



National International Holding Co. K.S.C
الشركة الوطنية الدولية القابضة ش.م.ك

Date : 15/05/2018

Mr. Hassan Abdul Rahman Al –Serkal
Executive Vice President
Chief Operation Officer (COO)
Dubai Financial Market
United Arab Emirates

التاريخ: 15/05/2018

السيد / حسن عبد الرحمن السركال المحترم
نائب رئيس تنفيذي – رئيس تنفيذي العمليات
رئيس قطاع العمليات – سوق دبي المالي
دولة الامارات العربية المتحدة

Subject: Results of BOD meeting including
interim financial results for the 1st-QTR of
2018

الموضوع: نتائج اجتماع مجلس الإدارة متضمنة النتائج
المالية المرحلية للربع الاول من عام 2018

Dear Mr. Al Serkal,

تحية طيبة و بعد ,

Kindly find attached Results of BOD meeting
including interim condensed consolidated
financial statements for the 1st QTR of 2018 for
National International Holding Company
(P.K.S.C.)

مرفق طيه نتائج اجتماع مجلس الإدارة متضمنة البيانات المالية
المرحلية الموجزة الموحدة للربع الأول من عام 2018
للشركة الوطنية الدولية القابضة (ش.م.ك.ع)

و تفضلوا بقبول فائق الشكر و الاحترام

Thanks and regards

CEO
Mamdouh El Sherbiny



الرئيس التنفيذي
ممدوح الشربيني

**National International Holding Company K.S.C.P.
And its subsidiaries
State of Kuwait**

**Interim Condensed Consolidated Financial Information
And Review Report
For the three months period ended 31 March 2018
(Unaudited)**

National International Holding Company K.S.C.P.
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information
And Review Report
For the three months period ended 31 March 2018
(Unaudited)

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National International Holding Company K.S.C.P.

State of Kuwait

Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National International Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2018, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, 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, we have not become aware of any violations of the Companies Law No. 1 of 2016, the executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2018 that might have had a material effect on the business of the Group or on its consolidated financial position.



Bader A. Al-Wazzan

Licence No. 62A

Deloitte & Touche, Al-Wazzan & Co.

Kuwait, 15 May 2018

National International Holding Company K.S.C.P.

And its subsidiaries

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Interim Condensed Consolidated Statement of Financial Position as at 31 March 2018**(Unaudited)***(All amounts are in Kuwaiti Dinar)*

	Note	31 March 2018	31 December 2017 (Audited)	31 March 2017
Assets				
Cash and cash equivalents	4	782,822	845,380	4,677,283
Financial assets at fair value through profit or loss	5	6,497,517	72,772	199,477
Accounts receivable and other assets		1,817,275	1,622,014	1,669,326
Inventories		1,493,928	1,020,780	926,670
Financial assets at fair value through OCI	5	15,721,171	-	-
Financial assets available for sale	5	-	22,205,975	16,145,715
Investment in associates	6	7,269,169	7,175,716	11,764,433
Investment properties		2,463,130	2,463,130	2,605,819
Furniture and equipment		4,006,698	3,991,993	4,059,839
Assets classified as held for sale		4,576,054	4,576,054	-
Total assets		44,627,764	43,973,814	42,048,562
Liabilities and equity				
Liabilities				
Bank facilities		2,456,026	2,846,044	1,860,207
Accounts payable and other liabilities		2,917,482	2,470,081	2,920,804
Total liabilities		5,373,508	5,316,125	4,781,011
Equity				
Share capital		21,687,750	21,687,750	21,687,750
Share premium		2,813,184	2,813,184	2,813,184
Statutory reserve		706,279	706,279	560,389
Cumulative changes in fair values reserve		10,881,726	11,172,435	10,585,566
Treasury shares	7	(1,906,792)	(1,906,792)	(1,711,249)
Treasury shares reserve		318,561	318,561	318,561
Group's share in associate's reserves		23,470	-	-
Retained earnings		4,730,078	3,866,272	3,013,350
Total equity		39,254,256	38,657,689	37,267,551
Total liabilities and equity		44,627,764	43,973,814	42,048,562

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

Abdul Wahab Mohamed Al-Wazzan
Chairman

Mamdouh Abdul Ghani El Sherbiny
Chief Executive Officer

National International Holding Company K.S.C.P.

