AMWAL أمـــــــــوال

Amwal International Investment Company

Annual Report 2017

بسم الله الرحمن الرحيم

H.H. Sheikh

Sabah Al-Ahmad Al-Jaber Al-Sabah

Amir of the State of Kuwait

H.H. Sheikh

Nawaf Al-Ahmad Al-Jaber Al-Sabah

Crown Prince

H.H. Sheikh

Jaber Mubarak Al-Ahmad Al-Sabah

Prime Minister

Board Members

Bader Fahed Al-Rezaihan	Chairman
Mansour Salem Al-Nassar	Vice Chairman
Abdul Mohsen Saleh Al Tukhaim	Board Member
Bader Abdulaziz Abul	Board Member
Mohammed Abdulaziz Al-Agheel	Board Member
Ziyad Fouad Al-Saleh	Board Member
Thunayan Adel Al-Muawed	Board Member

Bader Fahed Al-Rezaihan

Chairman

Chairman's Speech

Esteemed ladies and gentlemen,
Shareholders of Amwal International Investment Company,

I welcome you to Amwal International Investment Company's ("Amwal's") annual general assembly meeting for the financial year ended December 31, 2017. On behalf of myself, my colleagues on the Board of Directors, Executive Management and employees of the Company, I have the pleasure of presenting to you the consolidated financial statements for Amwal and the review for the Company's performance for the financial year. I would like to express my sincere appreciation and gratitude to all our valued shareholders for their continuous support for the Company and its Board of Directors.

Esteemed Shareholders,

Amwal experienced a challenging year during 2017 and similarly to previous years, we continued to work with our portfolio companies supporting their growth and expansion plans. Although we had a decline in consolidated income, we instituted a disciplined approach to managing our expenses and divesting non-performing assets which had weighed on our financial results in the prior years.

Noor Capital Markets for Financial Brokerage Company ("Noor")

Noor, a majority owned subsidiary of Amwal, provides online trading services to its customers – both individual and corporate – with a particular focus on Kuwait, Turkey and Jordan. The Company enables its customers to access to a wide range of products including futures and foreign exchange instruments through individual trading accounts. Noor posted lower than expected results for the 2017 financial year. Noor trades primarily in foreign exchange and commodity linked securities, the prices of which fluctuate significantly in reaction to global events, which can result in a fluctuation in revenue. In addition, Noor's Turkish subsidiary also experienced lower trading volume compared to the previous fiscal period due to a tighter regulatory regime enacted during the year.

Noor's total revenue for the year amounted to KD 4.3 million, a decrease of 20% over the previous year, while net profit amounted to KD 1.7 million, a 19% decrease compared to the prior year. Noor declared dividends of KD 0.6 million for the financial year.

Noor enjoys a dominant share of the Kuwait market and as part of its regional expansion strategy, Noor opened an office in Jordan and acquired an investment company license in the United Arab Emirates during the year. We remain strongly optimistic of Noor's future performance due to its potential for expansion in its new markets and its track record of generating growth and liquidity for Amwal.

Al-Shamel International Holding Company ("Al-Shamel")

During the year, Al Shamel continued restructuring its operations and activities across business lines as a result of industry wide challenges. Losses for the year amounted to KD 1.2 million, primarily driven by losses incurred by its subsidiary in the United Arab Emirates and impairment losses on its receivables.

Al-Shamel's remaining operations and subsidiaries in Kuwait, Bahrain and Jordan remain profitable and accounted for an aggregate profit of KD 0.2 million for the year, an increase of 172% compared to the prior year.

<u>Dubai Golf City ("DGC")</u>

Amwal maintained its 4.4% holding in DGC, a 55 million square feet multi-purpose real estate project under development, which is in the process of finalizing its masterplan. Amwal continues to seek various exit options for this investment in 2018, including a partial exist.

During the year, Amwal changed its accounting treatment for its investment in DGC and started to record the investment at fair market value, which amounted to KD 8.2 million at year end.

