The Securities House K.S.C.P. and Subsidiaries
Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
31 March 2018

Contents

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The Securities House K.S.C.P.
Kuwait

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE BOARD OF DIRECTORS

Report on Review of Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Securities House K.S.C.P (the Parent Company) and its subsidiaries (together called "the Group") as at 31 March 2018 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with basis of presentation set out in Note 2.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the accompanying interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its Executive Regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three-month period ended 31 March 2018 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations, and the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the three-month period 31 March 2018 that might have had a material effect on the business of the Parent Company or on its financial position.

Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche
Al-Wazzan & Co.

Kuwait
9 May 2018

Interim Condensed Consolidated Statement of Income (Unaudited)
For the period ended 31 March 2018

	Notes	Kuwaiti Dinars Three months ended 31 March 2018	 2017
INCOME			
From investment activities			
Realised gain /(loss) on sale of financial assets at fair value through income statement		**17,595**	(32,182)
Dividend income		**19,561**	12,676
Unrealised (loss) / gain on financial assets at fair value through income statement		**(11,640)**	7,179
Management fee income		**10,237**	6,700
Other income		**8,479**	20,753
Total income		**44,232**	15,126
EXPENSES			
Staff costs		**210,481**	164,474
General and administration expenses		**74,236**	86,497
Depreciation		**10,500**	17,158
Total expenses		**295,217**	268,129
Loss before share of results and taxation		**(250,985)**	(253,003)
Share of results of associates	6	**679,733**	201,671
Contribution to Kuwait Foundation of Advancement of Sciences		**(63)**	-
National Labour Support Tax (NLST)		**(608)**	-
Zakat		**(243)**	-
Profit / (Loss) for the period		**427,834**	(51,332)
Attributable to:			
Equity holders of the Parent Company		**427,847**	(51,270)
Non-controlling interests		**(13)**	(62)
		427,834	(51,332)
Basic and diluted earnings / (loss) per share attributable to equity holders of the Parent Company	4	**0.9 fils**	(0.1) fils

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

Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the period ended 31 March 2018

	Notes	Kuwaiti Dinars Three months ended 31 March 2018	 2017
Profit / (Loss) for the period		**427,834**	(51,332)
Other comprehensive income			
Other comprehensive income/(loss) to be reclassified to interim condensed consolidated statement of income in subsequent periods:			
Foreign currency translation adjustment		**1,263,089**	402,354
Share of other comprehensive income of associates	6	**(348,283)**	113,027
Other comprehensive income for the period		**914,806**	515,381
Total comprehensive income for the period		**1,342,640**	464,049
Attributable to:			
Equity holders of the Parent Company		**1,342,702**	464,145
Non-controlling interests		**(62)**	(96)
		1,342,640	464,049

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

The Securities House K.S.C.P. and Subsidiaries
Kuwait

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As at 31 March 2018

		Kuwaiti Dinars		
			(Audited)	
	Notes	**31 March 2018**	31 December 2017	31 March 2017
ASSETS				
Bank balances and cash	5	**1,674,386**	1,846,705	3,772,819
Short-term murabaha investments	5	**549,312**	550,000	550,000
Accounts receivable and prepayments		**176,340**	158,234	265,075
Financial assets at fair value through income statement		**2,581,040**	2,626,596	2,339,532
Financial assets at fair value through other comprehensive income		**2,018,700**	-	-
Financial assets available for sale		**-**	2,042,985	683,594
Investment in associates	6	**42,665,919**	41,076,933	38,498,273
Property and equipment		**157,500**	168,000	198,000
TOTAL ASSETS		**49,823,197**	48,469,453	46,307,293
EQUITY				
Share capital	7	**48,000,000**	48,000,000	48,000,000
Statutory reserve		**80,999**	80,999	78,673
Foreign currency translation reserve		**(1,250,546)**	(2,513,684)	(4,834,588)
Cumulative changes in equity of associates		**(507,172)**	(158,889)	(153,775)
Retained earnings		**1,113,922**	698,751	627,681
Equity attributable to equity holders of the Parent Company		**47,437,203**	46,107,177	43,717,991
Non-controlling interests		**10,585**	10,674	11,249
TOTAL EQUITY		**47,447,788**	46,117,851	43,729,240
LIABILITIES				
Accounts payable and accruals		**2,159,030**	2,152,495	2,487,205
Employees' end of service benefits		**216,379**	199,107	90,848
TOTAL LIABILITIES		**2,375,409**	2,351,602	2,578,053
TOTAL EQUITY AND LIABILITIES		**49,823,197**	48,469,453	46,307,293

