		
Shareholders of the Parent Company	**3,665,011**	(3,965,369)
Non-controlling interests	**(585)**	(580)
Total comprehensive income (loss) for the year	**3,664,426**	(3,965,949)

The accompanying notes (1) to (28) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2017
(All amounts are in Kuwaiti Dinars)

	Equity attributable to the Shareholders of the Parent Company											
	Capital	Treasury shares	Share premium	Statutory reserve	Voluntary reserve	Other reserve	Foreign currency translation adjustments	Cumulative changes in fair value	Retained earnings	Sub-total	Non-controlling interests	Total
Balance as at March 31, 2015	25,528,372	(87,765)	3,046,592	12,764,186	4,405,892	-	499,110	(11,668,683)	19,946,542	54,434,246	65,671	54,499,917
Purchase of treasury shares	-	(173,011)	-	-	-	-	-	-	-	(173,011)	-	(173,011)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	69,873	10,646,463	(14,681,705)	(3,965,369)	(580)	(3,965,949)
Cash dividends (Note 20)	-	-	-	-	-	-	-	-	(2,549,324)	(2,549,324)	-	(2,549,324)
Balance as at March 31, 2016	25,528,372	(260,776)	3,046,592	12,764,186	4,405,892	-	568,983	(1,022,220)	2,715,513	47,746,542	65,091	47,811,633
Purchase of treasury shares	-	(36,598)	-	-	-	-	-	-	-	(36,598)	-	(36,598)
Effect of ownership change in an associate	-	-	-	-	-	316,137	-	-	-	316,137	-	316,137
Total comprehensive income (loss) for the year	-	-	-	-	-	-	53,496	2,088,242	1,523,273	3,665,011	(585)	3,664,426
Cash dividends (Note 20)	-	-	-	-	-	-	-	-	(1,265,061)	(1,265,061)	-	(1,265,061)
Balance as at March 31, 2017	25,528,372	(297,374)	3,046,592	12,764,186	4,405,892	316,137	622,479	1,066,022	2,973,725	50,426,031	64,506	50,490,537

The accompanying notes (1) to (28) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017
(All amounts are in Kuwaiti Dinars)

	2017	2016
Cash flow from operating activities:		
Profit (loss) for the year before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration	1,573,058	(14,682,285)
Adjustments for:		
Net investment income	(2,262,257)	(427,258)
Interest income	(189,953)	(180,922)
Group's share of results from associates	(1,274,020)	(4,143,680)
Loss (gain) on sale of investment property	23,630	(37,975)
Net provisions (no longer required) charge	(499,321)	169,472
Investment in unconsolidated subsidiaries written off	14,516	-
Gain on sale of investment in unconsolidated subsidiaries	(2,902)	(6,429)
Finance charges	1,625,864	1,533,463
Impairment loss on financial assets available for sale	2,991,066	15,994,033
Impairment loss on investment in an associate	-	4,044,177
Foreign exchange loss (gain)	270,130	(377,954)
	2,269,811	1,884,642
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	38,929	-
Accounts receivable and other debit balances	(149,951)	418,194
Loans granted to others	41,303	283,417
Accounts payable and other credit balances	9,348	(148,927)
Net cash generated from operating activities	2,209,440	2,437,326
Cash flow from investing activities:		
Purchase of financial assets available for sale	(186,734)	(2,801,553)
Proceeds from sale of financial assets available for sale	8,756,556	3,902,114
Paid for investment in associates	(242,705)	-
Proceeds from capital reduction of investment in an associate	-	2,508,147
Proceeds from sale of investment in unconsolidated subsidiaries	25,000	166,429
Paid for investment properties	-	(672,316)
Proceeds from sale of investment properties	6,058,089	186,095
Interest received	186,203	136,672
Dividends received	1,429,409	2,109,375
Net cash generated from investing activities	16,025,818	5,534,963
Cash flows from financing activities:		
Loans	(11,859,627)	(3,608,800)
Cash dividends paid	(1,276,881)	(2,580,898)
Finance charges paid	(1,236,886)	(1,533,463)
Paid for purchase of treasury shares	(36,598)	(173,011)
Net cash used in financing activities	(14,409,992)	(7,896,172)
Net increase in cash on hand and at banks	3,825,266	76,117
Cash on hand and at banks at the beginning of the year	8,858,705	8,782,588
Cash on hand and at banks at the end of the year	12,683,971	8,858,705

The accompanying notes (1) to (28) form an integral part of the consolidated financial statements.

1. Incorporation and principal activities

Securities Group Company K.S.C. (Public) (the Parent Company) is a Kuwaiti Public Shareholding Company incorporated by agreement no. 786 / Vol. 2 dated October 24, 1981 and the latest amendment on July 22, 2015. The Parent Company is listed in Boursa Kuwait. The Parent Company's registered office is P.O. Box 26953, Safat 13130, State of Kuwait.

The principal activities of the Parent Company include:
- Trading in securities listed in Kuwait and the GCC
- Acting as custodian and managers of funds
- Conducting research and studies
- Providing financial and investment services
- Obtaining loans from the financial market, granting to others and acting as an intermediary in the lending and borrowing process
- Establishing and managing real estate portfolios for its clients inside and outside Kuwait and
- Investment in real estate.