Esteemed Shareholders,

At the end of 2017, our consolidated total assets amounted to KD 25 million, an increase of 20% over the previous year.

This increase is primarily attributed to the change in the accounting treatment of DGC to a fair market value basis; increased cash generated during the year; and Noor Capital Market's acquisition of an investment company licensed in the United Arab Emirates. Our consolidated liabilities remain at a low of 2.9% of total assets.

Our consolidated income amounted to KD 3.6 million, decreasing by 34% compared to the prior year. Amwal's consolidated net profit for the year amounted to KD 0.6 million, a decrease of 53% over the prior year. This decrease is mainly due to lower than expected results in Noor and Al Shamel, as discussed above.

Net loss for the year attributed to the shareholders of Amwal amounted to KD 16,000, equivalent to a loss per share of 0.09 Fils, compared to an earnings per share of 1.71 Fils in the prior year.

Esteemed Shareholders,

In line with our strategy, our short and medium term focus remains on identifying proprietary investments in operating companies in order to drive strong shareholder returns. We believe that such focus will generate continued improvement in Amwal's financial performance.

In conclusion, I wish to thank you once again for your trust and continuous support for Amwal.

Bader Fahad Al-Rezaihan

Chairman of the Board of Directors

Amwal International Investment Company

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Corporate Governance Report

Building a balanced structure of the Board of Directors

- **Breif on the Board Composition**

Name	Member classification (executive/non-executive/independent)	Academic qualification and practical experience	Election date/ appointment of secretary
Mr Bader Fahed Al Rezaihan	Chairman (non-executive)	Academic Qualifications: Master of Business Administration, University of Woodbury, USA. Experience: - Chairman of Amwal International Investment Company from 14.11.2005 to date. - Chairman of Noor Capital Markets Financial Brokerage from 19.02.2014 to date. - Served as Chairman and CEO of the CIC Group from 05.11.1995 until 10.2005. - Chairman of Mawarid general trading and contracting company from 30.08.2005 to date - Vice Chairman of National Takaful Insurance Company from 9.05.2016 to date.	20/11/2015
Mr. Mansour Salem Al Nassar	Deputy chairman (non-executive)	Academic Qualifications: Bachelor of Arts in Geography, Kuwait University. Experience: - Vice Chairman of Amwal International Investment Company from 10.3.2015 to date. He also served as a Board member at Amwal from 14.11.2005 to 9.3.2015. - Served as a Board member at Industrial and Financial Investments Company from 18.06.2001 till 2004.	29/11/2015
Mr. Bader Abdulaziz Abul	Board member (Independent member)	Academic qualification: Masters Degree in Business Management and Strategy, from Kuwait Maastricht Business School - Kuwait. Experience: - Board member at Amwal International Investment Company from 14.11.2005 to date. - Served as General Manager of Abdul Aziz Ali Abul General Trading and Contracting Company from 02.08.1999 to date	
Mr. Thenyyan Adel Al Muawad	Board member (Independent member)	Academic qualification: Bachelor of Science in Business Administration, Information Systems Major, University of Ohio State, USA Experience: - Board member at Amwal International Investment Company from 15.1.2015 up to date. - Serves as Assistant Vice Chairman – Financial services and facilities at Gulf Investment Corporation, from 1.6.2005 up to date	29/11/2015

