Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated financial statements and independent auditor's report
For the year ended 31 December 2018

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and its subsidiaries
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Consolidated Financial Statements and Independent Auditor's Report
For the year ended 31 December 2018

Contents

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Independent auditor's report

To the Shareholders of Dar Al-Thuraya Real Estate Company K.S.C. (Public)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dar Al-Thuraya Real Estate Company K.S.C. (Public) ("the Parent Company") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of income, consolidated statement of income and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, 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 Auditor's 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 above IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current 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:

Valuation of investment properties	How our audit addressed the matter
The Group's investment properties represent significant part of the total assets that are recorded at fair value as at 31 December 2018 determined by independent external real estate valuers. The determination of the fair value of the investment properties mainly depends on estimates and assumptions such as market knowledge and average market price of similar properties. The disclosures related to the assumptions and estimates and the policy of recognition and measurement of the investment properties are presented in the accounting policies section in the notes to the consolidated financial statements. According to the size and complexity of performing valuation of the investment properties, and the importance of the disclosures related to the assumptions used in the valuation, we identified this matter as a key audit matter.	Our audit procedures included verifying assumptions and estimates made by the Group's management, and the appropriateness of the related data supporting the valuations of the external valuers. Such procedures included, when appropriate, comparing judgments made concerning the 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 the disclosures related to the sensitivity of the assumptions in Note 10 to the consolidated financial statements.

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Independent auditor's 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 2018, other than the consolidated financial statements and auditor's report. It is expected that the annual report of the Group for the financial year ended 31 December 2018 will be available to us after date of this audit 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 abovementioned other information, where it is available, and in doing so, 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.

Management's Responsibilities 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report (continued)

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we 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 auditor's 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

In our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies' Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies' Law No. 1 of 2016, and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2018 that might have had a material effect on the business of the Parent Company or its financial position.

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

Kuwait: 12 February 2019

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated statement of financial position
As at 31 December 2018

	Notes	2018 KD	2017 KD
Assets			
Non-current assets			
Property, plant and equipment	7	305,352	6,724,479
Right of utitlization	8	150	150
Intangible assets	9	251,250	401,790
Investment properties	10	19,523,000	14,464,800
Financial assets at fair value through other comprehensive income		1	-
Investments available for sale		-	3,366
Due from related parties	11	-	187,581
		20,079,753	21,782,166
Current assets			
Inventories		468,660	412,113
Trade receivables and other debit balances	12	609,753	829,652
Cash and bank balances	13	1,993,144	433,964
		3,071,557	1,675,729
Total assets		23,151,310	23,457,895
Equity and liabilities			
Equity			
Share capital	14	14,650,000	14,650,000
Statutory reserve	15	866,845	866,845
Voluntary reserve	16	866,845	866,845
Financial assets at fair value through other comprehensive income reserve		(705)	-
Change in fair value reserve		-	(274)
Accumulated losses		(1,515,756)	(2,151,107)
Equity attributable to shareholders of the Parent Company		14,867,229	14,232,309
Non-controlling interests		23,152	21,132
Total equity		14,890,381	14,253,441
Liabilities			
Non-current liabilities			
Employees' end of service indemnity	17	193,678	495,063
Due to related parties	11	6,008,373	6,144,476
		6,202,051	6,639,539
Current liabilities			
Ijara payables	18	1,852,881	2,054,053
Other credit balances	19	205,997	510,862
		2,058,878	2,564,915
Total liabilities		8,260,929	9,204,454
Total equity and liabilities		23,151,310	23,457,895

The notes on pages 9 to 53 form an integral part of these consolidated financial statements.

Ahmad Abdurazzaq Albahr
Vice Chairman

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated statement of income
For the year ended 31 December 2018

	Notes	2018 KD	2017 KD
Operating revenue	20	1,142,647	825,527
Operating cost		(496,517)	(422,019)
Gross profit		646,130	403,508
Net rental income	20,21	1,256,900	1,169,355
Realised loss on sale of investment property	10	(50,000)	-
Change in fair value of investment properties	10	754,362	350
Loss on sale of property, plant and equipment	7	(634,055)	(4,130)
Other income	22	409,883	488,386
Net operating income		2,383,220	2,057,469
Loss on transfer of property and plant to investment property	7	(2,878)	-
Provision for ECLs - accrued rentals	12	(18,633)	(472,258)
Provision for ECLs - trade receivables	12	(36,453)	(222,441)
Provision no longer required	12	15,884	-
General and administrative expenses	23	(1,401,215)	(1,893,237)
Finance costs		(114,128)	(54,053)
Profit / (loss) for the year before contribution to Zakat and National Labour Support Tax		825,797	(584,520)
Contribution to Zakat		(4,295)	(765)
National Labour Support Tax		(13,923)	(5,587)
Net profit/ (loss) for the year		807,579	(590,872)
Attributable to:			
Shareholders of the Parent Company		809,844	(585,541)
Non-controlling interests		(2,265)	(5,331)
Net profit/ (loss) for the year		807,579	(590,872)
Basic and diluted earnings / (loss) per share for the year attributable to the Parent Company's shareholders (fils)	24	5.53	(4.00)

The notes on pages 9 to 53 form an integral part of these consolidated financial statements.

Dar Al-Thuraya Real Estate Company K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated statement of income and other comprehensive income
For the year ended 31 December 2018

	Note	2018 KD	2017 KD
Net profit/ (loss) for the year		807,579	(590,872)
Other comprehensive income items:			
Items that may be classified subsequently to the consolidated statement of income:			
Change at fair value of investments available for sale		-	193
Items that will not be reclassified subsequently to the consolidated statement of income:			
Revaluation surplus reserve adjustments	8	-	(109,850)
Change in fair value of financial assets at fair value through other comprehensive income		371	-
Total other comprehensive income/ (loss)		371	(109,657)
Total comprehensive income/ (loss) for the year		807,950	(700,529)
Attributable to:			
Shareholders of the Parent Company		810,215	(695,180)
Non-controlling interests		(2,265)	(5,349)
		807,950	(700,529)

The notes on pages 9 to 53 form an integral part of these consolidated financial statements.

