Al Madar Finance and Investment Company K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated financial statements and independent auditors' report
For the year ended 31 December 2017

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State of Kuwait

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Contents

BDO
Al Shaheed Tower, 6th Floor
Khaled Ben Al Waleed Street, Sharq
P.O. Box 25578, Safat 13116
Kuwait
Tel: +965 2242 6999
Fax: +965 2240 1666
www.bdo.com.kw

Rödl
Middle East
Burgan– International Accountants
Ali Al Hassawi & Partners
P.O. Box: 22351 Safat 13084 Kuwait
Sharq – Dasman Complex – Block 2 – 9 Floor
Tel: 22464574-6 /22426862-3 Fax: 22414956
Email: info-kuwait@rodlme.com
www.rodlme.com

Independent Auditors' Report

To the shareholders of Al Madar Finance and Investment Company K.S.C. (Public) and its subsidiaries
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Madar Finance and Investment Company K.S.C. (Public) and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of income, consolidated statement of 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 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 of 31 December 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).

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 in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, We draw attention to Note (31.3) to the consolidated financial statements related to liquidity risk, which indicates that the current liabilities of the Group exceeded its current assets by KD 22,300,467 as at 31 December 2017 (31 December 2016: KD 21,018,660).

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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters. We identified the following key audit matters:

Independent auditors' report (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Impairment of receivables

Impairment of receivables is considered as one of the valuation aspects that is highly discretionary due to level of the judgments made by the Group's management in determining the provisions, which depend on its related credit risk and among the judgments made by the management in accounting for the impairment of receivables, determining indications for impairment and assessing the collateral and customers that are likely to default. The accounting policies related to receivables are disclosed in Note (5.3) to the consolidated financial statements.

How our audit addressed these matters

With regard to impairment of receivables, we have selected samples of customers as at the end of the financial year and assessed the criteria for determining the impairment incident and accordingly determining whether such incident requires making a provision for impairment. The selected samples included the defaulted customers. Further, we assessed management's expectations for the recoverable cash flows, collateral and recovery estimates in case of default and other sources of payment, if any.

Valuation of investment properties

The Group's investment properties represent significant portion of the total assets that are recorded at fair value as at 31 December 2017 determined by external real estate valuers. Determination of fair value of investment properties mainly depends on estimates and assumptions such as market knowledge and average market price of similar properties. Disclosures related to the assumptions and estimates and the policy of the investment properties recognition and measurement are presented in accounting policies section in the notes to the consolidated financial statements. Due to the size and complexity of performing audit on valuations of investment properties, and importance of the disclosures related to assumptions used in valuation, we determined this matter as a key audit matter.

How our audit addressed these matters

Our audit procedures included verifying assumptions and estimates made by the Group's management, and appropriateness of relevant data and the supporting valuations of the external valuers. Such procedures included, as appropriate, comparing judgments made concerning current and emerging practices, and verifying the valuations on a sample basis. We also reviewed the Group's valuation of whether there is an indication of impairment of local properties. Moreover, we evaluated the appropriateness of disclosures related to the sensitivity of assumptions in Note 12 to the consolidated statements.

Impairment of property, plant and equipment

Property, plant and equipment recognized in the consolidated statement of financial position include certain rights of utilization that are measured at cost less accumulated depreciation and impairment, if any, which represent significant portion of the total assets of the Group as at the date of the consolidated financial statements.

The Group's management determines the fair value of its properties for purposes of disclosure and impairment test at date of the consolidated financial statements, it uses external valuers for supporting such valuations. Valuation of properties mainly depends on estimates and assumptions such as rental value, occupancy rates, discount rates, market knowledge and historical transactions. Further, disclosures related to assumptions are deemed significant in view of estimation uncertainty and valuation sensitivity. Due to the size and complexity of performing audit on the properties, and importance of the disclosures related to assumptions used in valuation, we consider this matter as a key audit matter.

How our audit addressed these matters

Our audit procedures included, among other procedures, valuation of various assumptions and methodologies by the Group taking into consideration independency, reputation and competencies of the external valuers at the Group. We also assessed the accuracy of the input data used by the external valuers, and assessed the appropriateness of the disclosures related to property, plant and equipment of the Group in Note 14 to the consolidated financial statements.

Independent auditors' report (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises information included in the annual report of the Group for the financial year ended 31 December 2017, but does not include the consolidated financial statements and our auditors' report thereon. It is expected that the annual report of the Group for the financial year ended 31 December 2017 will be available to us after date of this auditors' report.

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 above mentioned other information, where it is available, and in doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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, 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 misstatements, 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 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 exercised professional judgment and maintained 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 override of internal control.
- Obtain an understanding of internal controls 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 going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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Independent auditors' report (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the major transactions and related 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 only.

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 determined those matters that were of most significance in the audit of the consolidated financial statements for the current period, 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, the inventory was duly carried out in accordance with the recognized practices and the consolidated financial statements together with the information given in the Board of Directors' report are consistent with the Parent Company's books of account. We further report that we obtained the information and explanations that are necessary for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by Companies Law No. 1 of 2016, its Executive Regulation as amended, and Law No. 7 of 2010 in respect of the establishment of Capital Markets Authority and Organization of the Security Activity and its Executive Regulation, Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations and by the Parent Company's Memorandum of Incorporation and Articles of Association as amended, and to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its Executive Regulation as amended, Law No. 7 of 2010 in respect of the establishment of Capital Markets Authority and Organization of the Security Activity and its Executive Regulation, and Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulation or by the Parent Company's Articles and Memorandum of Association as amended have occurred during the year ended 31 December 2017 that might have had a material effect on the business of the Parent Company or its consolidated financial position.

Faisal Saqer Al Saqer
License No. 172 "A"
BDO Al Nisf & Partners

Abdul Hussein Mohamed Al Rasheed
License No. 67 "A"
Rödl Middle East
Burgan - International Accountants

Kuwait: 29 March 2018

Consolidated statement of financial position
As at 31 December 2017

	Note	2017	2016
		KD	KD
Assets			
Bank balances and cash	8	960,559	460,583
Investments at fair value through statement of income	9	148,191	262,085
Receivables and other debit balances	10	2,943,223	4,793,262
Due from related parties	27	601,126	550,147
Available for sale investments	11	55,289	62,890
Investment properties	12	23,563,334	23,852,189
Investments in associates	13	1,098,501	1,131,460
Property, plant and equipment	14	6,759,358	7,157,444
Intangible assets	15	686,754	839,918
Total assets		36,816,335	39,109,978
Liabilities and equity			
Liabilities			
Wakala payables	16	21,164,197	22,422,949
Ijara payables	17	2,578,479	580,710
Payables and other credit balances	18	2,877,624	2,266,382
Due to related parties	27	333,266	1,814,696
Employees' end of service indemnity		1,210,022	1,108,573
Total liabilities		28,163,588	28,193,310
Equity			
Share capital	19	21,386,865	21,386,865
Share premium		4,990,296	4,990,296
Treasury shares	22	(4,573,296)	(4,573,296)
Change in fair value reserve		1,116	(14,520)
Revaluation surplus		-	97,037
Foreign currency translation reserve		(95,064)	(101,827)
Other reserve		(122,147)	(122,147)
Accumulated losses		(14,723,982)	(12,541,445)
Total equity attributable to the shareholders of the Parent Company		6,863,788	9,120,963
Non-controlling interests	7	1,788,959	1,795,705
Total equity		8,652,747	10,916,668
Total equity & liabilities		36,816,335	39,109,978

The notes on pages 10 to 53 form an integral part of these consolidated financial statements.

Ahmad Abdul Razaq Albahar
Assitant CEO

Consolidated statement of income
For the year ended 31 December 2017

	Note	2017	2016
		KD	KD
Revenue			
Rental income		1,505,347	1,506,252
Net sales profit		764,810	1,162,999
Investment services revenues		48,227	85,482
(Losses)/ gains from sale of investment properties		(28,408)	35,132
Finance income/ murabaha		47,000	32,245
Losses from sale of investments at fair value through statement of income		(131)	(231,324)
Change in fair value of investments at fair value through statement of income		(107,571)	(20,396)
Impairment of investment at fair value through statement of income		(5,275)	-
Dividend income		-	2,066
Write back of provision of finance transactions	10	73,532	245,244
Change in fair value of investment properties	12	671,158	(1,975,165)
Group's share of associates' results	13	(51,178)	(36,075)
Impairment of available for sale investments	11	(23,237)	(5,000)
Impairment of property, plant and equipment	14	-	(699,231)
Foreign currency valuation differences		(81,643)	23,744
Other income	23	664,874	140,840
Total revenue		3,477,505	266,813
Expenses and other charges			
General and administrative expenses	24	4,189,069	4,250,186
Provision for doubtful debts	10	850,693	1,440,576
Bad debts	10	472,499	-
Debts settlement loss		54,062	53,945
Wakala finance costs		84,549	67,146
Total expenses and other charges		5,650,872	5,811,853
Loss for the year		(2,173,367)	(5,545,040)
Attributable to:			
Shareholders of the Parent Company		(2,182,537)	(5,217,398)
Non-controlling interests		9,170	(327,642)
Loss for the year		(2,173,367)	(5,545,040)
Basic and diluted loss per share attributable to shareholders of the Parent Company/ (fils)	25	(10.54)	(25.20)

The notes on pages 10 to 53 form an integral part of these consolidated financial statements.