The Parent Company is under the supervision of the Capital Markets Authority according to Law No. 7/2010 for investment companies.

The new Companies Law No. 1 of 2016 was issued on January 24, 2016 and it was published in the Official Gazette on February 1, 2016, which replaced the Companies Law No 25 of 2012 and its amendments. According to Article No. 5, the new Law will be effective retrospectively from November 26, 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on July 12, 2016 and was published in the Official Gazette on July 17, 2016 which cancelled the Executive Regulations of Law No. 25 of 2012. The adoption of the new Companies Law and its executive regulations is not expected to have any effect on the reporting entity.

The Shareholders' Ordinary General Assembly held on July 25, 2016 approved to delist the Parent Company's shares from Boursa Kuwait pursuant to Article No. 2-9 of the Capital Markets Authority's Executive Regulations on the system for the inclusion of shareholding companies in the stock exchange. On December 11, 2016, the Capital Markets Authority approved to delist the Parent Company's shares from Boursa Kuwait effective June 15, 2017.

The consolidated financial statements were authorized for issue by the Board of Directors on May 25, 2017. The Shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

The accompanying consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of Ministerial Order No. 18 of 1990 except for IAS 39 requirements for collective provision which has been replaced by the Central Bank of Kuwait requirements for a minimum general provision. Significant accounting policies are summarized as follows:

a) Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinars which is the functional currency of the Parent Company and are prepared under the historical cost convention, except that financial assets at fair value through profit or loss and certain financial assets available for sale are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is 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.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(t).

Amendment to standards issued and effective

The accounting policies applied by the Group are consistent with those used in the previous year, except for the changes due to implementation of the following amended International Financial Reporting Standards as of January 1, 2016:

Amendments to IAS 27 – Equity method in separate financial statements
The amendment, effective for annual periods beginning on or after January 1, 2016, allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

Amendments to IAS 1 – Disclosure Initiative
The amendments to this standard which are effective for annual periods beginning on or after January 1, 2016 clarify some judgments used in the presentation of financial reports. The amendments make changes about:

- Materiality, where it clarifies that, (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.

- Statement of financial position and statement of profit or loss and other comprehensive income, where they (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant. They introduce additional guidance on subtotals in these statements as well, and (2) clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

- Notes, where they add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes.

Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception
The amendments to these standards which are effective for annual periods beginning on or after January 1, 2016 confirm that the exemption from preparing consolidated financial statements under IFRS 10 continues to be available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. However, if a subsidiary provides investment-related services or activities to the investment entity, it should be consolidated. The amendments clarify that this exception only applies to subsidiaries that are not themselves investment entities and whose main purpose are to provide services and activities that are related to the investment activities of the investment entity parent. All other subsidiaries of an investment entity should be measured at fair value.

Consequential amendments have been made to IAS 28 to confirm that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity, even if the investment entity parent measures all its subsidiaries at fair value. IAS 28 has been also amended to permit an entity to retain the fair value measurement applied by an associate or joint venture that is an investment entity to its interests in subsidiaries rather than applying uniform accounting policies.

Amendments to IFRS 12 clarified that an investment entity that measures all its subsidiaries at fair value should provide the IFRS 12 disclosures related to investment entities.

Amendments to IFRS 7 – Financial Instruments: Disclosures
The amendments to this standard are effective for annual periods beginning on or after January 1, 2016. They clarify that for servicing agreements, if an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognize the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. IFRS 7 provides guidance on what is meant by continuing involvement in this context, and adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. Another amendment to IFRS 7 clarifies that the additional disclosure required by the amendments to IFRS 7 is not specifically required for all interim periods, unless required by IAS 34.

The above mentioned amendments did not have any material impact on the consolidated financial statements.

Amendments to standards issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the Group:

Amendment to IAS 7 – Disclosure Initiative
The amendment to this standard which is effective prospectively for annual periods beginning on or after January 1, 2017 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liability arising from financing activities, including both changes arising from cash flows and non-cash changes, early application of this amendment is permitted.

IFRS 9 - Financial Instruments
The standard, effective for annual periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 15 - Revenue from contracts with customers
The standard, effective for annual periods beginning on or after January 1, 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:
- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

This standard applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets.

IFRS 16 - Leases
This standard will be effective for annual periods beginning on or after January 1, 2019. This standard will be replacing IAS 17 "Leases" and will require lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17 with limited exceptions for low-value assets and short term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term.

The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9 and IFRS 15 while the amendments to other standards are not expected to have a material impact on the consolidated financial statements.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and the following subsidiaries (together the "Group"):

Name of the subsidiary	Country of incorporation	Principal activities	Percentage of holding 2017	2016
Al Anoud Al Thahabiya Company W.L.L.	Kingdom of Saudi Arabia	Real Estate	**100%**	100%
North African Investment Company Limited	Cayman Islands	Investment	**100%**	100%
First Securities Group For Credit Fund Company W.L.L.	Kuwait	Factoring	**99%**	99%
Securities Group Morocco SARL AU	Morocco	Industrial	**100%**	100%
Al-Ataya International Foods Company K.S.C. (Closed)	Kuwait	Food	**75%**	75%

Subsidiaries (investees) are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:

- has power over the investee.
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Parent Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination. Non-controlling interests are measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the Group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

c) Financial instruments

The Group classifies its financial instruments as "financial assets" and "financial Liabilities". Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash on hand and at banks, financial assets at fair value through profit or loss, receivables, loans granted to others, financial assets available for sale, loans and payables.