Dar Al-Thuraya Real Estate Company K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated statement of changes in equity
For the year ended 31 December 2018

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Financial assets at fair value through other comprehensive income reserve KD	Change in fair value reserve KD	Revaluation surplus reserve KD	Accumulated losses KD	Equity attributable to the Parent Company's shareholders KD	Non-controlling interests KD	Total equity KD
At 1 January 2017	14,650,000	866,845	866,845	-	(467)	109,832	(1,565,566)	14,927,489	26,481	14,953,970
Net loss for the year	-	-	-	-	-	-	(585,541)	(585,541)	(5,331)	(590,872)
Other comprehensive income / (loss)	-	-	-	-	193	(109,832)	-	(109,639)	(18)	(109,657)
Total comprehensive income / (loss) for the year	-	-	-	-	193	(109,832)	(585,541)	(695,180)	(5,349)	(700,529)
At 31 December 2017	14,650,000	866,845	866,845	-	(274)	-	(2,151,107)	14,232,309	21,132	14,253,441
At 1 January 2018 ("as previously stated")	14,650,000	866,845	866,845	-	(274)	-	(2,151,107)	14,232,309	21,132	14,253,441
Impact of adoption of IFRS 9 at 1 January 2018 (Note 4 - C)	-	-	-	(274)	274	-	(175,295)	(175,295)	(297)	(175,592)
At 1 January 2018 ("restated")	14,650,000	866,845	866,845	(274)	-	-	(2,326,402)	14,057,014	20,835	14,077,849
Net profit for the year	-	-	-	-	-	-	809,844	809,844	(2,265)	807,579
Other comprehensive income	-	-	-	371	-	-	-	371	-	371
Total comprehensive income for the year	-	-	-	371	-	-	809,844	810,215	(2,265)	807,950
Transfer of profit on sale of financial assets at fair value through other comprehensive income	-	-	-	(802)	-	-	802	-	-	-
Impact of change in non-controlling interests	-	-	-	-	-	-	-	-	4,582	4,582
At 31 December 2018	14,650,000	866,845	866,845	(705)	-	-	(1,515,756)	14,867,229	23,152	14,890,381

The notes on pages 9 to 53 form an integral part of these consolidated financial statements.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated statement of cash flows
For the year ended 31 December 2018

	Note	2018 KD	2017 KD
Operating activities			
Net profit/ (loss) for the year		807,579	(590,872)
Adjustments for:			
Depreciation and amortization		309,443	412,538
Loss on sale of property plant and equipment		634,055	4,130
Loss on transfer of property and plant to investment property		2,878	-
Realised loss on sale of investment property		50,000	-
Provision for ECLs - accrued rentals		18,633	472,258
Provision for ECLs - trade receivables		36,453	222,441
Provision no longer required		(15,884)	-
Provision no longer required - Employees' end of service indemnity		(235,596)	-
Change in fair value of investment properties		(754,362)	(350)
Finance costs		114,128	54,053
Employees' end of service indemnity		65,584	230,970
		1,032,911	805,168
Changes in working capital:			
Due from/ to related parties – net		51,478	(1,841,947)
Trade receivables and other debit balances		5,105	(251,700)
Inventories		(56,547)	(33,554)
Other credit balances		(304,865)	(320,899)
Cash generated from/ (used in) operations		728,082	(1,642,932)
Payment of employees' end of service indemnity		(131,373)	(120,342)
Net cash generated from/ (used in) operating activities		596,709	(1,763,274)
Investing activities			
Payment for purchase of property, plant and equipment		(23,440)	(55,448)
Payment for purchase of investment properties		(8,838)	(32,650)
Proceeds from sale of investment properties		1,250,000	-
Proceed from sale of financial assets at fair value through other comprehensive income		3,736	-
Proceeds from sale of property, plant and equipment		51,731	49,985
Net cash generated from/ (used in) investing activities		1,273,189	(38,113)
Financing activities			
Proceeds from Ijara payables		(315,300)	2,000,000
Change in non-controlling interests		4,582	-
Net cash (used in)/ generated from financing activities		(310,718)	2,000,000
Net increase in cash and bank balances		1,559,180	198,613
Cash and bank balances at the beginning of the year		433,964	235,351
Cash and bank balances at the end of the year	13	1,993,144	433,964

The Group has the following non-cash activities during the year, which is not reflected in the consolidated statement of cash flows.

Non-cash transactions

	2018 KD	2017 KD
Assignment of an investment property to related party	-	780,000
Purchase of Intangible assets	-	10,000

The notes on pages 9 to 53 form an integral part of these consolidated financial statements.

1. General Information

Dar Al-Thuraya Real Estate Co. K.S.C. (Public) (the "Parent Company") was incorporated on 30 May 2004 in accordance with provisions of Kuwait Companies Law, and was registered with the commercial register on 5 June 2004 under No. 101003.

The objectives for which the Company is established in accordance with the Islamic Sharia are as follows:

- Owning, selling, purchasing, developing real estate and land plots for the Company's account in the State of Kuwait or abroad in addition to third party management, without violation of the provisions stipulated in the applicable laws, and their restriction on trading in private housing plots as stated there in.
- Acquiring, selling and purchasing shares and bonds of the real estate companies only in favour of the Company inside and outside Kuwait.
- Preparing studies and providing consultancy in real estate sector in all its types provided that meeting the required terms as for who carries out this profession.
- Carrying out maintenance works related to the buildings and properties owned by the Company and others, including maintenance works and carrying out civil, mechanical and electrical works, elevators and air conditioning works in such a way that maintains buildings and their safety.
- Organizing real estate exhibitions for the Company's real estate projects in accordance with the regulations applied in the Ministry.
- Arranging real estate auctions as per the Ministry regulations.
- Acquisition and management of commercial and residential complexes.
- Using the financial surplus available with the Company via investing the same in portfolios managed by specialized companies and entities.
- Direct contribution in the infrastructure of residential, commercial and industrial areas and projects through (B.O.T) system and management of real estate facilities under the same system.

The Company carries out the above activities directly in the State of Kuwait and abroad, for itself or through agency. The Company may have interest or participate in entities with similar activities or that may help the Company achieving its objectives inside Kuwait or abroad. The Company may also establish, participate in, or purchase these entities or affiliate them.

The Parent Company's shares were listed on the Kuwait Stock Exchange on 18 August 2009.

The Company's registered office is situated at P.O. Box 1376 Safat, 13014 - State of Kuwait.

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (Note 5.1).

The Parent Company is a subsidiary of Al Madar Finance and Investment Company K.S.C. (Public) (the "Parent Company") which is listed on the Kuwait Stock Exchange, and is a subsidiary of Al Thekair General Trading and Contracting Company W.L.L. (the "Ultimate Parent Company").

1. General Information (Continued)

The consolidated financial statements of Dar Al-Thuraya Real Estate Co. K.S.C. (Public) and its subsidiaries ("the Group") for the year ended 31 December 2018 were authorized for issue by the Parent Company's board of directors on 12 February 2019. The Parent Company's shareholders have the power to amend these consolidated financial statements at the shareholders' annual general assembly.

2. Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention except for investment properties and financial assets at fair value through other comprehensive income 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. Significant accounting judgments and key sources of estimation uncertainty 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 2018

The accounting policies applied by the Group are consistent with those used in the previous year except for the changes resulted from implementation of the following new and amended International Financial Reporting Standards as at 1 January 2018:

Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions
These amendments become 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.

The application of these amendments did not have any material impact on the Group.

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

a) New standards, interpretations and amendments effective from 1 January 2018 (Continued)

Amendments to IFRS 4: Insurance Contracts (Applying IFRS 9: Financial instruments)
These amendments become effective for annual periods beginning on or after 1 January 2018. The amendments address concerns arising from implementing the new IFRS 9 (Financial instruments), before implementing IFRS 17, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

The application of these amendments did not have any material impact on the Group.

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

For the initial application of IFRS 9 and its effects, kindly refer to Note (4 - C) below.

IFRS 15 - Revenue from contracts with customers
The standard is effective for annual periods beginning on or after 1 January 2018, and establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

It replaces the following existing standards and interpretations upon its effective date:
- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services.

For the initial application of IFRS 15 and its effect, kindly refer to Note (5-16) below.

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 interpretations did not have any material impact on the Group.

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

a) New standards, interpretations and amendments effective from 1 January 2018 (Continued)

Amendments to IAS 40: Investment Property - Transfers of Investment Property
The amendments become 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 intention for the use of a property does not provide evidence of a change in use.

The application of these amendments did not have any material impact on the Group.

Annual Improvements to IFRSs 2014 – 2016 Cycle:

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.

The application of these amendments did not have any material impact on the Group.

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 applied by the Group:

IFRS 16 - Leases
This standard will be effective for annual periods beginning on or after 1 January 2019. This standard will be replacing IAS 17 "Leases" and will require lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17 with limited exceptions for low-value assets and short term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The new standard does not significantly change the lease accounting approach for the lessors. Early application is permitted, provided that IFRS 15 is applied on the same date.

The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

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

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

IFRS 17 – Insurance Contracts
This standard will be 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 specific adoption for contracts with direct participation features (Variable fee approach).
- A simplified approach (premium allocation approach) mainly for short duration contracts.

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

Amendments to IFRS 9: Benefits of advance payment with negative compensation
The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest (SPPI test) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI test regardless of any event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

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

Amendments to IAS 28: Long-term Investments in Associates and Joint Ventures
The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. The amendments clarify that the entity applies IFRS 9 to long-term investments in the associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term investments). This classification is relevant because it implies that ECL model in IFRS 9 applies to such long-term investments.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, which are recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28: Investments in Associates and Joint Ventures.

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

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

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

Annual Improvements to IFRSs 2015-2017 Cycle (issued on December 2017):

IFRS 3 - Business combinations
The amendments apply to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2019, with early application permitted. The amendments clarify that, obtaining control of a business that is a joint operation is a business combination achieved in stages, including measuring previously held investments in assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its previously held interest in the joint operations.

IFRS 11 - Joint arrangements
The amendments apply to transactions in which it obtains joint control on or after the first annual reporting period beginning on or after 1 January 2019, with early application permitted. A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

IAS 23 - Borrowing Costs
These amendments will become effective for annual periods beginning on or after 1 January 2019, with early application permitted. The amendments clarify that the Group treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The Group applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the Company first applies those amendments.

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

c) Application of new standards effective from 1 January 2018

The Group has initially adopted IFRS 9 "Financial Instruments" (see (A) below) (see A below) and IFRS 15 "Revenue from Contracts with Customers" (see B below) from 1 January 2018 as follows:

A. IFRS 9: Financial Instruments

IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

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

c) Application of new standards effective from 1 January 2018 (Continued)

A. IFRS 9: Financial Instruments (continued)

i. Classification and measurement of the financial assets and liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale financial assets.

The adoption of IFRS 9 has not had a significant impact on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

Under IFRS 9, on initial application, the financial asset is classified as measured at amortised cost, fair value through other comprehensive income – debt investments, fair value through other comprehensive income, equity investments or fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and is not designated at fair value through profit or loss:

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

Debt investment at fair value through other comprehensive income

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

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

Equity investment at fair value through other comprehensive income

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Equity investment at Fair value through profit or loss

All financial assets, other than those classified as financial assets measured at amortised cost or fair value through other comprehensive income as described above, are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as financial asset recognized at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

c) Application of new standards effective from 1 January 2018 (Continued)

A. IFRS 9: Financial Instruments (continued)

i. Classification and measurement of the financial assets and liabilities (Continued)

Equity investment at Fair value through profit or loss (Continued)

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not recognized at fair value through profit or loss, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interests or dividends income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective yield method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Yield income calculated using the effective yield method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Equity investments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Impact of adoption of IFRS 9 on the carrying amounts of the financial assets at 1 January 2018 is further described below.

Classification of Financial Assets and Financial Liabilities

The following table and accompanying notes show reconciliation of the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for each category of financial assets and financial liabilities of the Group as at 1 January 2018:

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

c) Application of new standards effective from 1 January 2018 (Continued)

A. IFRS 9: Financial Instruments (continued)

i. Classification and measurement of the financial assets and liabilities (Continued)

	Note	Original classification under IAS 39	New classification in accordance with IFRS 9	Original carrying amount under IAS 39	New carrying amount in accordance with IFRS 9	Impact of application of IFRS 9
				KD	KD	KD
Financial assets						
Available for sale financial assets - equity shares	a)	Available for sale	Fair value through other comprehensive income - equity instruments	3,366	3,366	-
Due from related parties		Loans and receivables	Amoritsed cost	187,581	187,581	-
Trade receivables and other debit balances	b)	Loans and receivables	Amoritsed cost	829,652	654,060	(175,592)
Cash and bank balances		Loans and receivables	Amoritsed cost	433,964	433,964	-
Total				1,454,563	1,278,971	(175,592)
Financial liabilities						
Due to related parties		Amoritsed cost	Amoritsed cost	6,144,476	6,144,476	-
Ijara payables		Amoritsed cost	Amoritsed cost	2,054,053	2,054,053	-
Payables and other credit balances		Amoritsed cost	Amoritsed cost	510,862	510,862	-
Total				8,709,391	8,709,391	-

a) These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at fair value through other comprehensive income. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

b) Trade receivables and other debit balances that are classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of KD 175,592 in the allowance for impairment over these receivables was recognised in opening accumulated losses at 1 January 2018 on transition to IFRS 9. There are no trade receivables and other debit balances were recognised at 1 January 2018 on the adoption of IFRS 15.