Al Madar Finance and Investment Company K.S.C. (Public) and its subsidiaries
State of Kuwait

Consolidated statement of comprehensive income
For the year ended 31 December 2017

	2017	2016
	KD	KD
Loss for the year	(2,173,367)	(5,545,040)
Other comprehensive income items:		
Items that may be classified subsequently to the consolidated statement of income:		
Changes in fair value of available for sale investments	(7,601)	1,365
Transferred to statement of income on impairment of available for sale investments	23,237	-
Revaluation surplus adjustments	(109,850)	-
Revaluation surplus	-	(60,000)
Foreign currency translation reserve	6,763	(228,717)
Total other comprehensive loss	(87,451)	(287,352)
Total comprehensive loss for the year	(2,260,818)	(5,832,392)
Attributable to:		
Shareholders of the Parent Company	(2,257,175)	(5,497,760)
Non-controlling interests	(3,643)	(334,632)
	(2,260,818)	(5,832,392)

The notes on pages 10 to 53 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2017

	Share capital	Share premium	Treasury shares	Change in fair value reserve	Revaluation surplus	Foreign currency translation reserve	Other reserve	Accumulated losses	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 January 2016	21,386,865	4,990,296	(4,573,296)	(15,885)	147,324	126,890	(122,147)	(7,324,047)	14,616,000	2,133,060	16,749,060
Loss for the year	-	-	-	-	-	-	-	(5,217,398)	(5,217,398)	(327,642)	(5,545,040)
Other comprehensive income / (loss)	-	-	-	1,365	(53,010)	(228,717)	-	-	(280,362)	(6,990)	(287,352)
Total other comprehensive income/ (loss) for the year	-	-	-	1,365	(53,010)	(228,717)	-	(5,217,398)	(5,497,760)	(334,632)	(5,832,392)
Effect of change in non-controlling interests	-	-	-	-	2,723	-	-	-	2,723	(2,723)	-
Balance at 31 December 2016	21,386,865	4,990,296	(4,573,296)	(14,520)	97,037	(101,827)	(122,147)	(12,541,445)	9,120,963	1,795,705	10,916,668
Balance at 1 January 2017	21,386,865	4,990,296	(4,573,296)	(14,520)	97,037	(101,827)	(122,147)	(12,541,445)	9,120,963	1,795,705	10,916,668
(Loss) / profit for the year	-	-	-	-	-	-	-	(2,182,537)	(2,182,537)	9,170	(2,173,367)
Other comprehensive income / (loss)	-	-	-	15,636	(97,037)	6,763	-	-	(74,638)	(12,813)	(87,451)
Total other comprehensive income/ (loss) for the year	-	-	-	15,636	(97,037)	6,763	-	(2,182,537)	(2,257,175)	(3,643)	(2,260,818)
Effect of change in non-controlling interests	-	-	-	-	-	-	-	-	-	(3,103)	(3,103)
Balance at 31 December 2017	21,386,865	4,990,296	(4,573,296)	1,116	-	(95,064)	(122,147)	(14,723,982)	6,863,788	1,788,959	8,652,747

The notes on pages 10 to 53 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2017

	Note	2017 KD	2016 KD
Cash flows generated from operating activities			
Loss for the year		(2,173,367)	(5,545,040)
Adjustments for:			
Depreciation and amortization	14,15	464,633	414,610
Wakala finance costs		84,549	67,146
Change in fair value of investments at fair value through statement of income		107,571	20,396
Impairment of investment at fair value through statement of income		5,275	-
Dividends income		-	(2,066)
Losses from sale of investments at fair value through statement of income		131	231,324
(Losses) / gains from sale of investment properties		28,408	(35,132)
Change in fair value of investment properties	12	(671,158)	1,975,165
Provision for doubtful debts	10	850,693	1,440,576
Write back of finance transactions provision	10	(73,532)	(245,244)
Bad debts	10	472,499	-
Debts settlement loss		54,062	53,945
Group's share of associates' results	13	51,178	36,075
Impairment of available for sale investments	11	23,237	5,000
Impairment of property, plant and equipment	14	-	699,231
Gains on sale of property, plant and equipment		4,130	(2,247)
Foreign currency valuation differences		81,643	(23,744)
Employees' end of service indemnity		563,725	361,803
Operating loss before calculating effect of the change in working capital items		(126,323)	(548,202)
Investments at fair value through statement of income		-	1,385,270
Receivables and other debit balances		262,537	(342,391)
Due from related parties		(50,979)	470,174
Payables and other credit balances		635,722	426,010
Due to related parties		(1,207,650)	17,852
Cash (used in)/ generated from operations		(486,693)	1,408,713
Employees' end of service indemnity paid		(462,276)	(90,248)
Net cash (used in)/ generated from operating activities		(948,969)	1,318,465
Cash flows from investing activities			
Proceeds from sale of available for sale investments		917	-
Payament for purchase of available sale investments		-	(3,172)
Payament for purchase of investment properties	12	(39,880)	(137,956)
Proceeds from sale of investment properties		81,209	296,060
Payment for purchase of investment in associates	13	(26,725)	(36,000)
Payament for the acquisition of property, plant and equipment	14	(67,348)	(948,191)
Proceeds from sale of property, plant and equipment		49,985	3,895
Payament for purchase of intangible assets	15	-	(597,530)
Dividends received from the associate	13	17,191	-
Dividends received from investments at fair value through statement of income		-	2,066
Net cash generated from/ (used in) investing activities		15,349	(1,420,828)
Cash flows from financing activities			
Ijara payables		2,000,000	-
Wakala payables		(478,752)	-
Wakala costs paid		(84,549)	(94,854)
Net movement in non-controlling interests		(3,103)	-
Net cash generated from/ (used in) financing activities		1,433,596	(94,854)
Net increase/ (decrease) in bank balances and cash		499,976	(197,217)
Bank balances and cash at the beginning of the year		460,583	657,800
Bank balances and cash at the end of the year	8	960,559	460,583

The notes on pages 10 to 53 form an integral part of these consolidated financial statements.

1. General Information

Al Madar Finance and Investment Company K.S.C. (Public) ("the Parent Company") was incorporated on 23 November 1998. The Parent Company is registered with the Central Bank of Kuwait and Capital Markets Authority as an investment company. It is listed in the Kuwait Stock Exchange on 20 June 2005.

The Parent Company is principally engaged in the following activities in compliance with the Islamic Sharia as follows:

- Promoting and marketing shares and bonds of all types for the favor of the Company according to Islamic Shari'a.
- Investment in all types of movables whether for its own favor or for others by way of agency or brokerage except for the Company's trading in commodities for its favor.
- Lending, borrowing and financing international trading transactions as well as issue and exchange of Islamic bonds of all kinds and forms for its clients.
- Portfolio management as per relevant laws and according to Islamic Shari'a.
- Purchase, lease, acquisition, rent, licensing of all kinds of investment equipment and subsequent sale or disposal thereof.
- Carry out real estate investments for the Parent Company's account or for third parties.
- Providing research and studies and other technical services related to investment and employing funds for others.
- Establishing and managing investment funds as per relevant laws and regulations and after approval of concerned parties.

The Parent Company may have interests or participate in any suitable way with entities that engage in similar business activities or that may help the Company achieve its objectives inside Kuwait and abroad. The Company may also incorporate, purchase and/or participate in incorporation of such entities or affiliate them.

The Parent Company is domiciled in Kuwait and its registered office is at P.O. Box 1376, Safat 13014, Kuwait.

The Parent Company is subsidiary to Al Thekair General Trading and Contracting Company W.L.L. ("the Ultimate Parent Company").

The consolidated financial statements of Al Madar Finance and Investment Company K.S.C. (Public) and its subsidiaries (the "Group") for the financial year ended 31 December 2017 was authorized for issue by the appointed managerial committee which has been appointed by the Ordinary General Assembly on 5 February 2018, which authorized Mr. Ahmad Abdul Razaq Albahar ("Assistant CEO") to approve the consolidated financial statements on 29 March 2018 and the consolidated financial statements are subject to the approval of the Annual General Assembly of the shareholders. The shareholders' of the Parent Company have the power to amend these consolidated financial statements at the Annual General Assembly.

2. Basis of preparation

The consolidated financial statements have been prepared under historical cost convention except for investments at fair value through statement of income, certain financial assets available for sale, investment properties and certain rights of utilization that are measured at fair value

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

3. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the IFRS interpretations Committee applicable to companies reporting under IFRS as issued by the International Accounting Standards Board ("IASB"), and applicable requirements of the Companies Law.

The preparation of consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas of significant judgments and estimates made in preparing the consolidated financial statements and their effect are disclosed in (Note 6).