Financial assets

i) Accounts receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of profit or loss.

ii) Financial investments

Initial recognition and measurement

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, investments held to maturity and financial assets available for sale. The classification depends on the purpose for which the investments were acquired and is determined at initial recognition by the management.

(a) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial assets is classified as held for trading if acquired principally for the purpose of selling in the short term or if it forms part of an identified portfolio of investments that are managed together and has a recent actual pattern of short-term profit making or it is a derivative that is not designated and effective as a hedging instrument.

An investment is designated by the management on initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or; if they are managed and their performance is evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

(c) Investments held-to-maturity
Investments held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(d) Financial assets available for sale
Financial assets available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Purchases and sales of financial assets are recognized on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent measurement
After initial recognition, financial assets at fair value through profit or loss and financial assets available for sale are subsequently carried at fair value. The fair values of quoted financial assets are based on current bid prices. If the market for a financial assets is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation models refined to reflect the issuer's specific circumstances.

Realized and unrealized gains and losses from financial assets at fair value through profit or loss are included in the consolidated statement of profit or loss. Unrealized gains and losses arising from changes in the fair value of financial assets available for sale are recognized in cumulative changes in fair value in other comprehensive income.

Where financial assets available for sale could not be measured reliably, these are stated at cost less impairment losses, if any.

When a financial asset available for sale is disposed off or impaired, any prior fair value earlier reported in other comprehensive income is transferred to the consolidated statement of profit or loss.

Derecognition
A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial assets have expired; or the Group has transferred its rights to receive cash flows from the financial assets and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset investment. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. Significant decline is evaluated against the original cost of the investment and prolonged against the period in which fair value has been below its original cost. If any such evidence exists for financial assets available for sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in the consolidated statement of profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on available for sale equity instruments are not reversed through the consolidated statement of profit or loss.

Financial liabilities

i) Accounts payable

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

ii) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

d) Associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group's share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associate and in its other comprehensive income for its share of changes in other comprehensive income of associate. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining financial assets at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

After the application of the equity method, the Group determines whether it is necessary to recognize impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, The Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss.

e) <u>Investment properties</u>

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are re-measured at cost including purchase price and transactions costs less accumulated depreciation and impairment losses. Land on which the investment property is erected is not depreciated. Depreciation is computed on a straight-line basis over the useful life of the buildings for 20 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

f) <u>Impairment of assets</u>

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

h) Provision for end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector, employee contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period, and approximates the present value of the final obligation.

i) Share capital

Ordinary shares are classified as equity.

j) Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium.

Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued.

Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's shareholders.

k) Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

l) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of investments and services rendered in the ordinary course of the Group's activities.
The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale and services rendered have been resolved.

i) Gain on sale of investments
Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the time of the sale.

ii) Dividend income
Dividend income is recognized when the right to receive payment is established.

iii) Interest income
Interest income is recognized using the effective interest method.

iv) Management fees
Management fees are recognized on a cash basis.

v) Fees and commission income
Fees, commission and consultancy revenue is recognized at the time the related services are provided.

vi) Rental income
Rental income is recognized, when earned, on a time apportionment basis.

vii) Other income and expenses
Other income and expenses are recognized on accrual basis.

m) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period.

Translation differences on non-monetary items such as equity investments which are classified as financial assets at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity investments classified as financial assets available for sale are included in "cumulative changes in fair value" in other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in consolidated statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

o) Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to KFAS is calculated at 1% of the profit of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting accumulated losses, its share of income from Kuwaiti shareholding subsidiaries, associates and transfer to statutory reserve.

p) National Labor Support Tax (NLST)

National Labor Support Tax is calculated at 2.5% on the profit of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting its share of profit from associates and un-consolidated subsidiaries listed in Boursa Kuwait, its share of NLST paid by subsidiaries listed in Boursa Kuwait and cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 for year 2000 and Ministerial Resolution No. 24 for year 2006 and their executive regulations.

q) Zakat

Zakat is calculated at 1% on the profit of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting its share of profit from Kuwaiti shareholding associates and un-consolidated subsidiaries, its share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 for year 2006 and Ministerial Resolution No. 58 for year 2007 and their Executive Regulations.

r) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

s) Memorandum accounts off the statement of financial position

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements but are disclosed in the notes to the consolidated financial statements.

t) Critical accounting estimates and judgments

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

Judgments
In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue recognition
Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IAS 18 are met requires significant judgment.

(ii) Provision for doubtful debts
The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivable involve significant judgment.

(iii) Classification of financial assets
On acquisition of an financial assets, the Group decides whether it should be classified as "at fair value through profit or loss", "available for sale" or "held to maturity". The Group follows the guidance of IAS 39 on classifying its financial assets.