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**Interim Condensed Consolidated Statement of Income for the three months period ended 31 March 2018
(Unaudited)***(All amounts are in Kuwaiti Dinar)*

	Note	Three months ended	
		31 March	
		2018	2017
Revenues			
Net investment income	8	368,366	285,509
Share of results of an associate		69,983	-
Profit from operating activities		478,435	418,337
Other income		15,021	6,813
		<u>931,805</u>	<u>710,659</u>
Expenses			
Other expenses		(357,102)	(304,719)
Finance costs		(72,645)	(18,087)
Profit for the period before deductions		<u>502,058</u>	<u>387,853</u>
Contribution to KFAS		(4,519)	(3,491)
National Labour Support Tax		(13,315)	(9,884)
Zakat		(2,779)	(2,319)
Profit for the period		<u>481,445</u>	<u>372,159</u>
Basic and diluted earnings per share (fiIs)	9	<u>2.40</u>	<u>1.83</u>

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

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**Interim Condensed Consolidated Statement of Comprehensive Income for the three months period ended
31 March 2018
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Three months ended	
	31 March	
	2018	2017
Profit for the period	481,445	372,159
Other comprehensive income items:		
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of income:</i>		
Change in fair value of available for sale investments	-	(24,045)
Group's share in associate's reserves	23,470	-
Reclassified to consolidated statement of income on sale	-	51,551
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of income:</i>		
Change in fair value of equity investments at fair value through other comprehensive income	91,652	-
Other comprehensive income items for the period	115,122	27,506
Total comprehensive income for the period	596,567	399,665

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

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**Interim Condensed Consolidated Statement of Changes in Equity for the three months period ended 31 March 2018
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Statutory reserve	Cumulative changes in fair values reserve	Treasury shares	Treasury shares reserve	Group's share in associate's reserves	Retained earnings	Total
As at 1 January 2018	21,687,750	2,813,184	706,279	11,172,435	(1,906,792)	318,561	-	3,866,272	38,657,689
Impact on adoption of IFRS 9 (Note 2.2)	-	-	-	(382,361)	-	-	-	382,361	-
Restated balance at 1 January 2018	21,687,750	2,813,184	706,279	10,790,074	(1,906,792)	318,561	-	4,248,633	38,657,689
Profit for the period	-	-	-	-	-	-	-	481,445	481,445
Other comprehensive income items for the period	-	-	-	91,652	-	-	23,470	-	115,122
Total comprehensive income for the period	-	-	-	91,652	-	-	23,470	481,445	596,567
As at 31 March 2018	<u>21,687,750</u>	<u>2,813,184</u>	<u>706,279</u>	<u>10,881,726</u>	<u>(1,906,792)</u>	<u>318,561</u>	<u>23,470</u>	<u>4,730,078</u>	<u>39,254,256</u>
As at 1 January 2017	21,687,750	2,813,184	560,389	10,558,060	(1,711,249)	318,561	-	2,641,191	36,867,886
Profit for the period	-	-	-	-	-	-	-	372,159	372,159
Other comprehensive income items for the period	-	-	-	27,506	-	-	-	-	27,506
Total comprehensive income for the period	-	-	-	27,506	-	-	-	372,159	399,665
As at 31 March 2017	<u>21,687,750</u>	<u>2,813,184</u>	<u>560,389</u>	<u>10,585,566</u>	<u>(1,711,249)</u>	<u>318,561</u>	<u>-</u>	<u>3,013,350</u>	<u>37,267,551</u>

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

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Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2018**(Unaudited)***(All amounts are in Kuwaiti Dinar unless otherwise stated)*