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

Ibrahim Youssef Al Ghanim
Chairman

Fahed Faisal Boodai
Vice Chairman and Chief Executive officer

The Securities House K.S.C.P. and Subsidiaries
Kuwait

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the period ended 31 March 2018

	Notes	Kuwaiti Dinars Three months ended 31 March 2018	2017
OPERATING ACTIVITIES			
Profit / (Loss) for the period		**427,834**	(51,332)
Adjustments for:			
Realised (gain) / loss on sale of financial assets at fair value through income statement		**(17,595)**	32,182
Dividend income		**(19,561)**	(12,676)
Share of results of associates	6	**(679,733)**	(201,671)
Unrealised loss / (gain) on financial assets at fair value through income		**11,640**	(7,179)
Depreciation		**10,500**	17,158
Provision for employees' end of service benefits		**17,272**	21,752
		(249,643)	(201,766)
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		**(19,136)**	(11,502)
Financial assets at fair value through income statement		**13,936**	110,763
Accounts payable and accruals		**3,445**	(33,593)
Net cash flows used in operating activities		**(251,398)**	(136,098)
INVESTING ACTIVITIES			
Purchase of financial assets available for sale		-	(274,320)
Proceeds from sale of financial assets at fair value through		**61,860**	-
Dividend income received		**19,561**	12,676
Net cash flows from / (used in) investing activities		**81,421**	(261,644)
DECREASE IN CASH AND CASH EQUIVALENTS		**(169,977)**	(397,742)
Transition adjustment on adoption of IFRS 9 at 1 January 2018		**(2,981)**	-
Net foreign exchange difference		**(49)**	(34)
Cash and cash equivalents at 1 January		**2,396,705**	4,720,595
CASH AND CASH EQUIVALENTS AT 31 MARCH	4	**2,223,698**	4,322,819

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

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited) - For the period ended 31 March 2018

	Kuwaiti Dinars							
	Attributable to equity holders of the Parent Company						**Non-controlling interests**	**Total equity**
	Share capital	**Statutory reserve**	**Foreign currency translation reserve**	**Cumulative changes in equity of associates**	**Retained earnings**	**Sub total**		
As at 1 January 2018	**48,000,000**	**80,999**	**(2,513,684)**	**(158,889)**	**698,751**	**46,107,177**	**10,674**	**46,117,851**
Transition adjustment on adoption of IFRS 9 at 1 January 2018 (Note 3.3)	**-**	**-**	**-**	**-**	**(12,676)**	**(12,676)**	**(27)**	**(12,703)**
Balance as at 1 January 2018 (restated)	**48,000,000**	**80,999**	**(2,513,684)**	**(158,889)**	**686,075**	**46,094,501**	**10,647**	**46,105,148**
Profit / (Loss) for the period	**-**	**-**	**-**	**-**	**427,847**	**427,847**	**(13)**	**427,834**
Other comprehensive income/(loss)	**-**	**-**	**1,263,138**	**(348,283)**	**-**	**914,855**	**(49)**	**914,806**
Total comprehensive income/(loss) for the period	**-**	**-**	**1,263,138**	**(348,283)**	**427,847**	**1,342,702**	**(62)**	**1,342,640**
As at 31 March 2018	**48,000,000**	**80,999**	**(1,250,546)**	**(507,172)**	**1,113,922**	**47,437,203**	**10,585**	**47,447,788**
As at 1 January 2017	48,000,000	78,673	(5,236,976)	(266,802)	678,951	43,253,846	11,345	43,265,191
Loss for the period	-	-	-	-	(51,270)	(51,270)	(62)	(51,332)
Other comprehensive income/(loss)	-	-	402,388	113,027	-	515,415	(34)	515,381
Total comprehensive income/(loss) for the period	-	-	402,388	113,027	(51,270)	464,145	(96)	464,049
As at 31 March 2017	48,000,000	78,673	(4,834,588)	(153,775)	627,681	43,717,991	11,249	43,729,240

