

Interim condensed consolidated financial information and review report

**Gulf Investment House – KPSC and Subsidiaries**

**Kuwait**

31 March 2019 (Unaudited)

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## Report on review of interim condensed consolidated financial information

To the Board of Directors of  
Gulf Investment House – KPSC  
Kuwait

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Investment House KPSC (the “Parent Company”) and its subsidiaries (together “the Group”) as of 31 March 2019 and the related interim condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

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

### *Basis for Qualified Conclusion*

The newly acquired associate, Future Kid Entertainment and Real Estate Company K.S.C.P., referred to in note 8 a) recognises operating revenue on cash received basis of accounting which is not in accordance with the revenue recognition principles under International Financial Reporting Standards (IFRS). The effect of this departure from IFRS has not been quantified and consequently we are unable to satisfy ourselves with respect to the effect of this on the Group’s profit for the period, accumulated losses and the carrying value of the associates by any other means.

### *Qualified Conclusion*

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation set out in note (2).

### *Other matters*

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2018 were reviewed by other auditors who issued a disclaimer of conclusion on 15 May 2018.



## Report on review of interim condensed consolidated financial information of Gulf Investment House – KPSC (continued)

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

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violation of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2019 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations during the three-months period ended 31 March 2019 that might have had a material effect on the business or financial position of the Parent Company.

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

Kuwait  
14 May 2019

## Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2019 (Unaudited) KD	Three months ended 31 March 2018 (Unaudited) KD
<b>Income</b>			
Unrealised loss on financial assets at fair value through profit or loss		(8,092)	(477)
Share of results of associates	8	342,184	329,002
Gain on acquisition of a subsidiary	4	411,747	-
Other income		2,145	7,602
<b>Total income</b>		<b>747,984</b>	<b>336,127</b>
<b>Expenses and other charges</b>			
General, administrative and other expenses		(40,305)	(32,578)
Staff costs		(109,624)	(97,556)
Foreign exchange loss		(114)	(2,317)
Investment expenses		-	(25,143)
		(150,043)	(157,594)
<b>Profit before Zakat and National Labour Support Tax (NLST)</b>		<b>597,941</b>	<b>178,533</b>
Provision for Zakat		(5,979)	-
Provision for NLST		(14,949)	-
<b>Profit for the Period</b>		<b>577,013</b>	<b>178,533</b>
<b>Attributable to:</b>			
Owners of the Parent Company		577,013	178,533
Non-controlling interest		-	-
		<b>577,013</b>	<b>178,533</b>
<b>Basic and diluted earnings per share attributable to the owners of the Parent Company (Fils)</b>			
	5	1.42	2.93

*The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.*

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

	Three months ended 31 March 2019 (Unaudited) KD	Three months ended 31 March 2018 (Unaudited) KD
Profit for the period	577,013	178,533
<b>Other comprehensive income:</b>		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive income of associates	(13,972)	(231,993)
Exchange differences arising on translation of foreign operations	(22,635)	(37,892)
<b>Total other comprehensive loss to be reclassified to profit or loss in subsequent periods</b>	<b>(36,607)</b>	<b>(269,885)</b>
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Net changes in fair value of investments in equity instruments designated at FVOCI	(652,490)	(307,033)
<b>Total other comprehensive loss not to be reclassified to profit or loss in subsequent periods</b>	<b>(652,490)</b>	<b>(307,033)</b>
<b>Total other comprehensive loss for the period</b>	<b>(689,097)</b>	<b>(576,918)</b>
<b>Total comprehensive loss for the period</b>	<b>(112,084)</b>	<b>(398,385)</b>
<b>Total comprehensive loss attributable to:</b>		
Owners of the Parent Company	(113,689)	(395,910)
Non-controlling interests	1,605	(2,475)
	<b>(112,084)</b>	<b>(398,385)</b>

*The notes set out on pages 8 to 17 an integral part of this interim condensed consolidated financial information.*