	Note	Three months ended	
		31 March	
		2018	2017
Cash flow from operating activities			
Profit for the period		481,445	372,159
<i>Adjustments:</i>			
Net investment income	8	(368,366)	(285,509)
Share of result of an associate		(69,983)	-
Depreciation		27,750	36,394
Provision for employees' end of service benefits		47,754	34,588
Finance costs		72,645	18,087
Operating profits before changes in working capital		191,245	175,719
Accounts receivable and other assets		(178,036)	(285,014)
Financial assets at fair value through profit or loss		218,793	(53,099)
Inventories		(473,148)	325,634
Accounts payable and other liabilities		399,647	(587,163)
Net cash generated from/ (used in) operating activities		158,501	(423,923)
Cash flow from investing activities			
Purchase of financial assets available for sale		-	(650,026)
Proceeds from sale of financial assets available for sale		-	1,077,890
Purchase of furniture and equipment		(13,045)	(49,099)
Dividends income received		254,649	190,479
Net cash generated from investing activities		241,604	569,244
Cash flow from financing activities			
Net changes in Murabha payable		(390,057)	(76,570)
Finance costs paid		(72,645)	(18,087)
Net cash used in financing activities		(462,702)	(94,657)
(Decrease)/ increase in cash and cash equivalents		(62,597)	50,664
Cash and cash equivalents at the beginning of the period		470,614	4,094,081
Cash and cash equivalents at the end of the period	4	408,017	4,144,745

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

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Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2018

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

1. Incorporation and activities

The Parent Company is a Kuwaiti Public Shareholding Company registered and incorporated in Kuwait on 14 January 1979 whose shares are listed on the Kuwait Stock Exchange and the Dubai Financial Market. The Parent Company is engaged in investing activities in both local and international markets as set forth in Article No. 5 of the Parent Company's Articles of Association. The Parent Company is regulated by the Capital Market Authority ("CMA").

The registered office of the Parent Company is located at Al -Raya Tower 2, Floor 45, Abdulaziz Al-Saqer Street, P.O. Box 25825 Safat Kuwait.

The interim condensed consolidated financial information includes the financial statements of the Parent Company and its subsidiaries, together referred to as "the Group" as follows:

Company Name	Country of incorporation	Principal activity	Equity interest (%)		
			31 March 2018	31 December 2017	31 March 2017
Al Oula National Real Estate Company sole proprietorship	Kuwait	Real estate activities	100	100	100
Al Ghad Project Management Company sole proprietorship	Kuwait	Real estate projects management	100	100	100
Al Ghad International General Trading W.L.L.	Kuwait	General Trading	100	100	100
Ahlia Chemicals Company K.S.C.C.	Kuwait	Manufacturing	100	100	100

The Group's ownership in Ahlia Chemicals Company includes 39.3% as per letter of assignment. Subsequent to the date of financial position, based on the Ministry of Justice decision, a share of 36.9% has been sold, therefore the Group's holding has been reduced to 63.1% in the subsequent period.

The Group has pledged 60.7% of Ahlia Chemicals Company's shares against credit facilities granted by a local bank.

The Group does not have any subsidiaries with non-controlling interests.

The consolidated financial statements for the year ended 31 December 2017 were approved in the general assembly of the shareholders dated 8 May 2018 and also approved Board of Directors' recommendation to distribute dividends of 5% (5 fils per share) and Board of Directors remuneration for the financial year 2017.

This interim condensed consolidated financial information was approved for issue by the Board of Directors in the meeting held on 15 May 2018.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards.

In the management's opinion, all necessary adjustments, including recurring accruals have been included in the interim condensed consolidated financial information for fair presentation. The operating results for the period ended 31 March 2018 are not necessarily indicative of results that may be expected for the year ending 31 December 2018. For further information, it is possible to refer to the consolidated financial statements and its related notes for the year ended 31 December 2017.

2.2 Significant accounting policies

The accounting policies used in preparing the interim condensed consolidated financial information is similar to those used in the preparation of consolidated financial statements for the year ended 31 December 2017 except for the effect of application of new and revised International Financial Reporting Standards (IFRS) as follows:

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Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2018

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

2.2.1 Impact of application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment for financial assets and
- 3) General hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in the standard starting on 1 January 2018.

In accordance with the transitional provision in IFRS 9, the Group chooses not to restate comparative information for prior periods, and hence applied IAS 39 for the comparative period.

The key changes to the Group's accounting policies as well as impact on the Group's financial information are described below.

2.2.1.1 Changes in accounting policy

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through consolidated statement of income) are added to or deducted from the fair value of the financial assets or financial liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through consolidated statement of income are recognised immediately in consolidated statement of income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

The financial assets are classified as follows:

- Amortised cost
- Equity instruments designated as at FVTOCI
- Financial assets at FVTPL

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to classifying in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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(All amounts are in Kuwaiti Dinar unless otherwise stated)

Amortised cost

Financial assets classified at amortized cost are subsequently measured at amortized cost using the effective interest method adjusted for impairment losses, if any.