4. Application of New and Revised International Financial Reporting Standards (IFRSs)

a) New standards, interpretations and amendments effective from 1 January 2017

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 new and amended International Financial Reporting Standards:

Amendments to IAS 7: Disclosure Initiative
The amendment to this standard which is effective prospectively for annual periods beginning on or after 1 January 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.

The adoption of these amendments did not have any material impact on the current period.

Amendments to IAS 12: Recognition of deferred tax assets for unrealized losses
The amendments to this standard which are effective retrospectively for annual periods beginning on or after 1 January 2017 clarify that any entity needs to look into whether the tax law limits sources of the taxable profits in return for deducting the amendment resulting from temporary tax differences. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The adoption of these amendments did not have any material impact on the current period.

Annual Improvements to IFRSs 2014 – 2016 Cycle:

Amendments to IFRS 12 - "Disclosure of Interests in Other Entities"
IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

4. Adoption of new and revised international financial reporting standards (IFRSs) (continued)

b) Standards and interpretations 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:

Amendments to IFRS 2: Classification and measurement of share-based payment transactions.
This standard will be effective for annual periods beginning on or after 1 January 2018. These amendments address three main aspects as follows:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

These amendments are not expected to have any material impact on the Group.

IFRS 9 Financial Instruments
The standard, effective for annual periods beginning on or after 1 January 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 recognition of financial instruments from IAS 39.

The directors of the Parent Company anticipate that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

IFRS 15 – Revenue from contract with customers
The standard, effective for annual periods beginning on or after 1 January 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces the following existing standard and interpretation 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

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

4. Adoption of new and revised international financial reporting standards (IFRSs) (continued)

(b) Standards and interpretations issued but not effective (continued)

IFRS 16: Leases
This standard becomes effective for annual periods beginning on or after 1 January 2019. This standard replaces IAS 17 "lease" as it requires tenants to recognize all leases in the balance sheet in a similar way to finance leases as per IAS 17 with limited exceptions for impaired assets and short term leases. As at the date of commencement of the lease, the tenant will acknowledge commitment of paying the lease payments, and a principal amount represents the right to use the concerned principal during lease period.

The Group is currently assessing the impact of IFRS and plans to adopt the new standard on the required effective date.

IFRS 17: Insurance Contracts
This standard will become effective for annual periods beginning on or after 1 January 2021, and replaces IFRS 4: Insurance Contracts. The new standard applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of IFRS 17 is the general model, supplemented by:

a) A specific adaptation for contracts with direct participation features (Variable fee approach).
b) A simplified approach (premium allocation approach) mainly for short duration contracts.

These amendments are not expected to have any material impact on the Group.

IFRIC 22 Foreign Currency Transactions and Advance Consideration
The interpretation will be effective for annual periods beginning on or after 1 January 2018 and clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

These amendments are not expected to have any material impact on the Group.

Amendments to IAS 28 – Investment in Associates and Joint Ventures

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted.

The amendments clarify that:

a) An entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
b) If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (i) the investment entity associate or joint venture is initially recognised; (ii) the associate or joint venture becomes an investment entity; and (iii) the investment entity associate or joint venture first becomes a parent.

These amendments are not expected to have any material impact on the Group.

4. Adoption of new and revised international financial reporting standards (IFRSs) (continued)

(b) Standards and interpretations issued but not effective (continued)

Amendments to IAS 40 – Transfers of Investment Property
The amendments will be effective for annual periods beginning on or after 1 January 2018 and clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments are not expected to have any material impact on the Group.

5. Summary of significant accounting policies

5.1 Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Parent Company and entities (including structured entities) controlled by the Parent Company and its subsidiary. Control is achieved when the Parent Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affects its returns.

De-facto control exists in situations where the Parent Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Parent Company considers all relevant facts and circumstances, including:
- The size of the Parent Company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the Parent Company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

The Parent Company revaluates whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company losses control over the subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Parent Company gains control until the date when Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interest. Total comprehensive income of subsidiary is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

5. Summary of significant accounting policies (continued)

5.1 Basis of consolidation (continued)

Subsidiaries (continued)

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

When the Parent Company loses control of a subsidiary, a gain or loss is recognised in the statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in the statement of other comprehensive income in relation to that subsidiary are accounted for as if the Parent Company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The consolidated financial statements comprise the financial statements of the Al Madar Finance and Investment Company K.P.S.C and its following subsidiaries:

	Country of incorporation	Activity	Shareholding %	
			2017	2016
Dar Al-Thuraya Real Estate Co. K.S.C. (Public)	State of Kuwait	Real estate	88.35%	88.35%
Fiduciary International For Programming and Printing Software Company W.L.L.	State of Kuwait	Programming and operating computer, printing and distribution of software and computers	99%	99%
Al Madar Real Estate Development Company K.S.C. (Closed)	State of Kuwait	Real estate	98.5%	98.5%
Althuraya for Warehousing & Cold Storage K.S.C. (Closed)	State of Kuwait	Warehousing	96%	96%

The financial statements of all subsidiaries were consolidated using the audited financial statements as at 31 December 2017.

5. Summary of significant accounting policies (continued)

5.1 Basis of consolidation (continued)

Subsidiaries (continued)

As at the reporting date, shares of the subsidiaries (Dar Al-Thuraya Real Estate Company K.S.C. (Public), Al Madar Real Estate Development Company K.S.C. (Closed) and Althuraya for Warehousing & Cold Storage K.S.C. (Closed) totaling 125,434,632 shares, 68,950,000 shares and 9,900,000 shares respectively are retained to some creditors.

The consolidated financial statements include the financial statements of Dar Al-Thuraya Company K.S.C. (Public) and its following subsidiaries:

Name of the subsidiary	Country of incorporation	Legal entity	Voting rights and equity interest % 2017	Voting rights and equity interest % 2016	Activity
Al-Thuraya Star Company	State of Kuwait	W.L.L.	99%	99%	General Trading and Contracting
Kuwait Building Real Estate Company	State of Kuwait	(K.S.C.C.)	96%	96%	Real estate
Pack and Move Holding	State of Kuwait	K.S.C. (Holding)	99.88%	99.88%	Holding
Golden Madar Real Estate Company	State of Kuwait	W.L.L.	98%	98%	Real estate

5.2 Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquired (if any), the excess is recognised immediately in statement of income as a bargain purchase gain.

5. Summary of significant accounting policies (continued)

5.2 Business combinations (continued)

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit and loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in the statement of other comprehensive income are reclassified to profit and loss where such treatment would be appropriate if that interest were disposed of.

5.3 Financial assets

Classification, initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as "loans and receivables", "financial assets at fair value through statement of income", "investments held to maturity" and "available for sale financial assets". The classification depends on the purpose for which financial assets were acquired and it is determined at initial recognition.

Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through statement of income. Financial assets carried at fair value through statement of income are initially recognized at fair value and transaction costs are expensed in the consolidated statement of income.

A "regular way" purchase of financial assets is recognized using the trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

The Group's financial assets include bank balances and cash, investments at fair value through statement of income, receivables and other debit balances due from related parties and available for sale investments.

The Group didn't classify any of its financial assets as held to maturity.

Subsequent Measurement
The subsequent measurement of financial assets depends on their classification as follows:

Bank balances and cash
Bank balances and cash comprise current accounts and savings accounts at banks and cash on hand.

5. Summary of significant accounting policies (continued)

5.3 Financial assets (continued)

Subsequent measurement (continued)

Investments at fair value through statement of income
Investments at fair value through statement of income include financial assets held for trading and financial assets designated upon initial recognition at fair value through statement of income. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets designated upon initial recognition at fair value through statement of income are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. Financial assets are carried at fair value through profit or loss in the consolidated statement of financial position at fair value, and changes in fair value are recognized in the consolidated statement of income.

Receivables and other debit balances
Trade receivables and other debit balances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables and other debit balances are measured at amortised cost using the effective yield method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. A provision for impairment of 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. significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivables are impaired. The Company's accrued interest income and most other receivables fall into this category of financial instruments.

Effective yield rate method
The effective return rate is a method of calculating the amortized cost of a financial asset and of allocating return over the relevant period. The effective yield is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Available for sale investments
Available for sale investments include equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through statement of income.

Investments in available for sale financial assets are initially measured at cost which is the fair value of the consideration given. Subsequent to initial recognition, financial assets available for sale are measured at fair value. For investments traded in organized financial markets, fair value is determined by reference to the last quoted bid price at the close of business on the consolidated financial position date.

For investments where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current market value of another instrument which is substantially the same or is based on the expected cash flows or the underlying net asset base of the investment. Investments whose fair value cannot be reliably measured are carried at cost less any impairment loss.

5. Summary of significant accounting policies (continued)

5.3 Financial assets (continued)

Subsequent measurement (continued)

Available for sale investments (continued)
Gains or losses arising from changes in fair value of financial assets available for sale are recognised in other comprehensive income and accumulated in the fair value reserve until the investment is sold, collected, or otherwise disposed of, or until the investment is determined to be impaired at which time the cumulative gain or loss previously recognised in the fair value reserve is reclassified to the statement of income in the period in which they arise.