Mr. Abdul-mohsen Saleh Al Tukhaim	Board member (non-executive)	Academic qualification: Diploma of Applied Commercial Sciences, Banking Specialisation, Public Authority for Applied Education & Training – State of Kuwait Experience: - Board member at Amwal International Investment Company from 2008 to 2009, and from 29.11.2015 to date. - Served as banking sales and services manager, Bank of Kuwait and the Middle East "Al Ahli United Bank currently" from 3.3.2002 to 2.12.2008	29/11/2015
Mr. Mohamed Abdulaziz Al Aqeel	Board member (non-executive)	Academic qualification: Bachelor of Science, Systems Engineering Major, King Fahed Petroleum and Minerals University, Kingdom of Saudi Arabia Experience: - Board member of Amwal International Investment Company from 5.7.2012 to date - Served as chief executive officer for operations, Al Fawzan Holding Company, from 8.5.2004 to date	29/11/2015
Mr. Ziyad Fouad Al Saleh	Board member (non-executive)	Academic qualification: Masters in business administration, International University of Geneva, Switzerland. Experience : - Board member at Amwal International Investment Company from 20.6.2010 up to date - Served as a Board member at Abdulqader Al Mohaidab & Sons Company, from 4.7.2009 to date. - Senior Manager - Public and Private Investments, Abdulqader Al Muhaidab & Sons Company, from 23.10.2004 to date.	29/11/2015
Mrs. Suha Maaen Al Atassi	Board secretary	Academic qualification: Secretariat Diploma, Pitman Secretarial & Commercial Studies Institute, State of Kuwait. Experience: - Board secretary from 1.7.2012 up to date - Chairman's office manager, Amwal International Investment Company, from 26.11.2006 to date. - Served as executive secretary, Safat Food and Catering Company, 10.1.1993 to November 2006. - Served as executive secretary, Kuwait Scientific Research Institute, 1987 to 1993.	29/11/2015

- **Breif on the Board of Directors' meetings, through the following statement:**

Name	Capacity	Meetings during 2017						Number of meetings
		Meeting 1	Meeting 2	Meeting 3	Meeting 4	Meeting 5	Meeting 6	
		28/3/2017	14/5/2017	14/6/2017	13/8/2017	14/11/2017	10/12/2017	
Mr. Bader Al Rezaihan	Chairman (Non Executive)	a	a	a	a	a	a	6
Mr. Mansour Al Nassar	Vice Chairman (Non-Executive)	a	a	a	a	a	a	6
Mr. Ziyad Al Saleh	Board member (Non-Executive)	a	X	X	a	a	X	3
Mr. Bader Abul	Board member (Independent)	a	a	a	X	a	a	5
Mr. Mohammed Al Ageel	Board member (Non-Executive)	a	a	a	a	X	a	5
Mr. Abdul Mohsen Al Tukaim	Board member (Non-Executive)	a	X	a	a	a	a	5
Mr. Thenyaan Al Muawad	Board member (Independent)	a	X	a	X	a	a	4

- **The Board of Directors held six meetings during the year**

All Board meetings are documented by the Board secretary, whereby all discussions and topics are recorded according to the agenda previously communicated to the Board. Further, all Board member views and objections (if any) are recorded in the minutes of meeting. Draft minutes are prepared upon meeting completion by the Board secretary, forwarded to all Board members by email for revision and approval. After obtaining approval (including amendments – if any) the minutes are printed on Company letterhead and forwarded to all Board members for signature. The Board secretary keeps all Board meeting minutes in the custody cabinet. These documents are only accessed with the approval and consent of the Board secretary.

The Board of Directors are invited to meet at the request of the Chairman through the Board Secretary. The meeting agenda in addition to any relevant documents are forwarded to the board members before the meeting enabling the members to review the topics raised and the relevant documents.

Identification of duties and responsibilities

The Company's Articles of Association stipulates the powers and authorities of the Board of Directors (the Board has the widest authorities to manage the Company, except as determined by the law, Articles of association or general assembly). The powers and responsibilities are delegated to the Board according to the following:

- Company Articles of Association
- 15th Book of the Capital Markets Authority Bylaws (Corporate Governance)
- Law No.1 of 2016 (Companies Law)

Further, the Board of Directors and its committees' charters have been developed and approved pursuant to the above instructions and laws, which illustrate the charters and authorities of the Board of Directors members and its committees.

As for the authorities of Executive Management, the Board of Directors appointed a Chief Executive Officer (registered with the Capital Markets Authority) who undertakes the day to day management of the Company.

Authorities delegated to Executive Management commensurate the Company's business and operational activities in order to achieve the objectives and strategies of the Company and direct the business. In addition to evaluating the extent of significance of such authorities to the daily management of business.