The Group classifies financial assets as "at fair value through profit or loss" if they are acquired primarily for the purpose of short term profit making or if they are designated at fair value through profit or loss at inception, provided their fair values can be reliably estimated. The Group classifies financial assets as "held to maturity" if the Group has the positive intention and ability to hold to maturity. All other financial assets are classified as "available for sale".

(iv) Impairment of financial assets
The Group follows the guidance of IAS 39 to determine when an available-for-sale equity financial assets is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, a significant or prolonged decline in the fair value below its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The determination of what is "significant" or "prolonged" requires significant judgment.

(v) Classification of land
Upon acquisition of land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land:

1) Properties under development
When the intention of the Group is to develop land in order to sell it in the future, both the land and the construction costs are classified as properties under development.

2) Work in progress
When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress.

3) Properties held for trading
When the intention of the Group is to sell land in the ordinary course of business, the land are classified as properties held for trading.

4) Investment properties
When the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

Estimation and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair value of unquoted equity financial assets

If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, adjusted net asset value and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(ii) Provision for doubtful debts

The extent of provision for doubtful debts involves estimation process. Provision for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable are subject to management approval.

(iii) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future financial assets that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represents quoted securities held for trading.

4. Accounts receivable and other debit balances

	2017	2016
Accrued revenue	**2,847,628**	2,980,788
Due from related parties (Note 24)	**508,331**	539,726
Advance payment for acquiring investments	**144,108**	144,108
Accrued interest and dividend	**52,597**	76,207
Other receivables	**726,457**	902,788
	4,279,121	4,643,617
Less: Provision for doubtful debts (a)	**(3,082,618)**	(3,260,247)
	1,196,503	1,383,370

(a) The movement is represented by reversal of provision amounting to KD 177,629 on settlement of a receivable.

5. Loans granted to others

	2017	2016
Loan granted to an associate	**192,827**	234,130
Provision for loans	**(1,928)**	(2,341)
	190,899	231,789

The interest free loan will mature on December 4, 2017.

The policy of the Group for calculation of the impairment provisions for loans granted to others complies in all material respects with the specific provision requirements of the Central Bank of Kuwait. In accordance with Central Bank of Kuwait instructions, the Group provides a minimum general provision of 1% on cash credit facilities not subject to specific provision and net of certain categories of collateral.

6. Financial assets available for sale

	2017	2016
Quoted securities	**20,511,632**	27,188,216
Unquoted securities	**10,200,931**	11,055,698
	30,712,563	38,243,914

Unquoted securities amounting to KD 7,665,626 (2016: KD 8,721,641) are carried at cost less impairment losses, due to the unpredictable nature of their future cash flows and lack of other suitable methods for arriving at a reliable fair value for these financial assets. There is no active market for these financial assets and the Group intends to hold them for the long term.

Quoted securities with a carrying value of KD 14,306,980 (2016: KD 12,608,046) were pledged with a local bank against a loan (Note 11).

Impairment loss recognized on financial assets available for sale for the year ended March 31, 2017 amounted to KD 2,991,066 (2016: KD 15,994,033).

Financial assets available for sale are denominated in the following currencies:

	2017	2016
Kuwaiti Dinar	**24,850,209**	29,138,716
US Dollar	**5,617,735**	5,617,735
Saudi Riyal	**244,619**	1,056,015
Tunisian Dinar	**-**	2,431,448
	30,712,563	38,243,914

7. Investment in associates

Name of the associate	Country of incorporation	Percentage of holding **2017**	Percentage of holding 2016	**2017**	2016
Kuwait Saudi Pharmaceutical Industries Co. S.A.K. (Closed) ("KSPI")	Kuwait	**50%**	50%	**15,674,040**	15,373,551
Future Communication Co. K.S.C.P. ("FCC")	Kuwait	**33.70%**	28.19%	**4,282,753**	3,786,972
Kuwait Qatari Co. for Real Estate Development K.S.C.C.("KQRE")	Kuwait	**40.72%**	40.72%	**772,061**	790,616
Al Madar Al Thahabia Co. W.L.L ("Al Madar")	KSA	**24%**	24%	**5,884,803**	5,676,082
Al-Jazeera Real Estate Development Co. K.S.C. (Closed) ("Al-Jazeera")	Kuwait	**20%**	20%	**1,583,761**	1,519,840
Alpha Atlantique Du Sahara S.A.	Morocco	**22.52%**	22.52%	**786,246**	850,294
Mena Equities Ltd.	British Virgin Islands	**44.15%**	44.15%	**6,230**	6,230
				28,989,894	28,003,585

a) The movement during the year is as follows:

	2017	2016
Balance at the beginning of the year	**28,003,585**	30,713,688
Additions	**465,150**	-
Transfer from accounts receivable and other debit balances	**58,108**	-
Impairment loss on investment in an associate	**-**	(4,044,177)
Capital reduction of investment in an associate	**-**	(2,508,147)
Effect of ownership change in an associate	**316,137**	-
Group's share of results from associates	**1,274,020**	4,143,680
Share of other comprehensive income	**893**	2,296
Cash dividends received	**(1,108,938)**	(342,620)
Foreign currency translation adjustments	**(19,061)**	38,865
Balance at the end of the year	**28,989,894**	28,003,585

b) The summarized financial information of associates which are material to the Group is as follows:

	KSPI	FCC	Al Madar	Al-Jazeera	2017	2016
Statement of financial position						
Current assets	18,793,594	17,973,304	282,672	462,091	37,511,661	37,075,171
Non-current assets	7,040,408	672,704	34,667,742	12,582,512	54,963,366	51,840,754
Current liabilities	5,279,770	4,768,311	2,049,511	2,860,271	14,957,863	11,736,742
Non-current liabilities	1,321,217	1,169,232	8,380,890	2,265,526	13,136,865	13,863,866
Net assets	19,233,015	12,708,465	24,520,013	7,918,806	64,380,299	63,315,317
Statement of profit or loss						
Revenue	11,419,628	25,933,001	70,961	3,691,696	41,115,286	48,793,152
Expenses	(9,209,126)	(25,399,137)	(369,530)	(3,014,589)	(37,992,382)	(45,089,565)
Net profit (loss) for the year	2,210,502	533,864	(298,569)	677,107	3,122,904	3,703,587
Dividends received	809,019	228,419	-	71,500	1,108,938	342,620
Contingent liabilities and commitments	1,064,386	433,948	-	1,625,000	3,123,334	4,141,377

(a) Reconciliation of the above summarized financial information to the carrying amount of investment in associates recognized in the consolidated financial statements:

	KSPI	FCC	Al Madar	Al-Jazeera
2017				
Net assets of the associate	**19,233,015**	**12,708,465**	**24,520,013**	**7,918,806**
Group's percentage of ownership	**50%**	**33.7 %**	**24%**	**20%**
	9,616,508	**4,282,753**	**5,884,803**	**1,583,761**
Goodwill	**6,057,532**	**-**	**-**	**-**
Carrying amount of Group's investment in the associate	**15,674,040**	**4,282,753**	**5,884,803**	**1,583,761**
Group's share of results from associates	**1,109,514**	**164,461**	**(71,828)**	**135,421**

	KSPI	FCC	Al Madar	Al-Jazeera
2016				
Net assets of the associate	18,632,037	13,433,741	23,650,340	7,599,199
Group's percentage of ownership	50%	28.19%	24%	20%
	9,316,019	3,786,972	5,676,082	1,519,840
Goodwill	6,057,532	-	-	-
Carrying amount of Group's investment in the associate	15,373,551	3,786,972	5,676,082	1,519,840
Group's share of results from associates	1,202,934	246,522	(10,838)	87,315

8. Investment in unconsolidated subsidiaries

Name of the subsidiary	Country of incorporation	Percentage of ownership	Principal activities	2017	2016
Third Securities Group for Economic Consultants Company W.L.L.	Kuwait	99%	Consulting	**7,425**	7,425
Fourth Securities Group for Mechanical Consultants Company W.L.L.	Kuwait	99%	Consulting	**247,500**	247,500
Sixth Securities Group for Administrative Consultant Company W.L.L.	Kuwait	99%	Consulting	**7,421**	7,421
Adeem Silver Company W.L.L ("a")	KSA	100%	Real Estate	**-**	7,543
Private Group for General Trading And Contracting Company W.L.L.	Qatar	50%	Real Estate	**8,000**	8,000
Salamana Silver Company W.L.L. ("a")	KSA	95%	Real Estate	**-**	6,973
Ready Office Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**59,400**	59,400
Al Sawab Real Estate Company W.L.L. ("b")	Kuwait	99%	Real Estate	**-**	59,400
Al Jadedeiah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**59,400**	59,400
Al Raha Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**59,400**	59,400
Al Sametah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**59,400**	59,400
Masjan Al Kuwait Company W.L.L.	Kuwait	99%	Real Estate	**80,000**	80,000
Awarah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**80,000**	80,000
Al Liwan Al Kuwaitiya Company W.L.L.	Kuwait	99%	Real Estate	**80,000**	80,000
Al Liyah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**80,000**	80,000
Al Baheeth Company W.L.L.	Kuwait	99%	Real Estate	**6,000**	6,000
				833,946	907,862

a) During the year, the Group has written-off these subsidiaries.

b) During the year, the Group sold its equity interest in the subsidiary for KD 62,302 and realized a gain of KD 2,902.

c) The Group had not consolidated these subsidiaries since they were not considered material to the accompanying consolidated financial statements.

9. Investment held to maturity

Investment held to maturity represent KD 3,000,000 investment in a subordinated floating rate bond issued by a local bank that carries an annual interest rate of 3.9% over the Central Bank of Kuwait discount rate and is due to mature on December 27, 2022.

10. Investment properties

The movement during the year was as follows:

	2017	2016
Balance at the beginning of the year	**35,662,852**	29,682,426
Additions	**-**	6,083,062
Disposals	**(6,081,719)**	(148,120)
Foreign currency translation adjustments	**82,641**	45,484
Balance at the end of the year	**29,663,774**	35,662,852

Management of the Parent Company has complied with the Executive Regulations of Capital Markets Authority with respect to guidelines for valuation of investment properties.