Dividends on available for sale equity instruments are recognised in the consolidated statement of income when the Group's right to receive the dividends is established.

Impairment of financial assets
Financial assets, other than those at FVTSI, are assessed for indicators of impairment at end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

For financial assets classified as financial assets available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For receivables and loans and advances, objective evidence of impairment could include: (i) significant financial difficulty of the issuer or counterparty; or (ii) default or delinquency in yield or principal payments; or (iii) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial asset, such as loans and advances, receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective yield.

5. Summary of significant accounting policies (continued)

5.3 Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective yield rate. The carrying amount of the financial asset is reduced by the impairment loss directly.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to consolidated statement of income in the year.

With the exception of financial asset available for sale, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through statement of income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of financial asset available for sale, impairment losses previously recognised in the consolidated statement of income are not reversed. Any increase in fair value subsequent to an impairment loss is recognised directly in the statement of other comprehensive income.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

5.4 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment properties also include property that is being constructed or developed for future use as investment properties.

Investment properties are measured initially at its cost, including related transaction costs and borrowing costs, where required.

Subsequent to initial recognition, investment properties are remeasured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

5. Summary of significant accounting policies (continued)

5.4 Investment properties (continued)

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.
Changes in fair values are included in the consolidated statement of income. Investment properties are derecognised when they have been disposed.

Investment properties are derecognised 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 recognised in the consolidated statement of income.

5.5 Properties under development

Incurred costs are charged to construction or production of capital assets under properties under development till construction or production of these assets is complete, at which time they are reclassified as plant and equipment, investment property, or trading properties. Costs include all direct costs and other costs attributable on reasonable basis.

5.6 Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investees but is not control or joint control over those policies.

The Group's investment in associates is accounted for under the equity method of accounting, i.e. on the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in value and the consolidated statement of income reflects the Group's share of the results of operations of associates.

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 recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of income.

All subsequent changes to the Group's share of interest in the equity of the associates are recognised in the carrying amount of the investment. Distributions received from associates reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associates arising from changes resulting from other comprehensive income of the associate or items recognised directly in equity of the associates or the Group, as applicable.

5. Summary of significant accounting policies (continued)

5.6 Investments in associates (continued)

When the Group's share of losses in associates equals or exceeds its interest in the associates, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions with associates are eliminated to the extent of the Group's share in the associates. Unrealized losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred. An assessment for impairment of investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognized in prior years no longer exist.

The associates' financial statements are prepared either on the Parent Company's reporting date or on an earlier date no later than three months of the Group's reporting date. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associates and the Group's reporting date.

5.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised.

Depreciation is calculated based on estimated useful life of the applicable assets on a straight line basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of income.

Utilization right is stated at cost less impairment losses, if any.

Works in progress for purposes of production or administrative usage are recorded at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs that are capitalized at assets fulfilling conditions of capitalization of borrowing costs as per the accounting policy of the Group. Such properties are classified within appropriate categories of items of properties, plant and equipment when completed as deemed as ready for use. Depreciation of such assets starts when they are ready for use in the intended purpose, in the same way as other items of property, plant and equipment.

5. Summary of significant accounting policies (continued)

5.8 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Finite
Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Indefinite
Intangible assets with indefinite useful lives are not amortized. They are tested for impairment annually, either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable, otherwise, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The Group has assessed the useful lives of intangible assets from 10 to 20 years.

5. Summary of significant accounting policies (continued)

5.9 Impairment of non-financial assets

At each consolidated financial position date, the Group reviews the carrying amounts of its non-financial 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. Where a reasonable and consistent basis of allocation can be identified, the Company's assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the 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 for which the estimates of future cash flows have not been adjusted.

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 recognised immediately in the consolidated statement of income.

5.10 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, within the scope of IFRS 39, as financial liabilities at fair value through statement of income, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, as for loans and trade payables, less directly attributable transaction costs.

The Group's financial liabilities include wakala payables, Ijara payables, payables and other credit balances and due to related parties.

Subsequent Measurement

Wakala payables
Wakala payables arise when the Group receives funds from other parties under an authorization from these parties for the Group to reinvest them in specific forms or in specific Islamic financial instruments in return for the Group's commitment to pay to the holders of wakala payables a yield set at date of wakala. The Group recognizes the yield paid to holders of wakala payables as finance costs in the consolidated statement of income when the wakala accrues or when the holders of wakala payables liquidate these wakala payables before their due date.

Wakala payables are initially recognized at cost and they are later measured at amortized cost.

5. Summary of significant accounting policies (continued)

5.10 Financial liabilities (continued)

Subsequent measurement (continued)

Ijara payables
Ijara payables represent the amount payable on a deferred settlement basis for items financed by others in accordance with agreements of Ijara contracts. Ijara payables balance is stated at total of the amount payable, net of finance costs related to the future periods. Future finance costs are amortized when matured on a time proportion basis using the effective interest method.

Payables and other credit balances
Liabilities are recognised for the amount to be paid in the future for goods or received services, whether billed or not. Payables and other credit balances are subsequently measured at amortised cost using the effective yield method.

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

5.11 Offsetting of financial instruments

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

5.12 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Parent Company and not yet reissued, sold or cancelled. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the treasury shares. Consideration paid or received is directly recognised in equity. When the treasury shares are sold, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the reserves.

Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and treasury shares reserve. 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.

5. Summary of significant accounting policies (continued)

5.13 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.14 Employees' end of service indemnity

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. This liability which is unfunded represents the amount payable to each employee as a result of termination on the consolidated statement of financial position date.

5.15 Contingent assets and liabilities

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

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

5.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The following specific recognition criteria must also be met before revenue is recognised:

- Profit from sale of investment properties is measured by the difference between the sale proceeds and the book value of the investment at the date of sale, and it is recognized at the date of sale.
- Yield income is recognised on a time proportion basis using the effective yield method.
- Rental income is recognized on a straight-line basis over the term of the relevant lease, and in accordance with nature of the related agreements.
- Other revenues and expenses are recognized on the bases of maturity.
- Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

5. Summary of significant accounting policies (continued)

5.17 Translation of foreign currencies

Functional and presentation currency
The consolidated financial statements have been presented in Kuwaiti Dinars (KD) which is also the functional currency of the Group. Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

Transactions and balances
Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in the consolidated statement of income. Non-monetary items are not retranslated at the period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency (except for companies which are operated in countries with very high inflation rates) are translated into the presentation currency as follows:

- Assets and liabilities for each reporting date presented are translated at the closing rate at the consolidated financial statements date.
- Income and expenses for each statement of income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of the consolidated statement of other comprehensive income.

5.18 Financing costs

Finance costs on borrowings and facilities are calculated on the accrual basis and are recognized in the consolidated statement of income in the period in which they are incurred.

Finance costs directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of this asset are capitalized. Capitalization of these costs commences when expenses on the asset and finance costs are incurred, and the activities necessary to prepare the asset are under implementation. Capitalization shall be ceased upon the significant completion of all the activities necessary to prepare the qualifying asset for its intended use or sale.

Finance costs that are not directly attributable to the acquisition, construction or production of qualifying asset as expense are recognized during the period in which they are incurred.

5. Summary of significant accounting policies (continued)

5.19 Taxation

KFAS and Zakat
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") and Zakat represent levies/taxes imposed on the Parent Company at the flat percentage of profit for the year less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait. Under prevalent levies/taxes regulations, no carry forward of losses is permitted and there are no significant differences between the levies/taxes bases of assets and liabilities and their carrying amounts for financial statements purposes.

Tax/statutory levy	Percentage
Contribution to Kuwait Foundation for the Advancement of Sciences	1% of net profit, less permitted deductions.
Zakat	1% of net profit, less permitted deductions.

5.20 National Labour Support Tax

The Group calculates National Labour Support Tax ("NLST") in accordance with the Ministry of Finance resolution No.19 of 2000. NLST is imposed at 2.5% of net profit attributable to shareholders of the Parent Company, less permitted deductions.

5.21 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Other lease contracts are classified as operating leases.

The Group as lessor
Rental income from operating leases is recognised on a straight-line basis over the lease term. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee
Assets held under finance leases are initially recognised as assets in the consolidated statement of financial position at the current value estimated for the minimum of amounts paid for lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term.

6. Significant accounting judgments and estimation uncertainty

In the application of the Group's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimations and assumptions are based on the management's pervious experiences and other relevant factors. Actual results may vary from these estimations.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recorded in the periods in which the review and adjustment of the estimates are made if the adjustment related to this particular period. Adjustments are recorded in the review period and future periods if these adjustments to estimates will impact the current period and future financial periods.

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

Classification of financial instruments
Management decides on acquisition of an investment whether it should be classified as at financial assets at fair value through statement of income or available for sale financial asset.

Classification of financial assets at fair value through statement of income depends on how management monitors the performance of these financial assets. The Group classifies financial assets at held for trading if they are acquired primarily for the purpose of short term profit making. When they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of income in the management accounts, they are classified as designated at fair value through statement of income. All other financial assets are classified as available for sale investments.