In addition to the above, the Board of Directors approved an authority matrix (including both financial and administrative authorities). It illustrates the authorities of the Board of Directors and Executive Management. These authorities are reviewed (annually) for business requirements.

Board achievements during the year

- The development of the Company's internal control systems which positively reflected on the Company's operations and activities.
- Development and approval of a corporate governance framework achieving the following objectives:
  - Compliance with all regulatory and legal requirements.
  - Enhancing the tools and means of control and supervision by the Board and its committees on the Company's operations and activities.
  - Developing skills and experiences of the Board of Directors and Executive Management to undertake the tasks with high efficiency and effectiveness.

Rule Book 15 of the Capital Markets Authority bylaws mandate the formation of Board committees. Accordingly, the Board formed three committees that possess independence and objectivity assisting the Board in its oversight role over the Company's business and activities as follows:

First: Audit Committee

The Audit Committee was formed on 29th November 2015. The Committee's tenure is three years. A charter governing the following areas was developed and approved:

1. Committee duties and responsibilities
2. Committee formation and minimum number of meetings
3. Mandated qualifications of Committee members
4. Authorities of the Committee

Committee Members:

Mr. Bader Abul- Independent Member – Committee chairman

Mr. Thenyyan Al Muawad – Independent Member – Committee member

Mr. Abdulmohsen Al Tukhaim – Non Executive Member – Committee member

Committee duties and achievements during 2017:

- Review the Company's interim and annual financial statements and discuss them with the external auditor along with recommending approval of the financial statements to the Board of Directors.
- Discuss the reports issued by the internal auditor.
- Review of the Company's Internal Control Assessment report along with and following up on the corrective measures implemented by the Executive Management.

Number of the Committee meetings during 2017:

The Committee met five times during the year.

Second: Risk Management Committee

The Committee was formed on 29th November 2015. The Committee's tenure is three years. A charter governing the following areas was developed and approved:

1. Committee duties and responsibilities
2. Committee formation and minimum number of meetings
3. Mandated qualifications of Committee members
4. Authorities of the Committee

Committee members:

Mr. Thenyyan Al Muawad – Independent Member – Committee member

Mr. Mansour Al Nassar – Non Executive Member- Committee member

Mr. Abdulmohsen Al Tukhaim – Non Executive Member – Committee member

Committee duties and achievements in 2017:

- Review of the implemented policies and procedures within the Company and ensuring its fulfilment of regulatory requirements
- Assist the Board of Directors to implement and develop the corporate governance framework through the review of all Board of Directors and its committees' charters
- Supervise the duties and activities of the compliance department, in addition to reviewing reports submitted by Compliance along with following up on the implementation of the corrective actions for the observations raised.

Number of the Committee meetings during 2017:

The Committee met four times during the year.

Third Nominations and Remunerations Committee

The Committee was formed on 29th November 2015. The Committee's tenure is three years. A charter governing the following areas was developed and approved:

1. Committee duties and responsibilities
2. Committee formation and minimum number of meetings
3. Mandated qualifications of Committee members
4. Authorities of the Committee

Committee Members:

Mr. Bader Al Rezaihan – Non Executive Member – Committee chairman

Mr. Mansour Al Nassar- Non Executive Member – Committee member

Mr. Thenyyan Al Muawad – Independent Member – Committee member

Mr. Abdulmohsen Al Tukhaim – Non Executive Member – Committee member

The Committee's most significant achievements and duties include the following;

- Review of staff remuneration policies and recommendation to the Board of Directors for approval
- Draft the Board remunerations policy for Board recommendation and General Assembly approval.
- Review credentials of executive posts of candidates and of the Chief Executive Officer before submitting the nomination applications to the Capital Markets Authority.

Number of the Committee Meetings in 2017

The Committee met once during the year.

Board access to information, documents and records

The Board of Directors (and its committees) have the authority to access any document, information and data of the Company without restriction. The Board possesses the highest authority within the Company after the shareholders, according to the Articles of Association, the Board of Directors and its committee's charters, in addition to the instructions of the Capital Markets Authority and the Companies Law.