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

1. Corporate information

The interim condensed consolidated financial information of The Securities House K.S.C.P. (the "Parent Company") and subsidiaries (collectively the "Group") for the quarter ended 31 March 2018 was authorised for issue by the Parent Company's Board of Directors on 9 May 2018

The Parent Company is a Kuwaiti public shareholding company incorporated and registered in Kuwait on 28 March 1982 and is engaged in dealing in and brokerage of securities on its behalf and on behalf of third parties, underwriting and sale of third party-issued securities, investment trust and investment monitoring, providing financial advisory and research services, establishing financial, real estate, industrial and multipurpose investment funds and companies, fund management on behalf of third parties, investment in real estate and other economic sectors, finance activities and mediation in borrowing and international trade activities. The Parent Company performs all of its activities in accordance with Islamic Shariah principles and is regulated by the Central Bank of Kuwait (CBK) and the Capital Markets Authority (CMA) as an investment company.

The Parent Company's principal place of business and registered address is 18th floor, Al-Dhow Tower, Khalid Ibn Al-Waleed Street, Sharq, P.O. Box 26972 Safat, 13130, Kuwait.

2. Basis of preparation

The interim condensed consolidated financial information for the three months ended 31 March 2018 has been prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting, except as noted below.

The annual financial statements for the year ended 31 December 2017 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (CBK). These regulations require adoption of all IFRS except for the IAS 39, Financial Instruments: Recognition and Measurement, requirement for a collective provision, which has been replaced by the CBK's requirement for a minimum general provision made on all applicable credit facilities (net of certain categories of collateral) that are not provided specifically.

The interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. In addition, results for the three months ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

The interim condensed consolidated financial information are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company.

Changes in accounting policy and disclosures

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2017 except for the adoption of IFRS 15: Revenue from Contract with Customers and IFRS 9: Financial Instruments, effective 1 January 2018. As required by IAS 34, the nature and effect of adoption of IFRS 15 and IFRS 9 are disclosed in Note 3.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial information of the Group.

3. Impact of changes in accounting policies due to adoption of new standards

The key changes to the Group's accounting policies resulting from its adoption of IFRS 15 and IFRS 9 are summarised below:

3.1 IFRS 15 *Revenue from Contracts with Customers*

The Group has adopted IFRS 15 Revenue from contracts with customers effective from 1 January 2018. This standard supersedes IAS 11 Construction Contracts and IAS 18 Revenue along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 3. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group's adoption of IFRS 15 'Revenue from Contracts with Customers' did not lead to any change in the revenue recognition policy of the Group in relation to its contracts with customers, nor did it have any impact on this interim condensed consolidated financial information..

3.2 IFRS 9 Financial Instruments

The Group has adopted IFRS 9 - Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018 as noted above in Note 2. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets. The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarized below:

Classification of financial assets and financial liabilities
IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three classification categories for financial assets: Amortised Cost, Fair Value Through Profit or Loss ("FVTPL") and Fair Value through Other Comprehensive Income ("FVOCI") (without recycling of gains or losses to profit or loss on derecognition of equity instruments). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale (AFS) financial assets.

The Group has evaluated the classification and measurement criteria to be adopted for various financial assets considering the IFRS 9 requirements with respect to the business model and contractual cash flow characteristics ("CCC") are solely payment of principal and profit ("SPPP").

Amortised cost

A financial asset is carried at amortised cost if it meets both of the following conditions:

- 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 profit on the principal amount outstanding.

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective yield method. Financing income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is recognised in the consolidated statement of income.

Bank balances and cash, short-term murabaha investments and accounts receivable and prepayments are classified as debt instruments at amortised cost.

FVTPL

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI 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. Equity instruments at FVOCI are subsequently measured at fair value. Gains and losses on these equity instruments are never recycled to consolidated statement of income. Dividends are recognised in the consolidated statement of income 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 the consolidated statement of comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking expected credit loss (ECL)' model. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The Group recognizes ECL for bank balances and cash, short-term murabaha investments and account receivables using the general approach as required by IFRS 9.

General approach

The Group applies the three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset. The Parent Company assesses whether objective evidence of impairment exists on an individual basis for each individually significant asset and collectively for others not deemed individually significant except for financing receivables where a minimum general provision as per CBK's instructions is followed.