Classification of assets as loans and receivables depends on the nature of the asset. If the Group is unable to trade these financial assets due to inactive market and the intention is to receive fixed or determinable payments the financial asset is classified as loans and receivables.

Impairment on available for sale financial assets
The Group treats available for sale financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Group also evaluates among other factors, normal volatility in the share price for quoted investments and the future cash flows and the discount factors for unquoted investments.

Classification of properties
The Group decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment properties.

The Group classifies property as property under development if it is acquired with the intention of development.

6. Significant accounting judgments and estimation uncertainty (continued)

Classification of properties (continued)

The Group classifies property as property under development if it is acquired with the intention of development. The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for indefinite future use.

The Group classifies properties as property, plant and equipment if they are purchased to be used in production, services, renting for others or for administrative purposes, and are expected to be used during more than one period.

Useful lives of tangible assets
The Group reviews the estimated useful lives over which its tangible assets are amortized. The Group's management is satisfied that the estimates of useful lives are appropriate.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year consolidated financial statements are discussed below:

Provision for impairment of receivables and other debit balances
Impairment cost reflects estimations of losses resulted from failure or inability of the concerned parties to settle the required amounts. The cost is based on the life of the party's accounts and credit worthy of the client as well as historical write off experience. Any difference between the amounts actually collected in the future period and the amount expected will be recognised in the consolidated statement of income.

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

Impairment of investments in associates
After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in "share of gain in associate" in the consolidated statement of income.

6. Significant accounting judgments and estimation uncertainty (continued)

Valuation of investment properties
The Group records investment property at fair value where changes in the fair value are recognized in the consolidated statement of income, three basic methods are used for determining the fair value of the investment property:

a) Discounted cash flows method: in this method the successive amounts of expected future cash flows of the asset are used based on the outstanding contracts and rental conditions, and discount the present value by using a discount rate that reflects the risks related to this asset.

b) Income capitalization: through which the property value is estimated based on its resulted income. Such value is calculated based on the net operating income of the property divided by the expected rate of return from the property as per market inputs, which is known as capitalization rate.

c) Comparative analysis: which base on estimations made by an independent real estate assessor by reference to new actual deals done among other parties for similar properties in location and condition and relying on expertise of such independent real estate assessor.

Impairment of non-financial assets
The Group reviews tangible assets on a continuous basis to determine whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required.

7. Non-controlling interests

Details of the subsidiary with non-controlling interests at material percentages to the Group are as follows:

Name of the subsidiary	Country of incorporation	Voting rights and equity interest %		Carrying amount of non-controlling interests in the subsidiary	
		2017	2016	2017	2016
				KD	KD
Dar Al-Thuraya Real Estate Company K.S.C. (Public) ("Dar Al-Thuraya")	State of Kuwait	11.65%	11.65%	1,660,525	1,742,138

Summary of the financial statements on the subsidiary ("Dar Al-Thuraya") with non-controlling interests at significant percentages to the Group before eliminating all intra-group transactions:

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)

Summary of consolidated statement of financial position:	2017 KD	2016 KD
Assets		
Current assets	1,675,729	1,886,561
Non-current assets	21,782,166	23,048,535
Liabilities		
Current liabilities	2,564,915	831,761
Non-current liabilities	6,639,539	9,149,365
Equity attributable to shareholders of Dar Al-Thuraya	14,253,441	14,953,970
Voting rights and equity interest for the non-controlling interests in Dar Al-Thuraya	11.65%	%11.65
Carrying value of non-controlling interests	1,660,526	1,742,138

Summary of consolidated statement of comprehensive income:

	2017 KD	2016 KD
Income	2,758,805	2,713,456
Expenses	(3,344,646)	(5,092,670)
Loss for the year attributable to shareholders of Dar Al-Thuraya	(585,541)	(2,379,214)
Other comprehensive loss attributable to shareholders of Dar Al-Thuraya	(109,639)	(60,458)
Total comprehensive loss attributable to shareholders of Dar Al-Thuraya	(695,180)	(2,439,672)
Comprehensive loss related to the non-controlling interests	(5,349)	(10,863)

Total non-controlling interests for other subsidiaries are not material to the Group.

7. Non-controlling interests (continued)

Summary of consolidated statement of cash flows:

	2017	2016
	KD	KD
Net cash used in operating activities	(1,753,274)	(1,397,731)
Net cash (used in)/ generated from investing activities	(48,113)	1,224,176
Net cash flows generated from financing activities	2,000,000	-
Net increase/ (decrease) in cash and bank balances	198,613	(173,555)
Cash generated from acquisition of subsidiaries	-	11,552
Cash and bank balances at the beginning of the year	235,351	397,354
Cash and bank balances at the end of the year	433,964	235,351

8. Bank balances and cash

	2017	2016
	KD	KD
Bank balances	910,366	420,731
Cash on hand	50,193	39,852
	960,559	460,583

Cash at a bank includes current and savings accounts with local banks.

The average annual effective return rate on saving accounts was 0.75% as at 31 December 2017 (2016: 0.65%).

9. Investments at fair value through statement of income

	2017	2016
	KD	**KD**
Investments in unquoted local shares	53,101	170,145
Investments in portfolio - local funds	41,147	41,147
Investments in portfolio – foreign funds	53,943	50,793
	148,191	262,085

Valuation techniques for investments at fair value through statement of income are disclosed in Note 33.

Unquoted local shares and foreign funds of KD 103,532 (31 December 2016: KD 207,900) are carried at cost less impairment since their fair values could not be measured reliably. Management does not have any indication of impairment in these investments.

Investments in unquoted shares are valuated in accordance with the estimated operations based on the available information on the financial position, results of operations of the investee companies, the expected future profits of these companies and by taking in consideration recent transactions on the shares with other parties in investee companies or similar companies.

Investments at fair value through statement of income include certain shares reserved for a creditor amounted by KD 22,601.

10. Receivables and other debit balances

	2017	2016
	KD	KD
Trade receivables	4,415,577	6,004,927
Less: provision for the allowance of doubtful debts	(4,324,222)	(5,326,089)
	91,355	678,838
Receivables from sale of financial and real estate investments and services	741,737	772,503
Accrued revenues	178,431	723,976
Staff receivables	19,947	46,443
Prepaid expenses	387,569	1,015,935
Other receivables	1,524,184	1,555,567
	2,943,223	4,793,262

Receivables from sale of financial and real estate investments and services has been presented after deducting doubtful debts provision of KD 820,179 as at 31 December 2017 (31 December 2016: KD 765,291).

Accrued revenues has been presented after deducting a provision for doubtful debts amounting to KD 617,258 as at 31 December 2017 representing provisions recorded in subsidiaries (31 December 2016: KD 145,000).

Other receivables has been presented after deducting a provision for doubtful debts amounting to KD 283,256 as at 31 December 2017 representing provisions recorded in subsidiaries (31 December 2016: KD 60,815).

The maximum exposure to credit risks at reporting date is the fair value of each class of receivables. The Group holds guarantees of KD 474,491 for trade receivables as at 31 December 2017 (31 December 2016: KD 1,046,921).

The debt due from one of the finance customers of KD 125,950 was approved to be written off along with its related provision of KD 110,000 and the related deferred revenues of KD 15,950 from the accounting books and records of the Parent Company, according to the judgment of the concerned court on 5 October 2016.

According to the Parent Company's Board of Directors meeting held on 19 November 2017, the debt due from one of the finance customers of KD 1,545,055 (2016: KD 3,286,804) was approved to be written off along with its related provision of KD 919,441 (2016: KD 3,191,071) and to record bad debts of KD 472,499 with the related deferred revenues of KD 153,114 (KD 95,733) from the accounting books and records of the Parent Company. This procedure will not affect the legal actions taken by the Parent Company for claiming the customer to settle the debt in full.

10. Receivables and other debit balances (continued)

The Group does not charge any financial charges on the overdue receivables. The following is analysis of provision for doubtful debts:

	2017 KD	2016 KD
Specific provision	6,044,915	6,297,195

Movement on provision for doubtful debts is as follows:

	2017 KD	2016 KD
At 1 January	6,297,195	8,292,934
Charged during the year	850,693	1,440,576
Write back provision of finance transactions	(73,532)	(245,244)
Write off provision for receivables from sale of financial and real estate investments and services	(1,029,441)	(3,191,071)
At 31 December	6,044,915	6,297,195

11. Available for sale investments

	2017 KD	2016 KD
Investment in quoted local shares	5,126	4,219
Investment in unquoted local shares	13,969	22,477
Investment in unquoted foreign shares	36,194	36,194
	55,289	62,890

Investments in local and foreign shares include unquoted shares of KD 41,194 (2016: KD 41,194) carried at cost less impairment due to non-availability of a basis to be based upon to measure its fair value at the date of the consolidated statement of financial position. Management does not have indicators that the investments are impaired.

Available for sale financial investments include unquoted foreign shares at an actual cost of KD 3,698,839 (31 December 2016: KD 3,698,839) brought forward from 2009. Since these investments are the subject of a legal dispute, management decided to reduce the cost of these investments in full in the previous years until they are finally resolved.