## Interim condensed consolidated statement of financial position

	Note	31 March 2019 (Unaudited) KD	31 December 2018 (Audited) KD	(Restated) 31 March 2018 (Unaudited) KD
<b>Assets</b>				
Bank balances and short term deposits	6	12,948,065	7,130,968	1,926,650
Financial assets at fair value through profit or loss		1,245,103	426,048	896,209
Financial assets at fair value through other comprehensive income	7	3,305,661	3,435,527	4,008,386
Inventories		232,897	-	-
Accounts receivables and other assets		1,077,367	31,512	53,214
Investment in associates	8	24,829,806	24,161,375	32,779,111
Investment properties		2,378,455	2,358,940	3,233,398
Property and equipment		177,822	6,324	153
<b>Total assets</b>		<b>46,195,176</b>	<b>37,550,694</b>	<b>42,897,121</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Murabaha payables	9	-	-	35,644,764
Other liabilities		1,349,999	942,512	1,011,248
<b>Total liabilities</b>		<b>1,349,999</b>	<b>942,512</b>	<b>36,656,012</b>
<b>Equity</b>				
Share capital	10	40,649,566	40,649,566	16,420,244
Statutory reserve	10	-	-	343,089
Cumulative changes in fair value		(796,388)	(196,563)	50,009
Foreign currency translation reserve		1,018,376	1,042,615	(76,561)
Accumulated losses		(4,501,409)	(5,011,784)	(10,640,140)
<b>Equity attributable to the owners of the Parent Company</b>		<b>36,370,145</b>	<b>36,483,834</b>	<b>6,096,641</b>
Non-controlling interests		8,475,032	124,348	144,468
<b>Total equity</b>		<b>44,845,177</b>	<b>36,608,182</b>	<b>6,241,109</b>
<b>Total liabilities and equity</b>		<b>46,195,176</b>	<b>37,550,694</b>	<b>42,897,121</b>



Abdulaziz A. Alsanad  
Chairman



Bashar N. Al-Tuwajri  
Chief Executive Officer

The notes set out on pages 8 to 17 an integral part of this interim condensed consolidated financial information.





## Interim condensed consolidated statement of changes in equity

	Equity attributable to owners of the Parent Company						Non-controlling interests		Total equity
	Share capital KD	Statutory reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub-Total KD	KD	KD	
Balance as at 1 January 2019	40,649,566	-	(196,563)	1,042,615	(5,011,784)	36,483,834	124,348	36,608,182	
Increase on acquisition of subsidiary (note 4)	-	-	-	-	-	-	8,349,079	8,349,079	
Transactions with owners	-	-	-	-	-	-	8,349,079	8,349,079	
Profit for the period	-	-	-	-	577,013	577,013	-	577,013	
Total other comprehensive (loss) / income for the period	-	-	(666,463)	(24,239)	-	(690,702)	1,605	(689,097)	
Total comprehensive (loss) / income for the period	-	-	(666,463)	(24,239)	577,013	(113,689)	1,605	(112,084)	
Transfer on de-recognition of equity accounting of an associate	-	-	66,638	-	(66,638)	-	-	-	
Balance as at 31 March 2019	40,649,566	-	(796,388)	1,018,376	(4,501,409)	36,370,145	8,475,032	44,845,177	
Balance as at 1 January 2018 (as previously reported)	16,420,244	343,089	1,486,635	(41,144)	(10,667,601)	7,541,223	146,943	7,688,166	
Effect of restatement	-	-	-	-	553,238	553,238	-	553,238	
Balance as at 1 January 2018 (restated)	16,420,244	343,089	1,486,635	(41,144)	(10,114,363)	8,094,461	146,943	8,241,404	
Adjustment arising on adoption of IFRS 9 on 1 January 2019 (note 14)	-	-	(897,600)	-	(704,310)	(1,601,910)	-	(1,601,910)	
Balance as at 1 January 2018	16,420,244	343,089	589,035	(41,144)	(10,818,673)	6,492,551	146,943	6,639,494	
Profit for the period	-	-	-	-	178,533	178,533	-	178,533	
Total other comprehensive loss for the period	-	-	(539,026)	(35,417)	-	(574,443)	(2,475)	(576,918)	
Total comprehensive loss for the period	-	-	(539,026)	(35,417)	178,533	(395,910)	(2,475)	(398,385)	
Balance as at 31 March 2018	16,420,244	343,089	50,009	(76,561)	(10,640,140)	6,096,641	144,468	6,241,109	

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.



## Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2019 (Unaudited) KD	Three months ended 31 March 2018 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit before Zakat and NLST		597,941	178,533
Adjustments:			
Depreciation		610	92
Share of results of associates	8	(342,184)	(329,002)
Net gain on acquisition of subsidiary	4	(411,747)	-
		(155,380)	(150,377)
<b>Changes in operating assets and liabilities:</b>			
Financial assets at fair value through profit or loss		(819,055)	477
Accounts receivables and other assets		(45,526)	(13,140)
Other liabilities		92	(103,973)
<b>Net cash used in operating activities</b>		<b>(1,019,869)</b>	<b>(267,013)</b>
<b>INVESTING ACTIVITIES</b>			
Dividend received from associates		-	452,391
Acquisition of property and equipment		(13,060)	-
Acquisition of investments in associates	8	(1,752,408)	-
Net cash inflow on acquisition of subsidiary	4	8,602,752	-
<b>Net cash from investing activities</b>		<b>6,837,284</b>	<b>452,391</b>
<b>FINANCING ACTIVITIES</b>			
Dividend paid		(318)	(1,087)
Movement in restricted bank accounts		380,134	1,087
<b>Net cash from financing activities</b>		<b>379,816</b>	<b>-</b>
Net increase in cash and cash equivalents		6,197,231	185,378
Cash and cash equivalents at beginning of the period		6,620,083	1,042,226
<b>Cash and cash equivalents at end of the period</b>	6	<b>12,817,314</b>	<b>1,227,604</b>

*The notes set out on pages 8 to 17 form an integral part of this interim consolidated financial information.*

# Notes to the interim condensed consolidated financial information

## 1 Incorporation and activities

This interim condensed consolidated financial information of Gulf Investment House - K.P.S.C (the “Parent Company”) and its subsidiaries (collectively the “Group”) for the period ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 14 May 2019.

The Parent Company is a Kuwaiti shareholding company registered and incorporated in the State of Kuwait on 8 September 1998 under the Commercial Companies Law. The Parent Company is registered with the Central Bank of Kuwait as a finance company and is listed on the Kuwait Stock Exchange.

The Parent Company is a subsidiary of GIH Financing Ltd. (The Ultimate Parent Company).

The Parent Company was registered with the Capital Market Authority (“CMA”) as an investment company. However, during the previous year, the Parent Company has been removed from the registry of the CMA and hence is no longer registered as a licensed investment company with CMA as at 31 March 2019.

The Group is primarily engaged in investment activities and related financial and advisory services. All activities of the Group are carried out in compliance with the Noble Islamic Sharee’a, as approved by the Parent Company’s Fatwa and Sharee’a Supervisory Board.

The Parent Company’s registered head office is at Dar Al-Awadi Tower, Sharq, Kuwait City, P.O. Box 28808, 13149 Safat, Kuwait.

The annual consolidated financial statements for the year ended 31 December 2018 were authorised for issuance by the Board of Directors on 28 March 2019 and are subject to the approval of shareholders at the forthcoming Annual General Meeting which is scheduled to be held on 15 May 2019.

## 2 Basis of preparation and presentation

This interim condensed consolidated financial information of the Group for the three-months period ended 31 March 2019 has been prepared in accordance with IAS 34, Interim Financial Reporting except as noted below.

The annual consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (“CBK”) in the State of Kuwait. These regulations require expected credit loss (“ECL”) to be measured at the higher of the ECL on credit facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instruction; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) (collectively referred to as IFRS, as adopted for use by the State of Kuwait). However, the Group does not have any credit facilities.

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2018 except for the changes described in note 3.

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

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

### 2 Basis of preparation and presentation (continued)

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2018, except for the changes arising from applying IFRS 16 as noted in 3 below.

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

The subsidiaries are consolidated and share of results of certain associates are recorded based on the management accounts for the period ended 31 March 2019 and 31 December 2018, respectively.