Interest income is recognized in the consolidated statement of income.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

Investments in equity instruments designated as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to consolidated statement of income on disposal of these investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in consolidated statement of income when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in consolidated statement of income to the extent they are not part of a designated hedging relationship.

The net gain or loss recognised in statement of income includes any dividend or interest earned on the financial assets. Fair value is determined in the manners described in Note 11.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For financial assets measured at amortised cost, exchange differences are recognised in consolidated statement of income.
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.
- For financial assets measured at FVTPL, exchange differences are recognised in consolidated statement of income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, receivables, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each financial reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL.

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(All amounts are in Kuwaiti Dinar unless otherwise stated)

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood of risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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 collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of income. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to consolidated statement of income. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to consolidated statement of income, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in consolidated statement of income for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognized in the interim condensed consolidated statement of income.

2.2.1.2 Transition and disclosures in relation to the initial application of IFRS 9

The following table analyses the impact of transition to IFRS 9 on fair value reserve and retained earnings.

	Retained Earnings	Fair value reserve
Closing balance under IAS 39 (31 December 2017)	3,866,272	11,172,435
Impact on reclassification and re-measurements:		
Investment securities from available for sale to FVTPL	382,361	(382,361)
Opening balance under IFRS 9 on date of initial application of 1 January 2018	4,248,633	10,790,074

The table below illustrates the classification and measurement of financial assets and financial liabilities under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Re- measurement ECL	New carrying amount under IFRS 9
Investments in equity instruments (Note 5)	Available-for-sale investments	FA at FVTPL	6,649,228	-	6,649,228
Investments in equity instruments (Note 5)	Available-for-sale investments	FA at FVTOCI	15,556,747	-	15,556,747
Receivables	Loans and receivables	FA at amortised cost	1,622,014	-	1,622,014
Cash and bank balances (Note 4)	Loans and receivables	FA at amortised cost	845,380	-	845,380
Accounts payables and borrowings	Financial liabilities at amortised cost	Financial liabilities at amortised cost	5,316,125	-	5,316,125

The Group's management has assessed that the impact of the application of IFRS 9 as of 1 January and 31 March 2018 is not significant in terms of expected credit losses to the financial information and therefore, no adjustments were made to the financial assets, financial liabilities and retained earnings except for the impact of reclassification on 1 January 2018.

2.2.2 Impact of application of IFRS 15 Revenue from Contract from Customers

IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. It established a new five-step model that will apply to revenue arising from contracts with customers as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group adopted IFRS 15 'Revenue from Contracts with Customers' resulting in no change in the revenue recognition policy of the company in relation to its contracts with customers. Further, adoption of IFRS 15 had no impact on this interim condensed consolidated financial information of the Group.

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3. Judgment and estimates

In the application of the Group's accounting policies 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 estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements:

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the assets recognised in the financial information:

Classification of investments in equity instruments - IFRS 9 (Effective from 1 January 2018)

On acquisition of an investment, the Group decides whether it should be classified as "FVTPL" or "FVTOCI". The Group follows the guidance of IFRS 9 on classifying its investments.

The Group has designated all investments in equity instruments as at FVTOCI as these investments are strategic investments and are not held for trading.

Impairment

The Group has to assess whether credit risk on financial assets and other items has increased significantly since initial recognition in order to determine whether 12 months ECL or lifetime ECL should be recognized.

Sources of estimation uncertainty

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

Valuation of financial instruments

The Group's management determines the appropriate valuation techniques and input for fair value measurement. In estimating the fair value of an asset or a liability the Company uses market observable data to the extent it is available. Information about valuation techniques and input used in determining the fair value of various assets and liabilities are disclosed in Note (11).

Impairment

The Group uses of forward-looking information and assumptions about the probability of default and expected credit risk rates.