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

c) Application of new standards effective from 1 January 2018 (Continued)

A. IFRS 9: Financial Instruments (continued)

ii. Impairment of Financial Assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets carried at amortized cost include trade receivables and other debit balances and cash and bank balances.

Under IFRS 9, loss allowances are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:
- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other debt instruments, bank balances, and term deposits (i.e. the risk of default occurring over the expected life of the financial instrument) have not increased significantly since initial recognition.

The Group has elected to measure; using the simplified approach, loss allowances for trade receivables and other debit balances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:
- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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

c) Application of new standards effective from 1 January 2018 (Continued)

A. IFRS 9: Financial Instruments (continued)

ii. Impairment of Financial Assets (Continued)

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to accounts receivable and other debit balances are presented separately in consolidated statement of profit or loss.

Impact of the new impairment model
For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance as follows:

Provision for losses as at 1 January 2018	Amount (KD)
Additional impairment recognised at 1 January 2018 on:	
Receivables and other debit balances (Note 12)	175,592

Trade receivables and other debit balances
The following analysis provides further detail about the calculation of ECLs related to trade receivables on the adoption of IFRS 9. The Group considers the model and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

The ECLs were calculated based on actual credit loss experience over the past 3 years. The Group performed the calculation of ECL rates for its customers.

Exposures within each group were segmented based on common credit risk characteristics such as credit risk grade, geographic region and industry, delinquency status, age of relationship and type of product purchased where applicable.

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

c) Application of new standards effective from 1 January 2018 (Continued)

A. IFRS 9: Financial Instruments (continued)

ii. Impairment of Financial Assets (Continued)

Trade receivables and other debit balances (Continued)
Actual credit loss experience was adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs as at 1 January 2018:

	Weighted average of loss rate (Trade receiavbles)	Total carrying amount KD	Weighted average of loss rate (Accroud rentals)	Total carrying amount KD	Credit impairment
Less than 90 days	8%	138,873	74%	40,520	No
91 – 180 days	25%	99,655	81%	21,430	No
181 – 365 days	40%	96,054	94%	71,589	No
More than 365 days	100%	283,256	100%	617,258	Yes
Total		617,838		750,797	

At 1 January 2018, as a result of adoption of IFRS 9, the Group recognized an additional allowance for ECLs of KD 175,592 (Note 12).

iii. Transition
The Group has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and liabilities resulting from the adoption of IFRS 9 are recognised in the accumulated losses as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss.
- The designation of certain investments in equity instruments not held for trading as at fair value through other comprehensive income.

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

c) Application of new standards effective from 1 January 2018 (Continued)

B. IFRS 15: Revenue from Contracts with Customers

IFRS 15, effective for annual periods beginning on or after 1 January 2018, outlines a single comprehensive framework to determine how much and when revenue is recognised. The standard replaces IAS No. (18) "Revenues" and IAS No. (11) "Construction contracts" and related interpretations, IFRICs 13, 15, 18, and SIC 31. It establishes a new recognition model based on the principle of control and applying five steps on all contracts with customers.

The model's five steps are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when the entity satisfies a performance obligation.

Based on the available information, the adoption of this standard has no a material impact on the Group's financial statements.

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.

5. Summary of significant accounting policies (Continued)

5.1. Basis of consolidation (Continued)

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 Parent Company's owners 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.

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 income 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.

5. Summary of significant accounting policies (Continued)

5.1 Basis of consolidation (Continued)

Subsidiaries (Continued)

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries as follows:

Name of the subsidiary	Country of incorporation	Legal entity	Voting rights and equity interest		Activity
			2018	2017	
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. (Closed)	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 statement of income 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 consolidated 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 consolidated statement of income. 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 or loss where such treatment would be appropriate if that interest were disposed of.

5.3. 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.

5.4. 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.

5. Summary of significant accounting policies (Continued)

5.4 Intangible assets (Continued)

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 which represent right of use to be indefinite.

The Group has assessed the useful lives of intangible assets which represent key money to be 20 years.

5.5. 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 properties that is being constructed or developed for future use as investment properties.

Investment property is 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)

5.5. 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 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.

5.6. 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, and 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

5. Summary of significant accounting policies (Continued)

5.7. Financial instruments

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

The financial assets and liabilities recognised in the consolidated statement of financial position include financial assets at fair value through other comprehensive income, trade receivables and other debit balances, cash and bank balances, other credit balances and due from a related party.

Financial assets:

Recognition, initial measurement and derecognition

To determine the classification and measurement category of financial assets, IFRS requires assessment of all financial assets, except for equity instruments and derivatives, based on the Group's business model for managing the Group's assets and the contractual cash flows characteristics of these instruments.

The Group determines its business model at the level that best reflects how it manages its financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of sell business model and measured at fair value through profit or loss. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

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

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

The financial assets are derecognised when the contractual rights to receive the cash flows from the financial assets expire or when the Group transfers its right to receive cash flows from the financial assets in either of the following circumstances: (a) when the Group transfers all risks and rewards of the financial assets ownership, or (b) when all risks and rewards of the financial assets are not transferred or retained, but the control over the financial assets is transferred. When the Group retains control, it must continue to recognize the financial assets to the extent of its participation therein.

5. Summary of significant accounting policies (Continued)

5.7. Financial instruments (Contineud)

Classification of financial assets
Financial assets are classified in the consolidated financial statements into the following categories upon initial recognition:
- Financial assets at amortised cost.
- Debt instruments at fair value through other comprehensive income.
- Equity instruments at fair value through other comprehensive income.
- Equity instruments at Fair value through profit or loss.

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

Equity instruments at fair value through other comprehensive income
Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at fair value through other comprehensive income when they meet the definition of Equity under IAS (32) Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Profits and losses on these equity instruments are never recycled to the consolidated statement of profit or loss. Dividends are recognized in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity instruments at fair value at other comprehensive income are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the statement of changes in equity.

Financial assets at fair value through other comprehensive income represent equity instrument investments.

Financial assets at amortised cost
A financial asset is measured at amortised cost if both of the following conditions are met and is not designated at fair value through profit or loss:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Profits and losses are recognized in the statement of profit or loss when the asset is derecognised, adjusted or impaired.

The financial assets at amortized cost include trade receivables and other debit balances and cash and bank balances designated as financial assets at amortised cost.

5. Summary of significant accounting policies (Continued)

5.7 Financial instruments (Continued)

Subsequent measurement (Continued)

Trade receivables and other debit balances
Trade receivables are amounts due from customers for sale of goods or leasing units or rendering services in the ordinary course of business. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Receivables which are not designated under any of the above are classified as "other assets".

Cash and bank balances
Cash and bank balances include cash on hand and bank accounts at banks, which are exposed to insignificant risks in terms of changes in the value.