The fair value of investment properties as at March 31, 2017 was KD 33,289,666 (2016: KD 39,862,458) based on the lowest of valuations carried out by two independent values. In estimating the fair value of investment properties, the cost approach, income capitalization approach and market comparable approach have been used, considering the nature and usage of the investment properties. The fair value measurement of investment properties has been categorized as level 3 fair value based on inputs to the valuation technique used.

During the year, the Group sold investment properties at its book value of KD 5,625,000 to a related party (Note 24).

11. Loans

Revolving loans carry an annual interest rate ranging from 2.75% to 3.75% (2016: 2.25% to 3.25%). Loan of KD 15,815,000 is secured by quoted securities (Note 6) and other loans are secured by promissory notes. The loan of KD 15,815,000 and KD 36,901,573 are due for settlement on March 15, 2020 and May 15, 2018 respectively.

12. Accounts payable and other credit balances

	2017	2016
Accrued expenses	**1,319,454**	1,260,601
Dividend payable	**311,968**	323,788
Provision for end of service indemnity	**723,058**	665,077
Due to related parties (Note 24)	**1,030,135**	671,518
Provision for legal case (a)	**-**	321,379
Other credit balances	**699,976**	720,470
	4,084,591	3,962,833

(a) The provision was reversed by the Parent Company during the year on receiving a favourable outcome for a legal case.

13. Capital

The authorized, issued and paid up capital comprises of 255,283,718 (2016: 255,283,718) shares of 100 fils each and all shares are paid in cash.

14. Treasury shares

	2017	2016
Number of treasury shares	**2,663,123**	2,271,615
Percentage of ownership	**1.04%**	0.89%
Market value (KD)	**252,997**	188,544
Cost (KD)	**297,374**	260,776

The Parent Company's management has allotted an amount, equal to treasury shares balance, from the available retained earnings as of March 31, 2017. Such amount will not be available for distribution during the treasury shares holding period. Treasury shares are not pledged.

15. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except for in certain cases stipulated by Law and the Parent Company's Articles of Association. The Parent Company had discontinued transfer to statutory reserve in prior years since it had reached 50% of the capital.

16. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to voluntary reserve. Such transfer may be discontinued by a resolution at the Shareholders' Annual General Assembly, upon recommendation by the Board of Directors. The Shareholders General Assembly dated April 6, 2004, approved to discontinue any transfer to the voluntary reserve with effect from December 31, 2002.

17. Net investment income

	2017	2016
Unrealized loss on financial assets at fair value through profit or loss	**(1,449)**	(3,241)
Realized gain from sale of financial assets at fair value through profit or loss	**1,940**	-
Realized gain (loss) from sale of financial assets available for sale	**1,941,295**	(1,363,616)
Dividend income	**320,471**	1,794,115
	2,262,257	427,258

18. Fees and commission income

	2017	2016
Portfolio management fees	**1,440,450**	1,358,844
Consultancy fees	**341,293**	454,851
Commission	**270,680**	171,715
	2,052,423	1,985,410

19. General and administrative expenses

	2017	2016
Staff costs	**1,101,183**	897,630
Management and consultancy fees	**70,890**	78,270
Professional fees	**58,170**	107,022
Provision for Withholding Tax in KSA	**-**	300,000
Other expenses	**293,328**	237,744
	1,523,571	1,620,666

20. Dividend distribution and Board of Directors' remuneration

The Board of Directors proposed cash dividends of 5 fils per share and to distribute Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2017. These proposals are subject to the approval of the Shareholders' Annual General Assembly.

The Shareholders' Annual General Assembly held on July 25, 2016 approved the distribution of cash dividends of 5 fils per share amounting to KD 1,265,061 and not to distribute board of directors' remuneration for the financial year ended March 31, 2016.

The Shareholders' Annual General Assembly held on June 24, 2015 approved the distribution of cash dividends of 10 fils per share amounting to KD 2,549,324 for the financial year ended March 31, 2015.

21. Earnings (loss) per share

There are no potential dilutive ordinary shares. Earnings (loss) per share is computed by dividing the net profit (loss) for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the year:

	2017	2016
Profit (loss) for the year attributable to shareholders of the Parent Company	1,523,273	(14,681,705)
	Shares	Shares
Number of shares at beginning of the year	255,283,718	255,283,718
Less: weighted average number of treasury shares	(2,335,893)	(708,114)
Weighted average number of shares outstanding	252,947,825	254,575,604
	Fils	Fils
Earnings (loss) per share attributable to shareholders of the Parent Company	6.02	(57.67)

22. Memorandum accounts off the consolidated statement of financial position

The Parent Company manages investment portfolios for others amounting to KD 1,514,947,223 as at March 31, 2017 (2016: KD 1,607,625,467) to earn management fees. These investment portfolios are registered in the name of the Group and are not accounted in the accompanying consolidated financial statements.

23. Segment information

The Group is divided into operating segments for managing its business activities based on internal reporting provided to the chief operating decision maker as follows:

- Investment activities: Direct investment for the Group's benefit in securities, portfolios and funds
- Asset management services: Portfolio and Fund management services for clients
- Lending activities: Direct lending to others and acting as a broker in lending and borrowing activities.
- Real estate activities: Investment in real estate and managing real estate portfolios.