During the year, the Group's management has recognized impairment of available for sale investments of KD 23,237 (31 December 2016: KD 5,000).

Investments in unquoted shares are valuated in accordance with the estimated operations based on the available information on the financial position, results of operations of the investee companies, the expected future profits of these companies and by taking in consideration recent transactions on the shares with other parties in investee companies or similar companies

Available for sale investments include certain shares reserved for a creditor amounted by KD 8,264.

Valuation techniques of available for sale investments are disclosed in Note 33.

12. Investment properties

Investment properties	**2017** KD	**2016** KD
At 1 January	14,839,420	16,025,352
Disposals	(780,000)	-
Transfer from properties under development	3,357,730	-
Change in fair value	262,361	(1,199,035)
Foreign currency translation differences	(68,294)	13,103
At 31 December	17,611,217	14,839,420

Properties under development	**2017** KD	**2016** KD
At 1 January	9,012,769	9,853,307
Additions	39,880	137,956
Disposals	(96,968)	(260,928)
Transferred to investment properties	(3,357,730)	-
Change in fair value	408,797	(776,130)
Foreign currency translation differences	(54,631)	58,564
At 31 December	5,952,117	9,012,769
	23,563,334	23,852,189

During the year, properties under development of KD 3,357,730 (2016: nil) have been transferred to investment properties after finalizing their development works.

During year, the Group has assigned one of its owned properties to settele part of the due wakala to one of the wakala payables (Note 16). This transaction was eliminated from the consolidated statement of cash flows as it is a non-cash transaction.

The Group owns certain investment properties under Ijara contracts with a promise for purchase by a local bank during the year ended 31 December 2017 (Note 17).

The fair value of the Group's investment properties was reached to as at 31 December based on the valuation done on the consolidated financial statements date by independent valuers; one of them is a local bank. The management has adopted the lower valuation in the consolidated financial statements. The fair value was determined under level 2 based on the market comparable approach that reflects recent transaction priced for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

13. Investments in associates

Name of the associate	Country of incorporation	Measurement method	Voting rights and equity interest % 2017	Voting rights and equity interest % 2016	Activity	2017	2016
						KD	KD
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L	State of Kuwait	Equity method	40%	40%	General Trading and Contracting	848,510	927,769
Egyptian Saudi Company for Medical Equipment S.A.E.*	The Arab Republic of Egypt	Equity method	30.26%	25.93%	Medical devices and equipment	249,991	203,691
						1,098,501	1,131,460

The following table summarizes the financial statements of the Group's investments in its associates:

Name of the associate	Total assets	Total liabilities	Revenue	Expenses	Group's share of results	Latest available financial statements
	KD	KD	KD	KD	KD	KD
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L	4,917,044	(2,795,770)	2,953,560	(3,151,705)	(79,258)	31 December 2017
Egyptian Saudi Company for Medical Equipment (S.A.E)	1,422,844	(596,700)	1,457,765	(1,364,969)	28,080	31 December 2017
					(51,178)	

Name of the associate	Total assets	Total liabilities	Revenue	Expenses	Group's share of results	Latest available financial statements
	KD	KD	KD	KD	KD	KD
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L	4,884,737	(2,565,314)	2,597,409	(2,777,987)	(72,231)	31 December 2016
Egyptian Saudi Company for Medical Equipment (S.A.E)	1,117,754	(332,212)	1,229,088	(1,089,651)	36,156	31 December 2016
					(36,075)	

13. Investments in associates (continued)

The movement on investments in associates is as follows:

	2017 KD	2016 KD
At 1 January	1,131,460	1,383,233
Additions	26,725	36,000
Dividends	(17,191)	(22,981)
Foreign currency translation differences	8,685	(228,717)
Group's share of associates' of results	(51,178)	(36,075)
At 31 December	1,098,501	1,131,460

The Group's share in the results of Interpack Kuwait Limited for General Trading and Contracting Co. W.L.L. were stated based on financial statements prepared by management, and Egyptian Saudi Company for Medical Equipment S.A.E based on audited financial statements as at 31 December 2017.

* During the year, the Group increased its ownership percentage in the Egyptian Saudi Company for Medical Equipment (S.A.E.) from 25.93% to 30.26% representing 4.33%. Such transaction did not have a significant impact on the consolidated financial statements for the year ended 31 December 2017.

During the year, one of the associates "Egyptian Saudi Company for Medical Equipment (S.A.E.)" distributed cash dividends of 14% of the nominal value of the share totaling KD 17,191 in accordance with the ordinary General Assembly meeting of the Company dated 23 March 2017.

14. Property, plant and equipment

	Rights of utilization	Buildings	Containers	Vehicles	Equipment	Work in progress	Total
	KD	KD	KD	KD	KD	KD	KD
Cost							
At 1 January 2017	5,058,236	2,459,233	169,853	163,316	1,750,736	193,419	9,794,793
Additions	-	9,508	-	30,974	26,866	-	67,348
Transferred from work in process	-	9,981	183,438	-	-	(193,419)	-
Disposals	-	(3,228)	-	(7,684)	(104,545)	-	(115,457)
Revaluation surplus adjustment	(109,850)	-	-	-	-	-	(109,850)
At 31 December 2017	4,948,386	2,475,494	353,291	186,606	1,673,057	-	9,636,834
Accumulated depreciation							
At 1 January 2017	699,231	827,436	121,379	83,075	906,228	-	2,637,349
Charged during the year	-	136,616	27,460	24,162	113,231	-	301,469
Related to disposals	-	(3,219)	-	(2,548)	(55,575)	-	(61,342)
At 31 December 2017	699,231	960,833	148,839	104,689	963,884	-	2,877,476
Net carrying value							
At 31 December 2017	4,249,155	1,514,661	204,452	81,917	709,173	-	6,759,358
At 31 December 2016	4,359,005	1,631,797	48,474	80,241	844,508	193,419	7,157,444

Rights of utilization totaling KD 4,249,155 (2016: KD 4,359,005) inclede the following:

- Purchasing right of utilization of a plot in Shuwaikh of KD 4,948,236 (31 December 2016: 4,948,236) to be used in establishing parking garages, warehouses and showrooms. The term of the contract is 5 years, renewable, starts from 11 May 2017. The right of utilization was assessed by two independent valuers one of them is a bank as at 31 December 2017. Impairment was recorded at nil (2016: KD 699,231) stated in the consolidated statement of income.
- Purchasing right of utilization of the food security plot No. 56, block 6 at Al Abdali Agricultural Area for one of the subsidiaries with a cost amounted to KD 150. The subsidiary acquired the same under administrative license from Ministry of Finance, State Property Contracts Department. As at 31 December 2017, the right of utilization was recorded at cost in order to confirm the Group's accounting policies.
- During the year, one of the subsidiaries amended its accounting policies to conform with the Group's accounting policies resulted in reversal of the revaluation surplus at KD 109,850.

15. Intangible assets

	Key money	Software	Total
	KD	KD	KD
Cost			
At 1 January 2017	597,530	474,940	1,072,470
Additions	10,000	-	10,000
Disposals	(64,000)	-	(64,000)
At 31 December 2017	543,530	474,940	1,018,470
Accumulated amortization			
At 1 January 2017	90,070	142,482	232,552
Charge for the year	115,670	47,494	163,164
Related to disposals	(64,000)	-	(64,000)
At 31 December 2017	141,740	189,976	331,716
Net carrying value			
At 31 December 2017	401,790	284,964	686,754
At 31 December 2016	507,460	332,458	839,918
Annual depreciation rates	5%	10%	

16. Wakala payables

	2017	2016
	KD	KD
Wakala payables	21,164,197	22,422,949

The average effective cost rate on wakala was 5.8% annually as at 31 December 2017 (2016: 4%).

Wakala payables include past due wakala of KD 4,887,212. The Parent Company was obliged to pay in accordance with a legal judgment against the Parent Company, and amicable settlement is currently in progress with the prevailing party. During the year, the Group made an agreement with such party, under which the wakala due to that party was partially paid through assigning one of the properties owned by the Group of KD 750,000 and a cash amount of KD 250,396 was paid and an amount of KD 250,000 was paid through a related party. Hence, wakala balance reached KD 3,636,816 as at 31 December 2017. This settlement was resulted in a loss of KD 30,000 recorded in the consolidated statement of income as "losses from sale of investment properties". This transaction was eliminated from the consolidated statement of cash flows as it is a non-cash transaction (Note 30).

During the previous year, wakala of KD 16,999,319 was due with one of the payable parties and was not renewed. Such party has filed a legal lawsuit against the Parent Company. The litigation is still in process and no final judgment was made up to date of preparing the consolidated financial statements (Note 30).