### 3 Changes in accounting policies

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2019 which have been adopted by the Group and information on these new standards is presented below:

#### *IFRS 16 Leases*

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

However, the adoption of IFRS 16 did not result in any significant impact on the Group's interim condensed consolidated financial information.

Several other amendments and interpretations apply for the first time in 2019, but do not have a material impact on the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### 4 Acquisition of subsidiary

During the current quarter, the Parent Company acquired an additional equity stake of 10.16% in Afkar Holding Company K.S.C. (Holding) ("Investee"), which resulted in increasing its ownership interest in the previously equity accounted associate from 41.76% to 51.92% enabling the Group to control the investee. The acquisition was accounted in accordance with IFRS 3 as follows:

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

### 4 Acquisition of subsidiary (continued)

	KD
Total consideration paid	1,257,512
Fair value of the previously held equity interests in the acquiree (note 8 b)	6,831,216
Value of non-controlling interests	8,349,079
	<hr/> 16,437,807
<b>Less: recognized amounts of identifiable assets acquired and liabilities assumed</b>	
Bank balances and short term deposits	9,860,264
Account receivables and other assets	1,000,326
Inventories	232,897
Financial assets at fair value through other comprehensive income	522,625
Investment in associates (note 8)	5,461,176
Property and equipment	159,049
Account payable and other liabilities	(386,783)
	<hr/> 16,849,554
<b>Gain on acquisition of a subsidiary (bargain purchase)</b>	<hr/> <b>411,747</b> <hr/>

For the purpose of the consolidated statement of cash flow, the net cash inflow on acquisition of subsidiary is KD8,602,752.

The initial accounting for the business combination is provisional due to its complexity, and will be adjusted retrospectively (if required) when the final purchase price allocation is completed during the one-year measurement period from the acquisition date.

The financial position of investee as at 31 December 2018 was consolidated with the Group's financial position as of 31 March 2019. Accordingly, Afkar Holding Company K.S.C. (Holding) as a subsidiary did not contribute any amount to the revenue and net results of the Group for the period ended 31 March 2019.

### 5 Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	Three months ended	
	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	577,013	178,533
Weighted average number of shares outstanding during the period	406,495,660	60,957,320
Basic and diluted earnings per share (Fils)	1.42	2.93

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

### 5 Basic and diluted earnings per share (continued)

The weighted average number of shares outstanding during the previous period has been restated due to the share capital reduced during the previous year (Note 10).

Earnings per share reported during the previous period was 1.09 Fils.

### 6 Cash and cash equivalents

Cash and cash equivalents for the purpose of the interim condensed consolidated statement of cash flows are made up as follows:

	31 March 2019 (Unaudited) KD	31 December 2018 (Audited) KD	31 March 2018 (Unaudited) KD
Bank balances and short term deposits	12,948,065	7,130,968	1,926,650
Less: Balances in restricted bank accounts*	-	(379,816)	(558,362)
Less: Dividend restricted bank accounts **	(130,751)	(131,069)	(140,684)
Cash and cash equivalents as per the statement of cash flows	12,817,314	6,620,083	1,227,604

\* Restricted bank balances represent balances held by the Ministry of Justice related to a legal case filed by a lender for the recovery of outstanding murabaha payable and during the period this has been released by the Ministry of Justice upon withdrawal of legal cases.

\*\*Relates to amount set apart to meet unclaimed dividend balances, as and when they are claimed by the shareholders. An amount of KD318 (31 December 2018: KD10,703 and 31 March 2018: KD1,087) was paid during the current period, out of dividend payable which relates to dividend for prior years.

### 7 Financial assets at fair value through other comprehensive income

	31 March 2019 (Unaudited) KD	31 December 2018 (Audited) KD	31 March 2018 (Unaudited) KD
Quoted securities	-	444,947	577,553
Unquoted equity securities	3,080,979	2,990,580	3,430,833
Managed funds	224,682	-	-
	3,305,661	3,435,527	4,008,386

Fair values of certain unquoted securities are determined using valuation techniques that are not based on observable market prices or rates.