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.

Impairment of Financial Assets
IFRS 9 replaces the "incurred loss" model in IAS 39 with an (ECL model). The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime ECLs. Accordingly, the Group does not track changes in credit risk and assesses impairment on a collective basis. The Group has established a provision matrix that is based on the historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship where applicable.

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. Summary of significant accounting policies (Continued)

5.8. Financial liabilities

The accounting for financial liabilities remains largely the same as it was under IAS (39), except for the treatment of gains or losses arising from an Group's own credit risk relating to liabilities designated at fair value through profit or loss. Such movements are presented in other comprehensive income with no subsequent reclassification to consolidated statement of profit or loss.

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, within the scope of IAS 9, 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 initially recognised at fair value, and in the case of loans and borrowings, net of directly attributable transaction costs.

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

Subsequent Measurement

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.

Other credit balances
Other credit balances are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective yield method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non - current liabilities.

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 recognized in consolidated statement of profit or loss.

5. Summary of significant accounting policies (Continued)

5.9. Offset 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 recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5.10. Inventories

Inventories are stated at the lower of cost and net realisable value after making allowance for any slow moving and obsolete items. Cost comprises the purchase price, import duties, transportation, handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and the costs necessary to make the sale.

5.11. 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.

5.12. 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 financial position date.

5.13. 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. Summary of significant accounting policies (Continued)

5.14. 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.

5.15. Foreign currency translation

Functional and presentation currency
The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is also functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in consolidated statement of income. Non-monetary items are not retranslated at year-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.

Foreign operations
In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities are translated into KD at the closing rate at the date of consolidated financial statements. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the financial statements period. Exchange differences are charged / credited to other comprehensive income and recognized in the "Foreign currency translation reserve" in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to consolidated statement of income and recognized as part of the profit or loss on disposal.

5. Summary of significant accounting policies (Continued)

5.16. Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determine the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/ as performance obligations are satisfied

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies method of accounting for the additional costs to obtain the contract and the costs that are directly attributable to the contract execution. The standard also requires comprehensive disclosures.

Under IFRS 15, revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group shall transfer control of goods or services over a period of time (and not at a specific time) upon fulfillment of any of the following criteria:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not establish an asset that has an alternative usage to the Entity. The Entity has enforceable right in payments against the completed performance to date.

Group's revenue streams are recognised as follows:

Revenue from services
Revenue from services is recognized as the services are performed and completed for clients.

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rental income
Rental income is recognised on a straight line basis in accordance with the substance of the relevant agreements.

Dividend income
Dividend income is recognised when the right to receive payments is established.

5. Summary of significant accounting policies (Continued)

5.17. Finance costs

Finance costs that are not directly related to purchasing, investing or producing the qualified asset, are recognised in the consolidated statement of income using the effective yield method in the period in which they are incurred.

5.18. Contribution to Kuwait Foundation for the Advancement of Sciences and Zakat

Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") and Zakat represent levies/taxes imposed on the Parent Company at fixed 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	1.0% of net profit less permitted deductions
Contribution to Zakat	1.0% of net profit less permitted deductions

5.19. 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.

6. Significant accounting judgments of 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:

6. Significant accounting judgments and estimation uncertainty (Continued)

Significant accounting judgments (Continued)

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

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 property.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

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 undetermined future use.

Classification of financial instruments
On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortised cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets as stated in Note No. 4.

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:

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.

Impairment of inventories
Inventories are held at cost or net realisable value whichever is lower. When inventories become old or obsolete, an estimate is made of the required impairment. For significant amounts, estimation is performed on an individual basis. Amounts which are not significant are assessed collectively and a provision is created according to the type of inventory and the length of time past due, based on historical selling rates.

6. Significant accounting judgments and estimation uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

ECLs provision on trade receivables and other debit balances
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, services type, customer and type). The provision matrix is initially based on the Group's historical observed default rates.

The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic product, stock market capitalization) are expected to deteriorate over the next year which can lead to an increased number of defaults in the brokerage sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the trade receivables and other debit balances of the Group is disclosed in Note 12.

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.

Valuation of investment properties
The Group records its investment properties 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 properties:

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.

7. Property, plant and equipment

	Right of utilization	Buildings	Containers	Vehicles	Furniture and fixtures	Office equipment and devices	Total
	KD	KD	KD	KD	KD	KD	KD
Cost							
At 1 January 2018	4,948,236	2,528,145	353,291	174,980	210,158	696,366	8,911,176
Additions	-	2,850	17,815	-	80	2,695	23,440
Disposals	-	(731,592)	-	(84,675)	(182,819)	(494,046)	(1,493,132)
Transfers to investment properties	(4,948,236)	(1,729,095)	-	-	-	-	(6,677,331)
At 31 December 2018	-	70,308	371,106	90,305	27,419	205,015	764,153
Accumulated depreciation							
At 1 January 2018	699,231	960,833	148,839	103,142	74,583	200,069	2,186,697
Charged during the year	-	88,770	23,785	25,789	2,438	18,121	158,903
Related to disposals	-	(649,239)	-	(77,791)	(49,992)	(30,324)	(807,346)
Related to transfer to investment properties	(699,231)	(380,222)	-	-	-	-	(1,079,453)
At 31 December 2018	-	20,142	172,624	51,140	27,029	187,866	458,801
Net carrying value							
At 31 December 2018	-	50,166	198,482	39,165	390	17,149	305,352
At 31 December 2017	4,249,005	1,567,312	204,452	71,838	135,575	496,297	6,724,479
Annual depreciation rates		5%	10%	20%	20%-33.3%	20%-33.3%	

Buildings are constructed on a land leased from the government of the State of Kuwait for five years renewable for similar periods.

During the financial year ended 31 December 2018, the Group has derecognized properties and plants with net carrying amount of KD 685,786 resulting in a loss of KD 634,055, which has been recognized in the consolidated statement of income for the year.

During the financial year ended 31 December 2018, the Group has transferred properties and equipment to investment properties due to its lease to third party with net carrying amount of KD 5,597,878 resulting in realized loss of KD 2,878, which has been recognized in the consolidated statement of income for the year.

8. Right of utilization

	2018 KD	2017 KD
At 1 January	150	110,000
Revaluation surplus adjustments	-	(109,850)
At 31 December	150	150

9. Intangible assets

	Key money KD
Cost	
At 1 January 2018	543,530
Disposals	(292,280)
At 31 December 2018	251,250
Accumulated amortization	
At 1 January 2018	141,740
Charged during the year	150,540
Related to disposals	(292,280)
At 31 December 2018	-
Net carrying value	
At 31 December 2018	251,250
At 31 December 2017	401,790
Annual amortization rates	5%

The amount of KD 251,250 is a key money which the Group has not amortized. The Group has not utilized it till the date of the consolidated financial statements and there is an legal case with the other party that has not been settled by final judgment.