17. Ijara payables

	2017 KD	2016 KD
Ijara payables	2,648,641	589,790
Future finance costs	(70,162)	(9,080)
	2,578,479	580,710

Ijara payables represent facilities contracts granted by a local bank in return for lease contracts concluded with the bank related to investment properties, with a promise for purchase as follows:

- Amount of KD 533,341 (2016: KD 589,790) represents deferred rental value due at end of the contract period on 17 April 2018. The effective yield rate is 6.05% per annum (31 December 2016: 5.54%).
- Amount of KD 793,275 represents deferred rental value due at end of the contract period on 3 June 2018. The effective yield rate is 5.77% per annum (31 December 2016: nil).
- Amount of KD 1,322,025 represents deferred rental value due at end of the contract period on 5 August 2018. The effective yield rate is 5.78% per annum (31 December 2016: nil).

18. Payables and other credit balances

	2017 KD	2016 KD
Trade payables	1,372,046	1,796,889
Accrued expenses	106,477	187,963
Purchase of land and financial investments payables	235,575	281,530
Other payables*	1,163,526	-
	2,877,624	2,266,382

* This item represents the balance due to the, previous, Ultimate Parent Company. During the financial year, this item was reclassified from due to related parties to other payables as the ownership interest of the previous Parent Company was transferred to the current Parent Company. This transaction was eliminated from the interim condensed consolidated statement of cash flows as it is a non-cash transaction.

19. Share capital

The Parent Company's authorized, issued, and fully paid up capital is KD 21,386,865 (2016: KD 21,386,865) divided into 213,868,650 shares (2016: 213,868,650 shares), each of 100 fils. All shares are cash shares.

20. Statutory reserve

As required by the Companies Law and the Parent Company's articles of association, as amended, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax, Zakat and board of directors' remuneration is transferred to the statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the share capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's articles of association.

No transfer to the reserve was made because of accumulated losses.

21. 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, National Labour Support Tax, Zakat and board of directors' remuneration is transferred to the voluntary reserve. Such annual transfer may be discontinued by a resolution of the shareholders' general assembly upon recommendation by the Parent Company's board of directors.

No transfer to the reserve was made because of accumulated losses.

22. Treasury shares

	2017	2016
	KD	KD
Number of shares purchased (share)	6,845,096	6,845,096
Ownership percentage (percentage to total capital)	%3.2	%3.2
Cost (KD)	4,573,296	4,573,296
Market value (KD)	169,758	85,564

The Parent Company is committed to keeping reserves and capital share premium equal to the purchased treasury shares cost which are non-distributable along acquisition period by the Parent Company in accordance with instructions of the concerned regulatory authorities. Treasury shares are retained for certain creditors.

23. Other income

Other income includes an amount of KD 368,154 related to one of the Group's subsidiaries representing accounts payable for years. There are no claims for such amounts. Management of the subsidiary believes that it is unexpected that such amounts will be claimed in the future.

24. General and administrative expenses

	2017	2016
	KD	KD
Employee costs	2,564,737	2,364,461
Depreciation and amortization (Notes 14 and 15)	464,633	414,610
Others expenses	1,159,699	1,471,115
	4,189,069	4,250,186

25. Basic and diluted loss per share attributable to the shareholders of the Parent Company/ (fils)

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

	2017	2016
	KD	KD
Net loss for the year attributable to shareholders of the Parent Company	(2,182,537)	(5,217,398)
Weighted average number of outstanding ordinary shares during the year (share)	213,868,650	213,868,650
Weighted average number of treasury shares (share.)	(6,845,096)	(6,845,096)
Weighted average number of outstanding shares during the year (share)	207,023,554	207,023,554
Basic loss per share attributable to the Parent Company's shareholders / (fils)	(10.54)	(25.20)

26. Fiduciary assets

Fiduciary assets comprise of investments and funds managed on behalf of clients. These are not assets of the Group and accordingly, are not included in the Group's consolidated financial statements. Total fiduciary assets managed on behalf of clients amounted to KD 4,194,000 as at 31 December 2017 (2016: KD 9,147,000) including a portfolio managed on behalf of a related party of nil as at 31 December 2017 (2016: KD 119,000).

27. Related party transactions

Related parties comprise of the Group's major shareholders who are members of the board of directors, board of directors, key management personnel, and subsidiaries in which the Company has representatives in their board. In the normal course of business, subject to approval of the Group's management, transactions were made with such parties during the year ended 31 December 2017. Balances and transactions between the Group and its subsidiaries, which are deemed as related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

Balances due from/to related parties and related party transaction are as follows:

	2017	2016
	KD	KD
Consolidated statement of financial position		
Investments at fair value through statement of income	460	644
Due from related parties	601,126	550,147
Due to related parties	333,266	1,814,696

	2017	2016
	KD	KD
Consolidated statement of income		
Loss from sale of investments at fair value through statement of income	(184)	(276)
Senior management benefits:		
Senior management's salaries and benefits	341,202	312,050
End of service benefits	113,996	28,738
	455,198	340,788

28. Segment information

Operating segments are identified based on the internal reports of Group segments which are regularly reviewed by the Chairman and general manager as the principal decisions makers in the Group so as to allocate resources to and evaluate performance of these segments on an ongoing basis.

The operating segments that meet the conditions and criteria for reporting them in the consolidated financial statements and are used in the internal reports regularly submitted to decision makers are as follows:

a) Real estate:
This sector represents investing in investment properties to generate rental income, for capital appreciation, or for trading purposes.

b) Financial investments:
This sector represents investment in short term money market instruments, investment in shares of listed and unlisted companies whose articles of association and activities are in compliance with rules of the noble Islamic Shari`a.

c) Corporate finance:
Activity of this segment is to provide finance to companies by using the different Islamic financing instruments, i.e. Murabaha, Wakala, future sales and other contracts that are in compliance with rules of the noble Islamic Shari`a.

d) Other:
This includes the revenues and expenses that are not included under the above sectors.

Summarized information in respect of "the Group's segment information" is given below:

e) Segment revenues and results:

	Segment revenue		**Segment profit**	
	Year ended 31 December		**Year ended 31 December**	
	2017	**2016**	**2017**	**2016**
	KD	KD	KD	KD
Investment properties	2,148,097	(433,781)	2,148,097	(433,781)
Financial investments	(187,392)	(290,729)	(187,392)	(290,729)
Corporate finance	47,000	32,245	(37,549)	(34,901)
Other	1,469,800	959,078	1,469,800	959,078
Total	3,477,505	266,813	3,392,956	199,667
General and administrative expenses			(4,189,069)	(4,250,186)
Provision for doubtful debts			(850,693)	(1,440,576)
Bad Debts			(472,499)	-
Debts settlement loss			(54,062)	(53,945)
Loss for the year			(2,173,367)	(5,545,040)

28. Segment information (continued)

f) Segment assets and liabilities:

For the purposes of monitoring segment performance and allocating resources between segments, the segment assets and liabilities are as follows:

	2017	2016
	KD	KD
Segment assets		
Investment properties	23,563,334	23,852,189
Financial investments	1,301,981	1,456,435
Corporate finance	91,356	678,838
Other	11,859,664	13,122,516
Total segment assets	36,816,335	39,109,978

	2017	2016
	KD	KD
Segment liabilities		
Investment properties	235,575	241,375
Corporate finance	23,742,676	23,003,659
Other	4,185,337	4,948,276
Total segment liabilities	28,163,588	28,193,310

29. Shareholders general assembly

The Managerial Committee had approved the consolidated financial statements for the year ended 31 December 2017. The shareholders of the Parent Company have the right to amend these consolidated financial statements at the Annual General Meeting of Shareholders.

The Shareholders' Annual General Assembly meeting was held on 14 August 2017 and approved the consolidated financial statements of the Group for the financial year ended 31 December 2016 and approved Board of Directors' recommendations not to distribute dividends for the financial year ended 31 December 2016 and not to distribute Board of Directors' remuneration for the financial year ended 31 December 2016.

30. Lawsuits and claims

- Based on the court judgment issued against the Parent Company obliging it to pay an amount of KD 4,887,212 and the fees to one of the creditors, during the period, the Group made an agreement with this party, in which the wakala due to that party was partially paid through assigning one of the properties owned by the Group of KD 750,000 and a cash amount of KD 250,396 was paid and an amount of KD 250,000 was paid through a related party. Accordingly, wakala balance reached KD 3,636,816 as at 31 December 2017 (Note 16).

- During the prior year, wakala of KD 16,999,319 was due with one of the payable parties and was not renewed and this party has filed a legal lawsuit against the Parent Company. The litigation is still in process and no final judgment was decided up to the date of prior the consolidated financial statements (Note 16).

31. Financial risk and capital management

a) Capital risk management

The Group's activities expose it to variety of financial risks: e.g. market risk (i.e. foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Parent Company management policies for reducing each of the risks are discussed below. The Parent Company does not use derivative financial instruments based on future speculations.

The details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 5 to the financial statements.

31.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises of, foreign currency risk, profit rate risk and equity price risk.

a) ***Foreign currency risk***
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates that affects the Group's cash flows or the valuation of the monetary assets and liabilities denominated in foreign currencies.

The Group has set policies for the management of foreign exchange risk which require each Company in the Group to manage the foreign risk against its functional currency. The Group tracks and manages these risks by:
- Monitoring the changes in foreign currency exchange rates on regular basis.
- Set up tide limits for dealing in foreign currencies for the basic objectives of the Group's activities.