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

### 8 Investment in associates

The movement of investment in associates is as follows:

	31 March 2019 (Unaudited) KD	31 December 2018 (Audited) KD	31 March 2018 (Unaudited) KD (Restated)
Carrying value as at beginning of the year – as restated	24,161,375	34,736,403	34,736,403
Effect of adjustment of IFRS 9	-	(1,601,910)	(1,601,910)
	<b>24,161,375</b>	<b>33,134,493</b>	<b>33,134,493</b>
Additions during the period/year	1,752,408	1,564,206	329,002
Transferred to subsidiary during the period (8b)	(6,907,521)	-	-
Addition due to consolidation of Afkar Holding Company K.S.C (note 4)	5,461,176	-	-
Disposed during the year	-	(8,991,063)	-
Impairment in value of investments in associates	-	(3,172,906)	-
Share of results of associates (8a & 8b)	418,489	1,521,431	-
Share of other comprehensive income	(13,972)	888,478	(231,993)
Foreign currency translation adjustments	(42,149)	-	-
Dividends	-	(783,264)	(452,391)
	<b>24,829,806</b>	<b>24,161,375</b>	<b>32,779,111</b>

- a) During the period, the Parent Company has acquired 16.7% equity interest in Future Kid Entertainment and Real Estate Company K.S.C.P, a Kuwaiti listed company, for a consideration of KD1,752,408. The management of the Parent Company believes that the Group exercises significant influence over the above investee and accordingly has been equity accounted with effect from 31<sup>st</sup> March 2019. The acquisition has resulted in a net bargain purchase of KD478,194. (being the excess of Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment), which has been recorded as part of the above share of result of associates during the period.

The financial position of the investee as of 31 December 2018 was used for equity accounting as of 31 March 2019 and accordingly, Future Kid Entertainment and Real Estate Company K.S.C.P as an associate did not contribute any amount as share of results to the net results of the Group for the period ended 31 March 2019.

The initial accounting for the associate and the related bargain purchase is provisional due to its complexity, and will be adjusted retrospectively (if required) when the final purchase price allocation is completed during the one-year measurement period from the acquisition date.

- b) The deemed loss from the fair valuation of the previously held equity interest on acquisition date amounted to KD76,305 (being the difference between the fair value of the previously held equity interest and the carrying value based on the equity method) and has been included under the share of results of associates in the interim condensed consolidated statement of profit or loss for period ended 31 March 2019.

### 9 Murabaha payables

During December 2018, the Parent Company issued 345,538,340 new shares to the lenders in settlement of the murabaha payable due to them which amounted to KD 34,553,834 (refer note 10). Consequently, during the period as mutually agreed, both the parties have completed all formalities in relation to withdrawing the legal cases filed.

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

### 10 Share Capital

The authorised, issued and paid up capital of the Parent Company amounts to KD 40,649,566 (31 December 2018: KD40,649,566 and 31 March 2018: KD 16,420,244) distributed over 406,495,660 shares (31 December 2018: 406,495,660 and 31 March 2018: 164,202,440 shares respectively) with 100 Fils par value.

During the previous year, the Parent Company had set off the accumulated losses of KD10,667,601 as of 31 December 2017, against the statutory reserve of KD343,089 and then against the share capital of KD10,324,512 after approval of the shareholders at the Extraordinary General Assembly held on 13 December 2018.

Consequent to the debt restructuring carried out during December 2018, the Parent Company had issued 345,538,340 shares at par value of 100 Fils per share amounting to KD 34,553,834 to the Parent Company's murabaha lender.

In accordance with International Financial Reporting Standards, an amount of KD17,799,681 representing the difference between the fair value of the equity issued KD16,754,153 and the carrying value of the debt settled (KD34,553,834) was recognized in the consolidated statement of profit or loss as gain on conversion of debt to equity during the fourth quarter of 2018. However, in compliance with the local laws, the new shares were issued at par value, and the difference between the par value and the fair value of the new equity issued amounting to KD17,799,681 was recorded in accumulated losses in the consolidated statement of changes in equity as of 31 December 2018. Consequently, this transaction had no effect on the net equity attributable to the owners of the Parent Company as of 31 December 2018.