10. Investment properties

	2018 KD	2017 KD
Investment properties		
At 1 January	12,407,999	13,224,999
Transferred to a related party (Note 11)	-	(780,000)
Disposals	(1,300,000)	-
Transferred from projects in progress	2,065,639	-
Transfers from property, plant and equipment	5,595,000	-
Change in fair value	754,362	(37,000)
At 31 December	19,523,000	12,407,999
Projects in progress		
At 1 January	2,056,801	1,986,801
Additions	8,838	32,650
Transfers to investment properties	(2,065,639)	-
Change in fair value	-	37,350
At 31 December	-	2,056,801
	19,523,000	14,464,800

10. Investment properties (Continued)

The fair value of the Group's investment properties as at 31 December 2018 has been arrived at on the basis of a valuation carried out on the respective dates by two independent valuers, one of them is a local bank, not related to the Group and the management has adopted the lower valuation. 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.

Investment properties represent right of utilization of a plot in Shuwaikh, for a period of five years, to be used in establishing garages, warehouses and showrooms. The contract was renewed for a period of five years starts from 11 May 2017.

During the year ended 31 December 2018, a subsidiary ("Kuwait Building Real Estate Company K.S.C. (Closed)") sold an investment property with a carrying amount of KD 1,150,000, resulting in a loss of KD 50,000, which has been recognized in the consolidated statement of income.

During the year ended 31 December 2018, the Parent Company sold an investment property with carrying amount of KD 150,000. No any profit or loss was resulted from this sale.

Certain investment properties are granted to the Group against Ijara contracts with a promise of purchase (Note 18).

11. 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 2018. 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:

	2018	2017
	KD	KD
Consolidated statement of financial position:		
Due from related parties	-	187,581
Due to related parties	6,008,373	6,144,476
Transactions with related parties:		
Investment property transferred to a related party (Note 10)	-	780,000
Consolidated statement of income:		
Senior management benefits and salaries	104,096	368,753

Amounts due to the related parties are non-interest bearing.

12. Trade receivables and other debit balances

	2018 KD	2017 KD
Trade receivables	620,968	617,838
Less: provision for ECLs - trade receivables	(365,016)	(283,256)
	255,952	334,582
Accrued rentals	757,036	750,797
Less: provision for ECLs - accrued rentals	(750,292)	(617,258)
	6,744	133,539
Advance payments for projects	54,802	33,697
Advance payments for purchase of lands under development	84,128	-
Accrued revenues	50,000	-
Staff receivables	17,098	12,496
Prepaid expenses	47,508	207,350
Refundable deposits	52,843	73,734
Other receivables	40,678	34,254
	609,753	829,652

	Less than 90 days	91 - 180 days	181 - 365 days	More than 365 days	Total
2018	167,366	86,559	118,963	1,005,116	1,378,004
2017	179,393	121,085	167,643	900,514	1,368,635

During the year ended 31 December 2018, the Group recognized a provision for ECLs against trade receivables of KD 36,453 (2017: 222,441) and a provision for ECLs on accrued rentals of KD 18,633 (2017: KD 472,258).

The movement of the provision for ECLs against trade receivables is as follows:

	2018 KD	2017 KD
Balance at 1 January	283,256	60,815
Impact of adoption of IFRS 9 - ECLs on accumulated losses at 1 January 2018	61,191	-
Adjusted balance as at 1 January	344,447	60,815
Charged during the year	36,453	222,441
Provision no longer required	(15,884)	-
Balance at 31 December	365,016	283,256

Movement on provision for ECLs for accrued rentals is as follows:

	2018 KD	2017 KD
Balance at 1 January	617,258	145,000
Impact of adoption of IFRS 9 - ECLs on accumulated losses at 1 January 2018	114,401	-
Adjusted balance as at 1 January	731,659	145,000
Charged during the year	18,633	472,258
Balance at 31 December	750,292	617,258

13. Cash and bank balances

	2018 KD	2017 KD
Bank balances	1,979,873	408,593
Cash on hand	13,271	25,371
	1,993,144	433,964

The annual average effective return rate on savings accounts was 0.78% as at 31 December 2018 (31 December 2017: 0.75%).

14. Share capital

The Parent Company's authorized, issued, and fully paid capital is KD 14,650,000 (2017: KD 14,650,000) divided into 146,500,000 shares (2017: 146,500,000 shares) each of 100 fils. All shares are cash shares.

15. 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 the Parent Company's shareholders 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 stated by law and parent company's articles of association.

No transfer has been made to the statutory reserve due to the accumulated losses.

16. Voluntary reserve

As required by the Parent Company's articles of association, as amended, 10% of the profit for the year attributable to the Parent Company's shareholders 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 board of directors.

No transfer has been made to the voluntary reserve due to the accumulated losses.

17. Employees' end of service indemnity

	2018 KD	2017 KD
At 1 January	495,063	384,435
Charged during the year	65,584	230,970
Provision no longer required	(235,596)	-
Payment during the year	(131,373)	(120,342)
At 31 December	193,678	495,063

18. Ijara payables

	2018 KD	2017 KD
Ijara payables	1,912,800	2,115,300
Future finance costs	(59,919)	(61,247)
	1,852,881	2,054,053

18. Ijara payables (Continued)

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

- An amount of KD 717,337 (31 December 2017: KD 793,275) represents deferred rental value due at end of the contract duration on 3 June 2019. The effective cost rate was 6.29% per annum (31 December 2017: 5.79%). During the year ended 31 December 2018, Ijara contract has been renewed of KD 675,000 and the mature date has been extended through 12 monthly installments starting from 3 June 2018 to 3 June 2019.

- An amount of KD 1,195,463 (31 December 2017: KD 1,322,025) represents deferred rental value, which is due at end of the contract duration on 5 August 2019. The effective cost rate was 6.28% per annum (31 December 2017: 5.78%). During the year ended 31 December 2018, Ijara contract has been renewed of KD 1,125,000 and the mature date has been extended through 12 monthly installments starting from 6 August 2018 to 5 August 2019.