The following is net foreign currencies positions as at the date of the consolidated financial statements:

	2017	2016
	KD	KD
OMR	3,497,604	3,258,771
AED	5,384,495	5,381,618
EGP	249,991	203,691
	9,132,090	8,844,080

The tables below analyse the effect of a 5% strengthening in value of the currency rate against the Kuwaiti Dinar from levels applicable at 31 December 2017 and 31 December 2016, with all other variables held constant on the consolidated statement of comprehensive income. The effect of decreases in foreign currency is expected to be equal and opposite to the effect of the increases shown.

31. Financial risk and capital management (continued)

31.1 Market risk (continued)

a) ***Foreign currency risk (continued)***

	Change in currency rate (%)	Effect on profit for the period and equity	
		2017	**2016**
		KD	KD
OMR	+5%	174,880	162,938
UAE Dirham	+5%	269,225	269,081
EGP	+5%	12,500	10,185
		456,605	442,204

b) ***Profit rate risk***

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market profit rates. The Group is not exposed to significant risk as it has no floating interest bearing assets and liabilities at the date of the consolidated financial statements.

c) ***Equity price risk***

Equity price risk is the risk that the fair value of equities will fluctuate as a result of changes in the level of equity indices or the value of individual share price. Equity price risk arises from the changes in fair values of equity investments.

The Group is not significantly exposed to equity price risk.

31.2 Credit risk

Credit risk represents the inability of one party to the financial instrument to meet its liabilities on maturity date, resulting into financial losses to the other party. Financial assets that are likely to expose the Group to credit losses are mainly composed of bank balances", "receivables and other debit balances" and "due from related parties". The Group's bank balances are deposited with high credit quality financial institutions. Receivables are presented net of allowance for doubtful debts. Credit risk with respect to receivables is limited due to the large number of the Group's customers and their dispersion across different industries.

Credit risk exposure
The book values for financial assets represent the maximum exposure to credit risks. The maximum net exposure to credit risk by class of assets at 31 December is as follows:

	2017	**2016**
	KD	KD
Bank balances	910,366	420,731
Receivables and other debit balances (excluding prepaid expenses)	2,390,984	3,777,327
Due from related parties	601,126	550,147
	3,902,476	4,748,205

31. Financial risk and capital management (continued)

31.2 Credit risk (continued)

Geographic concentration of maximum exposure to credit risk

The maximum exposure to credit risk for financial assets at the reporting date by geographical region and industry wise sector is as follows:

	Gulf Cooperation Council Countries	Other	Total
	KD	KD	KD
2017			
Bank balances	910,366	-	910,366
Receivables and other debit balances (excluding prepaid expenses)	2,390,984	-	2,390,984
Due from related parties	601,126	-	601,126
	3,902,476	-	3,902,476
2016			
Bank balances	420,731	-	420,731
Receivables and other debit balances (excluding prepaid expenses)	3,777,327	-	3,777,327
Due from related parties	550,147	-	550,147
	4,748,205	-	4,748,205

	2017	2016
	KD	KD
Segment:		
Real Estate and Commercial	2,992,110	4,327,474
Banks and financial institution	910,366	420,731
	3,902,476	4,748,205

31.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

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

The table below analyses the Company's non-derivative financial liabilities based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

31. Financial risk and capital management (continued)

31.3 Liquidity risk (continued)

As at 31 December, the carrying amounts of the Group's liabilities with maturity less than 12 months are not materially different from their contractual undiscounted value.

2017	Within 1 month KD	1 to 3 months KD	3 to 12 months KD	Total KD
Wakala payables	21,164,197	-	-	21,164,197
Ijara payables	-	-	2,578,479	2,578,479
Payables and other credit balances	-	-	2,877,624	2,877,624
Due to related parties	-	-	333,266	333,266
	21,164,197	-	5,789,369	26,953,566

2016	Within 1 month KD	1 to 3 months KD	3 to 12 months KD	Total KD
Wakala payables	22,269,450	-	153,499	22,422,949
Ijara payables	-	-	580,710	580,710
Payables and other credit balances	-	-	2,266,382	2,266,382
Due to related parties	-	-	1,814,696	1,814,696
	22,269,450	-	4,815,287	27,084,737

As at 31 September 2017, the current liabilities of the Group exceeded its current assets with an amount of KD 22,300,467 (31 December 2016: KD 21,018,660). Whereas the Group maintains adequate cash reserves and owns investment properties of KD 23,563,334 as at 31 December 2017 (31 December 2016: KD 23,852,189) which the Group intends to sell or utilize them in settlement of its debt with creditors related to wakala payables of KD 21,164,197 as at 31 December 2017 (31 December 2016: KD 22,422,949). Furthermore, the Group maintains guarantees of KD 474,491 as at 31 December 2017 (31 December 2016: KD 1,046,921) against receivables from customers. This indicates that the Group will be able to meet its short term commitments.

32. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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

32. Capital risk management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total invested capital. The Group recognizes within the net debt Wakala and Ijara payables less cash and bank balances.

Capital represents total equity of the Group.

	2017 KD	**2016** KD
Wakala payables	21,164,197	22,422,949
Ijara payables	2,578,479	580,710
Less: Bank balances and cash	(960,559)	(460,583)
Net debt	22,782,117	22,543,076
Equity attributable to shareholders of the Parent Company	6,863,788	9,120,963
Total invested capital	29,645,905	31,664,039
Debt to capital ratio	%76.85	%71.19

33. Fair value of financial assets and liabilities

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date In the opinion of the Group's management, the carrying values of the financial assets and liabilities as at 31 December are not significantly different from their carrying value.

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

	Carried at fair value KD	**Carried at cost** KD	**Carried at amortised cost** KD	**Total** KD
2017				
Financial assets:				
Bank balances and cash	-	-	960,559	960,559
Investments at fair value through statement of income	44,659	103,532	-	148,191
Receivables and other debit balances (excluding prepaid expenses)	-	-	2,390,984	2,390,984
Due from related parties	-	-	601,126	601,126
Available for sale investments	14,095	41,194	-	55,289
	58,754	144,726	3,952,669	4,156,149
Financial liabilities:				
Wakala payables	-	-	21,164,197	21,164,197
Ijara payables	-	-	2,578,479	2,578,479
Payables and other credit balances	-	-	2,877,624	2,877,624
Due to related parties	-	-	333,266	333,266
	-	-	26,953,566	26,953,566

33. Fair value of financial assets and liabilities (continued)

	Carried at fair value	Carried at cost	Carried at amortised cost	Total
	KD	KD	KD	KD
2016				
Financial assets:				
Bank balances and cash	-	-	460,583	460,583
Investments at fair value through statement of income	54,185	207,900	-	262,085
Receivables and other debit balances (excluding prepaid expenses)	-	-	3,777,327	3,777,327
Due from related parties	-	-	550,147	550,147
Available for sale investments	21,696	41,194	-	62,890
	75,881	249,094	4,788,057	5,113,032
Financial liabilities:				
Wakala payables	-	-	22,422,949	22,422,949
Ijara payables	-	-	580,710	580,710
Payables and other credit balances	-	-	2,266,382	2,266,382
Due to related parties	-	-	1,814,696	1,814,696
	-	-	27,084,737	27,084,737

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (inputs relating to prices).
- Level 3: inputs are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

	Level 1	Level 2	Total
	KD	KD	KD
2017			
Financial assets			
Investments at fair value through statement of income	-	44,659	44,659
Available for sale investments	5,154	8,941	14,095
	5,154	53,600	58,754
Non-financial assets			
Investment properties	-	23,563,334	23,563,334

33. Fair value of financial assets and liabilities (continued)

	Level 1	Level 2	Total
	KD	KD	KD
2016			
Financial assets			
Investments at fair value through statement of income	-	54,185	54,185
Available for sale investments	4,219	17,477	21,696
	4,219	71,662	75,881
Non-financial assets			
Investment properties	-	23,852,189	23,852,189

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

The fair values of levels 1 and 2 financial instruments have been determined based on the following:

Investments:
The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Investment properties:
The fair value of non-financial asset that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

34. Commitments and contingent liabilities

	2017	2016
	KD	KD
Letters of guarantee	20,793	15,624

Operating lease Commitments

The minimum operating lease commitments under non-cancellable operating leases are as follows:

	2017	2016
	KD	KD
No later than 1 year	156,080	134,179
Later than one year but not later than five years	452,183	235,895
	608,263	370,074

Capital costs that were contracted for as at the date of the consolidated financial statements and not incurred yet are as follows:

	2017	2016
	KD	KD
Capital commitments	-	50,000

35. Subsequent events

Subsequent to the reporting date, on 5 February 2018, the Parent Company's Board of Directors has been dissolved, and appointed a temporary Managerial Committee (Note 1).

36. Comparative figures

Certain prior year figures have been reclassified to conform to the current year's presentation. Such reclassification did not affect previously reported loss, equity or opening balances for the preceding comparative period and accordingly a third consolidated statement of financial position is not presented.