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Group incorporates forward-looking information based on expected changes in macro- economic factors in assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

3.3 Transition to IFRS 9

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

a) Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018.

b) 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

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

	Kuwaiti Dinars **Retained earnings**
Closing balance under IAS 39 (31 December 2017)	**698,751**
Impact on reclassification and re-measurements:	
Expected Credit Losses under IFRS 9 on financial assets at amortized cost related to the Group (see below)	**(7,074)**
Expected Credit Losses under IFRS 9 on financial assets at amortized cost related to associate companies (Note 6)	**(5,602)**
Opening balance under IFRS 9 on date of initial application of 1 January 2018	**686,075**

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets as at 1 January 2018.

			Kuwaiti Dinars		
Financial assets	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**Re-measurement ECL**	**New carrying amount under IFRS 9**
Bank balances and cash	Loans and receivables	Amortised Cost	1,846,705	(2,289)	1,844,416
Short-term murabaha investments	Loans and receivables	Amortised Cost	550,000	(688)	549,312
Accounts receivable and prepayments	Loans and receivables	Amortised cost	158,234	(4,097)	154,137
Investment securities - Managed equity funds	FVTPL	FVTPL	113,125	-	113,125
Investment securities - Equity securities	FVTPL	FVTPL	736,891	-	736,891
Investment securities Equity securities	FVTPL	FVOCI	1,776,580	-	1,776,580
Investment securities Equity securities	Investments available for sale	FVTPL	1,739,005	-	1,739,005
Investment securities - Equity securities	Investments available for sale	FVOCI	303,980	-	303,980
Total financial assets			**7,224,520**	**(7,074)**	**7,217,446**

IFRS 9 did not result in any change in classification or measurement of financial liabilities.

4. Basic and diluted earnings / (loss) per share attributable to equity holders of the Parent Company

Basic and diluted earnings / (loss) per share is computed by dividing loss attributable to equity holders of the Parent Company by the weighted average number of shares (net of treasury shares) outstanding during the period as follows:

	Three months ended 31 March	
	2018	2017
	Kuwaiti Dinars	
Profit / (Loss) for the period attributable to equity holders of the Parent Company	**427,847**	(51,270)
	Shares	
Weighted average number of shares (net of treasury shares) outstanding for the period	**480,000,000**	480,000,000
Basic and diluted earnings / (loss) per share attributable to the equity holders of the parent company	**0.9 fils**	(0.1) fils

5. Cash and cash equivalents

Cash and cash equivalents as shown in the interim condensed consolidated statement of cash flows are reconciled to the related items in the interim condensed consolidated statement of financial position as follows:

	Kuwaiti Dinars		
	31 March 2018	(Audited) 31 December 2017	31 March 2017
Bank balances and cash	**1,674,386**	1,846,705	3,772,819
Short-term murabaha investments with original maturity up to three months	**549,312**	550,000	550,000
	2,223,698	2,396,705	4,322,819

6. Investment in associates

	Kuwaiti Dinars		
	31 March 2018	(Audited) 31 December 2017	31 March 2017
At the beginning of the period/year	**41,076,933**	37,781,187	37,781,187
Transition adjustment on adoption of IFRS 9 at 1 January 2018 (Note 3.3)	**(5,602)**	-	-
Acquisitions	-	22,562	-
Share of results	**679,733**	137,394	201,671
Share of other comprehensive income	**(348,283)**	107,913	113,027
Foreign currency translation adjustment	**1,263,138**	2,723,292	402,388
Recognition of negative goodwill (a)	-	304,585	-
At the end of the period/year	**42,665,919**	41,076,933	38,498,273

This represents the Group's share of its investments in Gatehouse Financial Group Limited, United Kingdom ("GFGL") and in Al Aman Investment Company KSCP ("Al Aman").

a) During the previous year, the effective holding of the Parent Company of Al Aman's outstanding share capital, increased from 46% to 49% as a result of Al Aman's purchase of its own shares. This resulted in a negative goodwill of KD 304,585 being recognised in the consolidated statement of income.

   The Parent Company's share of GFGL's results for the three-month period ended 31 March 2018 of KD 260,429 (31 March 2017: KD 16,003) is based on its management accounts.