### 11 Segment analysis

The Group activities are concentrated in two main segments: Investments and Real Estate. These segments are regularly reviewed by the Chief Operating Decision Maker (CODM) for resource allocation and performance assessment. Segment results include revenue and expense directly attributable to each reporting segment as the Group does not have any inter segment charges. Segment assets comprise those operating assets that are directly attributable to the segment.

	Investments KD	Real estate KD	Unallocated KD	Total KD
<b>Three months ended 31 March 2019</b>				
Segment income	745,839	-	2,145	747,984
Segment result	745,839	-	(147,898)	597,941
Total assets	42,638,575	2,378,455	1,178,146	46,195,176
Total liabilities	-	-	1,349,999	1,349,999
<b>As at 31 December 2018</b>				
Total assets	35,185,430	2,358,940	6,324	37,550,694
Total liabilities	-	-	942,512	942,512
<b>Three months ended 31 March 2018</b>				
Segment income	328,526	-	7,601	336,127
Segment result	303,383	-	(124,850)	178,533
Total assets (restated)	39,663,570	3,233,398	153	42,897,121
Total liabilities	35,644,764	-	1,011,248	36,656,012



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

### 12 Related party transactions

Related parties represent the associates, major shareholders, directors and key management personnel of the Group, and other related parties and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Details of significant related party transactions and balances are as follows:

	31 March 2019 (Unaudited) KD	31 December 2018 (Audited) KD	31 March 2018 (Unaudited) KD
<b>Balances included in interim condensed consolidated statement of financial position</b>			
Bank balances	-	-	439,939
Murabaha payables	-	-	35,644,764
		<b>Three months ended 31 March 2019 (Unaudited) KD</b>	<b>Three months ended 31 March 2018 (Unaudited) KD</b>
<b>Compensation of key management personnel of the Group</b>			
Salaries and other short-term benefits		18,063	18,063
Terminal benefits		1,397	1,397
		<b>19,460</b>	<b>19,460</b>

### 13 Summary of financial assets and liabilities by category and fair value measurement

#### 13.1 Categories of financial assets and liabilities

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

	31 March 2019 (Unaudited) KD	31 December 2018 (Audited) KD	31 March 2018 (Unaudited) KD
<b>At amortised cost:</b>			
• Bank balances and short term deposits	12,948,065	7,130,968	1,926,650
• Other assets (excluding non-financial assets)	1,077,367	31,512	53,214
	<b>14,025,432</b>	<b>7,162,480</b>	<b>1,979,864</b>
<b>Financial assets at fair value through profit or loss:</b>			
• Quoted securities	809,751	-	-
• Unquoted securities	302,226	275,843	199,723
• Unquoted funds managed by external fund managers	133,126	150,205	696,486
	<b>1,245,103</b>	<b>426,048</b>	<b>896,209</b>

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

### 13 Summary of financial assets and liabilities by category (continued)

#### 13.1 Categories of financial assets and liabilities (continued)

	31 March 2019 (Unaudited) KD	31 December 2018 (Audited) KD	31 March 2018 (Unaudited) KD
<b>Financial assets at fair value through other comprehensive income</b>			
• Quoted securities	-	444,947	577,553
• Unquoted equity securities	3,080,979	2,990,580	3,430,833
• Managed funds	224,682	-	-
	<b>3,305,661</b>	<b>3,435,527</b>	<b>4,008,386</b>
<b>Total financial assets</b>	<b>18,576,196</b>	<b>11,024,055</b>	<b>6,884,459</b>
<b>Financial liabilities (at amortised costs) :</b>			
• Murabaha payable	-	-	35,644,764
• Other liabilities	1,349,999	942,512	1,011,248
	<b>1,349,999</b>	<b>942,512</b>	<b>36,656,012</b>

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. The Group measures financial instruments such as transaction amount at fair value through profit or loss and financial asset at fair value through other comprehensive income at fair value and measurement details are disclosed in Note 13.2 to the interim condensed consolidated financial information. In the opinion of the Group's management, except for certain murabaha facilities (31 March 2018) the carrying amounts of all other financial assets and liabilities which are carried at amortised costs are considered a reasonable approximation of their fair values.