4. Cash and cash equivalents

	31 March 2018	31 December 2017 (Audited)	31 March 2017
Cash on hand	5,592	4,232	7,211
Cash at banks and portfolios	777,230	841,148	4,670,072
Total cash and bank balances	782,822	845,380	4,677,283
Bank overdrafts	(374,805)	(374,766)	(532,538)
Total cash and cash equivalents	408,017	470,614	4,144,745

Bank overdraft is payable to a local bank and is denominated in Kuwaiti Dinars. Bank overdraft carries interest at an average rate of 3% (3% - 31 December 2017 and 3% - 31 March 2017) per annum over the Central Bank of Kuwait discount rate.

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5. Investments

Financial assets at fair value through profit or loss

	31 March 2018	31 December 2017 (Audited)	31 March 2017
Quoted shares	587,592	72,772	199,477
Unquoted shares	<u>5,909,925</u>	<u>-</u>	<u>-</u>
	<u>6,497,517</u>	<u>72,772</u>	<u>199,477</u>

Financial assets at fair value through profit or loss include local quoted and unquoted securities with fair value of KD 1,213,329 as at 31 March 2018 (KD 1,134,702 - 31 December 2017 and KD 336,580 - 31 March 2017) pledged as collateral against credit facilities granted by a local bank.

Financial assets at fair value through OCI

	31 March 2018
Local and foreign equity securities	15,692,147
Foreign managed funds	<u>29,024</u>
	<u>15,721,171</u>

Financial assets available for sale

	31 December 2017 (Audited)	31 March 2017
Local and foreign quoted equity securities	690,989	1,067,443
Local and foreign unquoted equity securities	21,486,264	15,034,881
Foreign managed funds	<u>28,722</u>	<u>43,391</u>
	<u>22,205,975</u>	<u>16,145,715</u>

Fair value hierarchy disclosures for financial assets available for sale are provided in Note 11.

6. Investment in associates

Company name	Place of Incorporation	Principal Activities	Proportion of ownership interest (%)	
			31 March 2018	31 December 2017 (Audited)
Dubai Wellness Center Limited "DWC"	Isle of Man	Providing healthcare services in United Arab Emirates	-	40
Future Fibre Technologies Limited "FFT"	Australia	Delivery and maintenance of fibre optic perimeter intrusion detection systems	-	22
Specialities Group Holding Co.	Kuwait	Owning shares in Kuwaiti and Non-Kuwaiti shareholders companies	29.5	-

The Group's share in associate results of KD 69,983 as at 31 March 2018 has been recorded based on the latest (unaudited) financial information prepared by the managements of the associate (Nil as at 31 March 2017).

The shares of Specialities Group Holding Company are pledged against credit facilities granted by a local bank.

The fair value based on quoted price (level 1) for the investment in Specialities Group Holding Company is KD 2,212,500 as at 31 March 2018.

7. Treasury shares

	31 March 2018	31 December 2017 (Audited)	31 March 2017
Number of shares	16,590,207	16,590,207	13,316,772
Percentage of issued shares (%)	8	8	6
Market value (KD)	904,166	880,940	892,224

The Parent Company is committed to retain reserves and retained earnings equivalent to the treasury shares value throughout the period, in which they are held by the Parent Company, pursuant to the instructions of the relevant regulatory authorities. These shares are not pledged.

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	Three months ended 31 March	
	2018	2017
<i>Financial assets at fair value through profit or loss</i>		
Realised gain on sale	67,335	36,519
Change in fair value	29,157	(7,819)
Dividends income	269,252	31,992
	<u>365,744</u>	<u>60,692</u>
<i>Financial assets at fair value through other comprehensive income</i>		
Dividend income	2,622	-
	<u>2,622</u>	<u>-</u>
<i>Financial assets available for sale</i>		
Realised gain on sale	-	66,330
Dividend income	-	158,487
	<u>-</u>	<u>224,817</u>
Net investment income	<u>368,366</u>	<u>285,509</u>

9. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 31 March, the Parent Company has no outstanding dilutive potential ordinary shares.

The information necessary to calculate basic and diluted earnings per share for the three months period ended 31 March is as follows:

	Three months ended 31 March	
	2018	2017
Profit for the period	481,445	372,159
Weighted average number of outstanding ordinary shares (share)	200,287,293	203,560,728
Earnings per share (fils)	<u>2.40</u>	<u>1.83</u>

10. Related party transactions

These represent transactions with related parties that include major shareholders, directors, executive officers and key management personnel of the Group, close members of their families and companies of which they are principal owners or over which they are able to exercise control or significant influence entered into by the Group in the ordinary course of business. The Parent Company's management approves pricing policies and terms of these transactions.