19. Other credit balances

	2018 KD	2017 KD
Accrued expenses	129,748	318,076
Rentals paid in advance	42,328	48,188
Accrued zakat	4,295	765
National Labour Support Tax due	13,923	5,587
Other creditors	15,703	138,246
	205,997	510,862

20. Revenues

	31 December 2018			
	Real Estate KD	General Trading KD	Other KD	Total KD
Rents	1,637,492	-	-	1,637,492
Services	-	-	476,314	476,314
Sales	-	537,395	128,938	666,333
Other income	1,071,321	-	108,808	1,180,129
	2,708,813	537,395	714,060	3,960,268
Geographical markets				
State of Kuwait	2,708,813	537,395	714,060	3,960,268
Timing of revenue recognition				
Services rendered at a point in time	1,071,321	537,395	714,060	2,322,776
Services rendered over time	1,637,492	-	-	1,637,492
	2,708,813	537,395	714,060	3,960,268
Revenues				
Clients inside Kuwait	2,708,813	537,395	714,060	3,960,268

20. Revenues (Continued)

	31 December 2017			
	Real Estate	**General Trading**	**Other**	**Total**
	KD	KD	KD	KD
Rents	1,642,515	-	-	1,642,515
Services	-	-	440,156	440,156
Sales	-	209,848	347,968	557,816
Other income	350	368,154	120,232	488,736
	1,642,865	578,002	908,356	3,129,223
Geographical markets				
State of Kuwait	1,642,865	578,002	908,356	3,129,223
Timing of revenue recognition				
Services rendered at a point in time	350	578,002	908,356	1,486,708
Services rendered over time	1,642,515	-	-	1,642,515
	1,642,865	578,002	908,356	3,129,223
Revenues				
Clients inside Kuwait	1,642,865	578,002	908,356	3,129,223

21. Net rental income

	2018	**2017**
	KD	KD
Rental income	1,637,492	1,642,515
Rental costs	(380,592)	(473,160)
	1,256,900	1,169,355

22. Other income

Other income includes KD 301,075 representing the waiver by one of senior management officer his labor receivables to the Parent Company during the year ended 31 December 2018.

23. General and administrative expenses

	2018	**2017**
	KD	KD
Staff costs	683,622	1,060,013
Depreciation and amortization	309,443	412,538
Rent	140,940	118,000
Advisory and subscriptions	85,576	73,172
Fees for right of utilization	43,429	47,632
Other	138,205	181,882
	1,401,215	1,893,237

24. Basic and diluted earnings /(loss) per share

Basic and diluted earnings /(loss) per share is calculated by dividing earnings / (loss) for the year attributable to shareholders of the Parent Company by the weighted average number of outstanding shares during the year.

	2018 KD	2017 KD
Profit / (loss) for the year attributable to the Parent Company's shareholders (KD)	809,844	(585,541)
Weighted average number of outstanding shares during the year (share)	146,500,000	146,500,000
Basic and diluted earnings/ (loss) per share for the year attributable to the Parent Company's shareholders (fils)	5.53	(4.00)

25. Commitments and contingent liabilities

	2018 KD	2017 KD
Letters of guarantee	8,647	20,793

Letters of guarantees represent guarantees against works with governmental bodies during the year.

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

	2018 KD	2017 KD
Within one year	124,172	156,080
More than one year but not more than five years	323,289	252,183
	447,461	408,263

26. Proposed dividends and general assembly

At the ordinary general assembly held on 28 May 2018, the shareholders approved the Group's consolidated financial statements for the financial year ended 31 December 2017 and also approved non distribution of dividends for the financial year ended 31 December 2017.

Board of directors proposed in its meeting held on 12 February 2019 not to distribute dividends for the year ended 31 December 2018 and not to distribute remuneration to the board members for the financial year ended 31 December 2018. This proposal is subject to approval of the shareholders' annual general assembly.

27. Segments reporting

The management has grouped the Group's products and services into the following operating segments under IFRS 8 as follows:

Operating Segments
The Group has determined the following two major business segments for internal reporting purposes:

- Investment properties sector
- Financial investments sector.
- Other

Financial information about business segments for the year ended 31 December is as follows:

2018

	Investment properties	Financial investments	Other	Total
	KD	KD	KD	KD
Segment assets	19,573,165	1,775,961	1,802,184	23,151,310
Segment liabilities	6,230,966	1,626,383	403,580	8,260,929
Total revenues	2,708,813	-	1,251,455	3,960,268
Segment results	1,558,837	(113,578)	(637,680)	807,579

2017

	Investment properties	Financial investments	Other	Total
	KD	KD	KD	KD
Segment assets	21,322,968	437,330	1,697,597	23,457,895
Segment liabilities	6,144,476	2,054,053	1,005,925	9,204,454
Total revenues	1,642,865	-	1,486,358	3,129,223
Segment results	1,037,595	(54,053)	(1,574,414)	(590,872)

Geographical segments:

Financial information about geographical segments for the year ended 31 December is set out below:

	2018		
	Revenues	Assets	Liabilities
	KD	KD	KD
Inside the State of Kuwait	3,960,268	23,151,310	8,260,929

	2017		
	Revenues	Assets	Liabilities
	KD	KD	KD
Inside the State of Kuwait	3,129,223	23,457,895	9,204,454

28. Financial risk and capital management

Financial risk factors

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

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 consolidated financial statements.

28.1 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 risks arise from Group's exposure to fluctuations of foreign currency arising from various currency exposures. Foreign currency risk arises when future commercial transactions or recognised assets and liabilities and net investments in foreign operations. The Group is not exposed to foreign currency risk currently, as there are no financial assets or liabilities in foreign currencies.

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 currently exposed to substantial risks as it has savings account at fixed interest rate. The Group has no other variable yield bearing financial assets or financial liabilities at the consolidated financial statements date.

c) Equity price risk
Equity price risk is the risk that the value of financial instruments will fluctuate as a result of changes in equity prices. Financial instruments, which potentially subject the Group to equity price risk, consist principally of financial assets at fair value through other comprehensive income. The Group is not exposed to equity price risk as it has no significant investments as at reporting date.

28.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of trade receivables and other debit balances and banks balances. Receivables are presented net of provision for ECLs.

<u>Trade receivables and other debit balances</u>
The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables and other debit balances as these items do not have a significant financing component. In measuring the ECLs, trade receivables and other debit balances have been assessed on a collective basis respectively and classified based on shared credit risk characteristics and the days past due..