#### 13.2 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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

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

### 13 Summary of financial assets and liabilities by category (continued)

#### 13.2 Fair value hierarchy for financial instruments measured at fair value (continued)

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

31 March 2019	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through profit or loss				
• Quoted securities	809,751	-	-	809,751
• Unquoted securities	-	-	302,226	302,226
• Unquoted funds managed by external fund managers	-	-	133,126	133,126
Financial assets at fair value through other comprehensive income				
• Unquoted equity securities	-	-	3,080,979	3,080,979
• Managed funds	-	-	224,682	224,682
<b>Total financial assets at fair value</b>	<b>809,751</b>	<b>-</b>	<b>3,741,013</b>	<b>4,550,764</b>
<b>31 December 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
• Unquoted securities	-	-	275,843	275,843
• Unquoted funds managed by external fund managers	-	-	150,205	150,205
Financial assets at fair value through other comprehensive income				
• Quoted securities	444,947	-	-	444,947
• Unquoted equity securities	-	-	2,990,580	2,990,580
<b>Total financial assets at fair value</b>	<b>444,947</b>	<b>-</b>	<b>3,416,628</b>	<b>3,861,575</b>
<b>31 March 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Financial assets at fair value:				
Investments at fair value through profit or loss				
• Unquoted securities	-	-	199,723	199,723
• Unquoted funds managed by external fund managers	-	-	696,486	696,486
Investments at fair value through other comprehensive income				
• Quoted securities	577,553	-	-	577,553
• Unquoted equity securities	-	-	3,430,833	3,430,833
<b>Total financial assets at fair value</b>	<b>577,553</b>	<b>-</b>	<b>4,327,042</b>	<b>4,904,595</b>

The methods and valuation techniques used for measuring fair values are unchanged compared to the previous reporting year/period.

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

### 13 Summary of financial assets and liabilities by category (continued)

#### Level 3 Fair value measurements

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

	31 March 2019 (Unaudited) KD	31 December 2018 (Audited) KD	31 March 2018 (Unaudited) KD
Balance at the beginning of the period / year	3,416,629	3,905,915	3,905,915
Net change in fair value recognised in profit or loss	16,198	49,390	(477)
Net change in fair value recognised in other comprehensive income	(207,543)	(200,130)	(76,010)
Redeemed / disposed during the period / year	(6,894)	(836,162)	-
Transferred from investment carried at cost	-	497,615	497,615
Additions on acquisition of Subsidiary	522,623	-	-
Balance at the end of the period/year	3,741,013	3,416,628	4,327,043

### 14 Effect of restatement

The Group had not recorded certain adjustments relating to associates arising on adoption of IFRS 9 on 1 January 2018, amounting to KD1,601,910 as of 31 March 2018 and the relevant adjustments have been incorporated to the interim condensed consolidated financial information as of 30 September 2018. Accordingly, the Group restated the carrying value of investment in associates, cumulative change in fair value and the accumulated losses as at 31 March 2018 in accordance with IAS 8: Accounting policies, changes in accounting estimates and errors in the interim condensed consolidated financial information. The impact of restatement in the interim condensed consolidated statement of financial position is follows. There is no impact on the interim condensed consolidated statement of profit or loss for the period ended 31 March 2018.

<i>As at 31 March 2018</i>	<i>As previously reported as at 31 March 2018</i> KD	<i>Effect of restatement</i> KD	<i>Restated balance as at 31 March 2018</i> KD
<b>Consolidated statement of financial position</b>			
Investment in associates	34,381,021	(1,601,910)	32,779,111
Cumulative changes in fair value	932,980	(882,971)	50,009
Accumulated losses	(9,921,201)	(718,939)	(10,640,140)

### 15 Comparative information

In addition to what is disclosed in note 14, certain other comparative amounts for the previous periods have been reclassified to be consistent with the presentation for the current period. Such classification did not affect previously reported results, cash flows, total assets or equity.

### 16 Dividend distribution

Subject to the requisite consent of the relevant authorities and approval from the general assembly, the Parent Company's Board of Directors propose not to make any distributions for the year ended 31 December 2018 (2017: Nil).