Balances and transactions included in the interim condensed consolidated statement of financial information are as follows:

	Three months ended 31 March	
	2018	2017
Key management compensation:		
Salaries and other short term benefits	41,100	41,100
Employees' end of service benefits	6,650	6,650
	<u>47,750</u>	<u>47,750</u>

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11. Fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical financial instruments.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that are not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis, the table below gives information about how the fair values of the financial assets are determined:

Financial assets	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31/3/18	31/12/17	31/3/17				
<u>Fair value through P&L</u>							
Local quoted equity securities	587,592	72,772	199,477	1	Bid prices	-	-
Local unquoted equity securities	5,909,925	-	-	3	Peer market price to book value of similar companies in the same industry Discounted cash flow	Peer market price to book value factor and discount for lack of market availability Discount rate and growth rate	Changes in market multiple and discount rate will result change in fair values The higher the discount rate, the lower the fair value
<u>Equity Instruments designated as FVTOCI</u>							
Local and foreign equity securities	15,721,171	-	-	3	Peer market price to book value of similar companies in the same industry Discounted cash flow	Peer market price to book value factor and discount for lack of market availability Discount rate and growth rate	Changes in market multiple and discount rate will result change in fair values The higher the discount rate, the lower the fair value
<u>Available for sale</u>							
Local and foreign quoted equity securities	-	690,989	1,067,443	1	Bid prices	-	-
Foreign managed funds	-	28,722	43,391	2	NAV report	-	-
Local and foreign unquoted equity securities	-	19,836,361	12,836,082	3	Peer market price to book value of similar companies in the same industry Discounted cash flow	Peer market price to book value factor and discount for lack of market availability Discount rate and growth rate	Changes in market multiple and discount rate will result change in fair values The higher the discount rate, the lower the fair value

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The following table shows a reconciliation of the opening and closing amount of level 3 financial assets available for sale which are recorded at fair value:

	At the beginning of the period/ year	Net gains recorded in the interim condensed consolidated statement of income	Net gain/ (losses) recorded in the consolidated statement of comprehensive income	Net purchases, transfers, sales and settlements	At the end of the period/ year
Financial assets available for sale:					
Local and foreign unquoted equity securities					
31 March 2018	19,836,361	-	-	(4,115,190)	15,721,171
31 December 2017 (Audited)	12,837,089	-	1,140,775	5,858,497	19,836,361
31 March 2017	12,837,089	-	(1,007)	-	12,836,082

The fair values of financial assets and financial liabilities that are not measured at fair value on a recurring basis approximately equals their carrying values as on the date of the interim condensed consolidated financial information.

12. Segment information

The Group is organized into business units based on their products and services, and has two reportable operating segments as follows:

- Financial investing activities comprise participation in financial and real estate funds and managing the Group's liquidity requirements; and
- Real estate investing activities comprise investing and trading in real estate and construction or development of real estate for the purpose of sale in the ordinary course of business and other related real estate services.
- Industrial activities comprise manufacturing and selling of chemical products.

The segment reporting information is as follows:

	Period ended 31 March 2018				
	Industrial activities	Real estate investing activities	Financial investing activities	Unallocated	Total
Segments revenues	1,311,010	-	445,404	-	1,756,414
Segments expenses	(1,033,14)	-	(160,068)	(80,987)	(1,274,969)
Total segments' results	277,096	-	285,336	(80,987)	481,445
Segments assets	7,727,377	2,463,130	29,861,203	4,576,054	44,627,764
Segment liabilities	3,174,760	-	-	2,198,748	5,373,508
	Period ended 31 March 2017				
	Industrial activities	Real estate investing activities	Financial investing activities	Unallocated	Total
Segments revenues	285,509	-	1,263,324	-	1,548,833
Segments expenses	-	(7,277)	(1,016,418)	(152,979)	(1,176,674)
Total segments' results	285,509	(7,277)	246,906	(152,979)	372,159
Segments assets	28,109,625	2,605,819	7,957,159	3,375,959	42,048,562
Segment liabilities	-	-	2,990,253	2,286,212	5,276,465