28. Financial risk and capital management (Continued)

28.2 Credit risk (Continued)

Trade receivables and other debit balances (Continued)

The expected losses rates are based on the ageing customers over 3 years before 31 December 2018 and 1 January 2018 respectively and the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

ECLs of trade receivables that were determined as stated below:

31 December 2018	**Less than 90 days**	**91-180 days**	**181 – 365 days**	**More than 365 days**	**Total**
	KD	KD	KD	KD	KD
ECLs rate (%)	8%	25%	40%	100%	-
ECLs	13,155	19,484	37,052	295,325	365,016

31 December 2017	**Less than 90 days**	**91-180 days**	**181 – 365 days**	**More than 365 days**	**Total**
	KD	KD	KD	KD	KD
ECLs rate (%)	8%	25%	40%	100%	-
ECLs	13,827	17,407	29,957	283,256	344,447

ECLs of accrued rentals that were determined as stated below:

31 December 2018	**Less than 90 days**	**91-180 days**	**181 – 365 days**	**More than 365 days**	**Total**
	KD	KD	KD	KD	KD
ECLs rate (%)	74%	81%	94%	100%	-
ECLs	10,123	6,853	24,760	708,556	750,292

31 December 2017	**Less than 90 days**	**91-180 days**	**181 – 365 days**	**More than 365 days**	**Total**
	KD	KD	KD	KD	KD
ECLs rate (%)	74%	81%	94%	100%	-
ECLs	29,748	17,358	67,295	617,258	731,659

The ECLs rates are the weighted average of those rates calculated between the Group companies as at 1 January 2018 based on the aging of customers over 3 years prior to that date.

28. Financial risk and capital management (Continued)

28.2 Credit risk (Continued)

Trade receivables and other debit balances (Continued)
Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to make an alternative payment arrangement - amongst other - with the Group is considered indicators of no reasonable expectation of recovery, and therefore is considered as credit impaired.

Banks balances
The Group's banks balances measured at amortized cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's banks balances are placed with high credit rating financial institutions with no previous history of default. Based on management's assessment, the ECLs impact is insignificant to the Group as the risk of default has not increased significantly since initial recognition.

The maximum limit of the Group's exposure to credit risk arising from default of the counterparty is the nominal value of trade receivables and other debit balances and cash at banks.

Credit risk exposure
The book values for financial assets represent the maximum exposure to credit risks. The maximum net exposure to credit risk for assets categories at the reporting date was as follows:

	2018	**2017**
	KD	KD
Due from a related parties	-	187,581
Trade receivables and other debit balances (excluding advance payments to projects, advance payments to purchase under development lands and prepaid expenses)	423,315	588,605
Bank balances	1,979,873	408,593
	2,403,188	1,184,779

The Group evaluates the concentration of risk with respect to trade receivables as low, as majority of its receivables are due from customers operate in several industries in independent markets.

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:

	State of Kuwait	**Total**
	KD	KD
At 31 December 2018		
Trade receivables and other debit balances (excluding advance payments to projects, advance payments to purchase under development lands and prepaid expenses)	423,315	423,315
Bank balances	1,979,873	1,979,873
	2,403,188	2,403,188

28. Financial risk and capital management (Continued)

28.2 Credit risk (Continued)

Geographic concentration of maximum exposure to credit risk (Continued)

	State of Kuwait	Total
	KD	KD
At 31 December 2017		
Due from related parties	187,581	187,581
Trade receivables and other debit balances (excluding advance payments to projects and prepaid expenses)	588,605	588,605
Bank balances	408,593	408,593
	1,184,779	1,184,779

	2018	2017
	KD	KD
Sector:		
Real Estate and Commercial	423,315	776,186
Banks and financial institution	1,979,873	408,593
	2,403,188	1,184,779

28.3 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 Group'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.

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.

28. Financial risk and capital management (continued)

28.3 Liquidity risk (continued)

	From 3 months to 1 year	More than one year	Total
2018	KD	KD	KD
Liabilities			
Due to related parties	-	6,008,373	6,008,373
Ijara payables	1,852,881	-	1,852,881
Other credit balances (excluding rents received in advance)	163,669	-	163,669
	2,016,550	6,008,373	8,024,923

	From 3 months to 1 year	More than one year	Total
2017	KD	KD	KD
Liabilities			
Due to related parties	-	6,144,476	6,144,476
Ijara payables	2,054,053	-	2,054,053
Other credit balances (excluding rents received in advance)	462,674	-	462,674
	2,516,727	6,144,476	8,661,203

28.4 Capital risk management

The Group's objective when managing capital are to safeguard its 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, return capital to shareholders, issue new shares or sell assets to reduce debt.

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.

	2018	2017
	KD	KD
Ijara payables	1,852,881	2,054,053
Less: Cash and bank balances	(1,993,144)	(433,964)
Net (surplus) / debts	(140,263)	1,620,089
Equity attributable to the Parent Company's shareholders	14,867,229	14,232,309
Total invested capital	14,726,966	15,852,398
(Surplus) / debts to capital ratio	(%0.95)	10.22%

29. 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	Carried at cost	Carried at amortised cost	Total
	KD	KD	KD	KD
2018				
Financial assets:				
Financial assets at fair value through other comprehensive income	1	-	-	1
Trade receivables and other debit balances (excluding advance payments to projects, advance payments to purchase under development lands and prepaid expenses)	-	-	423,315	423,315
Cash and bank balances	-	-	1,993,144	1,993,144
	1	-	2,416,459	2,416,460
Financial liabilities:				
Due to related parties	-	-	6,008,373	6,008,373
Other credit balances (excluding rents received in advance)	-	-	163,669	163,669
	-	-	6,172,042	6,172,042

	Carried at fair value	Carried at cost	Carried at amortised cost	Total
	KD	KD	KD	KD
2017				
Financial assets:				
Investments available for sale	3,366	-	-	3,366
Due from related parties	-	-	187,581	187,581
Trade receivables and other debit balances (excluding advance payments to projects and prepaid expenses)	-	-	588,605	588,605
Cash and bank balances	-	-	433,964	433,964
	3,366	-	1,210,150	1,213,516
Financial liabilities:				
Due to related parties	-	-	6,144,476	6,144,476
Other credit balances (excluding rents received in advance)	-	-	462,674	462,674
	-	-	6,607,150	6,607,150

29. Fair value of financial assets and liabilities (Continued)

Financial and non-financial assets measured at fair value

The following table provides an analysis of financial and non-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 and non-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:

31 December 2018	**Level 1**	**Level 2**	**Total**
	KD	KD	KD
Non-financial assets			
Investment properties	-	19,523,000	19,523,000
Financial assets			
Financial assets at fair value through other comprehensive income	1	-	1
Total	1	19,523,000	19,523,001

31 December 2017	**Level 1**	**Level 2**	**Total**
	KD	KD	KD
Non-financial assets			
Investment properties	-	14,464,800	14,464,800
Financial assets			
Investments available for sale	3,366	-	3,366
Total	3,366	14,464,800	14,468,166

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated 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.

29. Fair value of financial assets and liabilities (Continued)

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.

All other financial assets and financial liabilities carried at amortised cost approximate their fair values at the consolidated financial position date.

The valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous consolidated financial statements period.

30. 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.