	For the year ended March 31,									
	2017					2016				
	Investment activities	Asset management services	Lending activities	Real estate activities	Total	Investment activities	Asset management services	Lending activities	Real estate activities	Total
Segment operating revenue	2,452,210	2,052,423	-	1,249,018	5,753,651	608,180	1,985,410	-	1,236,666	3,830,256
Segment operating expenses	(1,625,864)	-	-	(92,939)	(1,718,803)	(1,533,463)	-	-	(109,057)	(1,642,520)
Unallocated operating expense					(1,430,632)					(1,511,609)
Operating profit					2,604,216					676,127
Group's share of results from associates					1,274,020					4,143,680
(Loss) gain on sale of investment property					(23,630)					37,975
Net provisions no longer required (charge)					499,321					(169,472)
Other income					480,327					289,661
Impairment loss on financial assets available for sale					(2,991,066)					(15,994,033)
Impairment loss on investment in an associate					-					(4,044,177)
Foreign exchange (loss) gain					(270,130)					377,954
Contribution to KFAS					(1,643)					-
NLST					(17,752)					-
Zakat					(5,975)					-
Board of Directors' remuneration					(25,000)					-
Profit (loss) for the year					1,522,688					(14,682,285)
Other information										
Segment assets	46,416,684	88,901	190,899	29,663,774	76,360,258	50,161,208	122,008	231,789	35,662,852	86,177,857
Investment in associates					28,989,894					28,003,585
Investment in unconsolidated subsidiaries					833,946					907,862
Unallocated assets					1,107,603					1,261,362
Total assets					107,291,701					116,350,666
Segment liabilities	52,716,573	-	-	-	52,716,573	64,576,200	-	-	-	64,576,200
Unallocated liabilities					4,084,591					3,962,833
Total liabilities					56,801,164					68,539,033

24. Related party disclosures

The Group has entered into various transactions with related parties concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant balances and transactions with other related parties are as follows:

	2017	2016
(i) Consolidated statement of financial position		
Cash at banks	**11,357,247**	8,687,574
Accounts receivable and other debit balances	**508,331**	539,726
Loans granted to others	**190,899**	231,789
Loans	**52,716,573**	64,576,200
Accounts payable and other credit balances	**1,030,135**	671,518
(ii) Consolidated statement of profit or loss		
Interest income	**267**	189
Finance charges	**(1,625,864)**	(1,533,463)
(iii) Compensation to key management personnel		
Short-term benefits	**280,859**	310,029
Termination benefits	**24,141**	27,188

During the year, the Group sold investment properties at its book value of KD 5,625,000 to a related party (Note 10).

The related party transactions are subject to approval by the shareholders of the Parent Company in the Annual General Assembly.

25. Capital commitments and contingent liabilities

	2017	2016
Letters of guarantee	-	100,000
Capital commitments	**13,796**	13,796
	13,796	113,796

26. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash on hand and at banks, financial assets at fair value through profit or loss, receivables, loans granted to others, financial assets available for sale, loans and payables and as a result, it is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, receivables and loans granted to others. The Group's cash at banks are placed with high credit rating financial institutions. Receivables and loans granted to others are presented net of allowance for doubtful debts.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash at banks, receivables, loans granted to others and investment held to maturity.

(i) Maximum exposure to credit risk before collateral held or other credit enhancements

	2017	2016
Cash on hand and at banks	**12,683,971**	8,858,705
Accounts receivable and other debit balances	**1,196,503**	1,383,370
Loans granted to others	**190,899**	231,789
Investment held to maturity	**3,000,000**	3,000,000
	17,071,373	13,473,864

(ii) Concentration of assets and liabilities:

	2017		2016	
	Assets	Liabilities	Assets	Liabilities
State of Kuwait	**69,122,459**	**55,816,027**	81,532,534	67,545,010
Europe	**6,230**	**-**	6,230	-
Africa	**786,423**	**15,954**	3,287,008	16,317
Asia	**37,376,589**	**969,183**	31,524,894	977,706
	107,291,701	**56,801,164**	116,350,666	68,539,033

b) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable.

(i) Liquidity risk management process

The Group's liquidity management process, as carried out within the Group includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements.
- Managing the concentration and profile of debt maturities.

The maturity profile of assets and liabilities of the Group as at March 31 was as follows:

2017	Up to 1 month	1 - 3 months	3 – 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash on hand and at banks	12,683,971	-	-	-	-	12,683,971
Financial assets at fair value through profit or loss	20,151	-	-	-	-	20,151
Accounts receivable and other debit balances	-	-	1,196,503	-	-	1,196,503
Loans granted to others	-	-	190,899	-	-	190,899
Financial assets available for sale	20,511,632	-	-	10,200,931	-	30,712,563
Investment in associates	-	-	-	22,318,845	6,671,049	28,989,894
Investment in unconsolidated subsidiaries	-	-	-	-	833,946	833,946
Investment held to maturity	-	-	-	-	3,000,000	3,000,000
Investment properties	-	-	-	19,752,909	9,910,865	29,663,774
	33,215,754	-	1,387,402	52,272,685	20,415,860	107,291,701
Liabilities						
Loans	-	-	-	52,716,573	-	52,716,573
Accounts payable and other credit balances	700,867	330,600	196,948	-	2,856,176	4,084,591
	700,867	330,600	196,948	52,716,573	2,856,176	56,801,164