7. Share capital

The authorised, issued and fully paid up share capital of the Parent Company is KD 48,000,000 (31 December 2017: KD 48,000,000; 31 March 2017: KD 48,000,000) comprising of 480,000,000 shares (31 December 2017: 480,000,000; 31 March 2017: 480,000,000) of 100 fils each.

The Extraordinary General meeting of the Parent Company's shareholders held on 19 April 2018 resolved to reduce the authorized, issued and paid up share capital by 30,000,000 shares of 100 fils per share amounting to KD 3,000,000.

This was registered in the commercial register on 6 May 2018. Accordingly, adjustments to give effect to these changes in the authorised, issued and fully paid up share capital of the Parent Company will be made in the next issued financial statements.

The payment of cash on capital reduction will be made to the shareholders on 27 May 2018.

8. Related party transactions

Related parties represent major shareholders, directors and executive officers of the Parent Company, close members of their families and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.
Related party transactions consist of the following:

	Kuwaiti Dinars	
	Three months ended 31 March	
	2018	2017
Key management compensation:		
Salaries and other short term benefits	**97,809**	50,226

9. Segmental analysis

For management purposes the Group is organised into two major business segments:

Proprietary investment management : Investing of funds in securities and real estate, financing corporate and individual customers, and managing the Group's liquidity requirements.

Asset management and advisory services : Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related investment services.

The following table presents information regarding the Group's business segment:

	Kuwaiti Dinars					
	Proprietary investment management Three months ended 31 March		Asset management and advisory services Three months ended 31 March		**Total** Three months ended 31 March	
	2018	2017	**2018**	2017	**2018**	2017
Segment revenue	**33,995**	8,426	**10,237**	6,700	**44,232**	15,126
Segment results	**(175,778)**	(199,850)	**(63,567)**	(60,332)	**(239,345)**	(260,182)
Share in result of associates	**679,733**	201,671	**-**	-	**679,733**	201,671
Fair value adjustment and Impairment	**(11,640)**	7,179	**-**	-	**(11,640)**	7,179
Zakat & NLST taxes	**-**	-	**-**	-	**(914)**	-
Profit /(Loss) for the period					**427,834**	(51,332)

	Kuwaiti Dinars					
	Proprietary investment management 31 March		Asset management and advisory services 31 March		**Total** 31 March	
	2018	2017	**2018**	2017	**2018**	2017
Assets						
Segment assets	**4,776,080**	3,288,201	**-**	-	**4,776,080**	3,288,201
Investment in associates	**42,665,919**	38,498,273	**-**	-	**42,665,919**	38,498,273
Others	**2,381,198**	4,520,819	**-**	-	**2,381,198**	4,520,819
	49,823,197	46,307,293	**-**	-	**49,823,197**	46,307,293
Liabilities						
Account payable and accruals	**2,159,030**	2,487,205	**-**	-	**2,159,030**	2,487,205
Employees' end of service benefits	**216,379**	90,848	**-**	-	**216,379**	90,848
	2,375,409	2,578,053	**-**	-	**2,375,409**	2,578,053

10. Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Financial instruments comprise of financial assets and financial liabilities.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amount approximates their fair value. The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost, are not materially different from their carrying values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1 inputs are quoted (unadjusted) prices in an active market for identical assets and liabilities:

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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

31 March 2018	Kuwaiti Dinars		
	Level 1	**Level 3**	**Total**
Financial assets at fair value			
Financial assets at fair value through income statement:			
Quoted equities	**296,500**	**-**	**296,500**
Unquoted equity securities	**-**	**2,284,540**	**2,284,540**
	296,500	**2,284,540**	**2,581,040**
Financial assets at fair value through other comprehensive income:			
Unquoted equity securities	**-**	**2,018,700**	**2,018,700**
	-	**2,018,700**	**2,018,700**

31 March 2017	Kuwaiti Dinars		
	Level 1	**Level 3**	**Total**
Financial assets at fair value			
Financial assets at fair value through income statement:			
Quoted equities	883,698	-	883,698
Unquoted equity securities	-	1,455,834	1,455,834
	883,698	1,455,834	2,339,532

During the three-month period ended 31 March 2018, there were no transfers between the hierarchies.