2016	Up to 1 month	1 - 3 months	3 – 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash on hand and at banks	8,858,705	-	-	-	-	8,858,705
Financial assets at fair value through profit or loss	58,589	-	-	-	-	58,589
Accounts receivable and other debit balances	-	-	1,383,370	-	-	1,383,370
Loans granted to others	-	-	231,789	-	-	231,789
Financial assets available for sale	24,756,765	2,431,451	4,354,008	6,701,690	-	38,243,914
Investment in associates	-	790,617	15,373,551	6,157,105	5,682,312	28,003,585
Investment in unconsolidated subsidiaries	-	-	-	-	907,862	907,862
Investment held to maturity	-	-	-	-	3,000,000	3,000,000
Investment properties	-	-	17,409,627	8,425,000	9,828,225	35,662,852
	33,674,059	3,222,068	38,752,345	21,283,795	19,418,399	116,350,666
Liabilities						
Loans	-	-	64,576,200	-	-	64,576,200
Accounts payable and other credit balances	323,788	130,814	284,690	1,030,866	2,192,675	3,962,833
	323,788	130,814	64,860,890	1,030,866	2,192,675	68,539,033

c) **Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices as indicated below:

i) **Interest rate risk**

Financial instruments are subject to the risk of changes in value due to changes in the level of interest. The effective interest rates and the periods in which interest bearing financial assets and liabilities are repriced or mature are indicated in the respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's consolidated statement of profit or loss (through the impact on floating rate borrowings).

Year	Increase / (Decrease) in interest rate	Balance on March 31	Effect on consolidated statement of profit or loss
2017			
KD Loans	**+ 50 basis points**	**52,716,573**	**± 263,583**
2016			
KD Loans	± 50 basis points	64,576,200	± 322,881

ii) **Foreign currency risk**

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between, other currencies and Kuwaiti Dinar.

Currency	Change in foreign currency rate	Effect on consolidated statement of profit or loss	Effect on other comprehensive income
2017			
US Dollar	**±5%**	**±9,916**	**-**
Qatari Riyal	**±5%**	**±165**	**-**
Sterling Pound	**±5%**	**±7**	**-**
Saudi Riyal	**±5%**	**+ (39,890)**	**-**
Tunisian Dinar	**±5%**	**±62,328**	**-**
Euro	**±5%**	**±46**	**-**
Morocco Dirhams	**±5%**	**±226**	**-**

Currency	Change in foreign currency rate	Effect on consolidated statement of profit or loss	Effect on other comprehensive income
2016			
US Dollar	±5%	±13,028	-
Qatari Riyal	±5%	±163	-
Sterling Pound	±5%	±8	-
Saudi Riyal	±5%	± (43,805)	-
Tunisian Dinar	±5%	±3,731	±121,573
Euro	±5%	±66	-
Morocco Dirhams	±5%	±(583)	-

iii) **Equity price risk**

Equity price risk is a risk that the value of a financial instrument will fluctuate as a result of changes in the level of equity indices and the value of individual stocks. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration. The equity price risk exposure arises from the Group's investment in equity securities classified as "at fair value through profit or loss" and "available for sale".

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these investments, to which the Group had significant exposure at March 31:

	2017			2016		
Market index	**Change in equity price %**	**Effect on consolidated statement of profit or loss**	**Effect on other comprehensive income**	Change in equity price %	Effect on consolidated statement of profit or loss	Effect on other comprehensive income
Kuwait Stock Exchange	±5%	±1,008	±1,025,582	±5%	±2,929	±1,237,838
Tunisia Stock Exchange	±5%	-	-	±5%	-	±121,573

27. Fair value measurement

The Group measures its financial assets such as financial assets at fair value through profit or loss and certain financial assets available for sale at their fair value at each reporting date.

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All financial instruments for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31:

2017	**Level 1**	**Level 2**	**Total**
Financial assets at fair value through profit or loss	**20,151**	**-**	**20,151**
Financial assets available for sale	**20,511,632**	**2,535,305**	**23,046,937**
Total	**20,531,783**	**2,535,305**	**23,067,088**

2016	Level 1	Level 2	Total
Financial assets at fair value through profit or loss	58,589	-	58,589
Financial assets available for sale	27,188,216	2,334,057	29,522,273
Total	27,246,805	2,334,057	29,580,862

At March 31, the fair values of financial instruments approximate their carrying amounts, with the exception of certain financial assets available for sale carried at cost as indicated in Note 6. The management of the Group has assessed that fair value of cash on hand and at banks, receivables, loans granted to others, loans and payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the year, there were no transfers between Level 1 and Level 2.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

28. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost paid up of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash on hand and at banks. Total capital is calculated as total 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2017	2016
Loans	**52,716,573**	64,576,200
Less: cash on hand and at banks	**(12,683,971)**	(8,858,705)
Net debt	**40,032,602**	55,717,495
Total equity	**50,490,537**	47,811,633
Total capital resources	**90,523,139**	103,529,128
Gearing Ratio	**44.22%**	53.82%