Selection of competent persons for the Board and Executive Management Membership

The Company formed the Nominations and Remunerations Committee in 2015. The Committee consists of four Board members including an independent Board member. Duties and responsibilities are outlined in accordance with the requirements of the Capital Markets Authority. Among the most significant terms of reference of the Committee are the following:

- Documenting a clear policy for Board members, senior executives and Company personnel's remunerations and reviewing it annually.
- Ensuring remunerations are awarded as per documented policies.
- Prepare an annual report on the remunerations awarded to Board members and Executive Management. This report is presented for approval by the Company's General Assembly.
- Determination of the remunerations awarded to the Board of Directors and Executive Management members.

❖ Remunerations awarded to the Board of Directors in 2017:

  - Proposed remuneration amounting to KD 35,300.

❖ Remunerations awarded to Executive Management:

  - Executive Management remunerations in 2016 amounted to KD 12,925 – this was paid in 2017

Ensuring Financial Reports Integrity

The Audit Committee consists of two independent members according to the instructions of the Capital Markets Authority issued in this respect (at least one independent member).

The Audit Committee met five times during 2017, which includes meetings with the external auditor and internal auditor during the year to discuss the reports issued by them. In the case of any conflicting recommendations between and the Audit Committee and Board such cases are documented as per the Board charter.

During the five meetings held by the Committee and the Board meetings, there were no conflicts between the Committee recommendations and the Board decisions. Further, the Board of Directors charter stipulates the documentation of any conflicts (if any) between the Audit Committee decisions and Board decisions.

External auditor independence and objectivity

The external auditor enjoys complete independence and objectivity, whereby the Company's external auditor is appointed by the General Assembly pursuant to the recommendation of the board of directors. Further, the external auditor is entitled access to the Audit Committee and/or Board of Directors without the Executive Management's intervention.

Risk management and internal control systems

A risk officer has been appointed in the Company (registered with the Capital Markets Authority.) The risk officer enjoys independence whereby the officer reports directly to the Board of Directors.

The Risk Committee includes an independent member according to the instructions of the Capital Markets Authority.

The Risk Management Committee has met four times in 2016. Further, a Risk Management charter has been documented and approved. The charter outlines and includes the responsibilities of meeting with the external and internal auditor during the year to discuss the reports issued by them.

The Risk Management Committee prepared and implemented several fundamental elements ensuring the presence of an effective internal control system as follows:

- Implement the 4 eyed principle whereby any document is prepared by an employee and reviewed by another employee.
- Implement the segregation of duties ensuring that no function conflicts in performing its tasks.
- Review of the efficiency and sufficiency of the internal control systems on periodical basis (at least annually) by the internal audit and independent auditor mandated with the internal control review systems applied in the Company, taking into consideration the underlined risks in implementing the Company activities and operations.

Internal Audit Function

An internal audit officer was appointed in the Company (registered with the Capital Markets Authority). Further, the Company appointed an international consultancy firm to perform the assessment of the internal controls system and submit reports to both Board, the Audit and Risks Management Committee. Further, the internal audit officer enjoys independence as the officer reports to the Board Audit Committee.

Promoting professional conduct and ethical values

The Company documented and approved a code of conduct and ethical values charter, applicable to the Board of Directors, Executive Management and Company staff. Among the most significant matters addressed by the Company are the following;

- General conduct
- Customers relation
- Avoiding the conflict of interests
- Use of confidential and official information

Amwal International Investment Company is committed to manage its business fairly and appropriately ensuring the fulfilment of the long term interests of its shareholders. As part of this commitment, the conflict of interests manual stipulates the required policies and procedures for fair and appropriate practices and conducts of the businesses which the Company expects from its Board of Directors and staff equally. Further, this policy is mandated for all Company personnel, vendors, officials and the Board of Directors.

Timely and accurate disclosures and transparency

According to the instructions of the Capital Markets Authority, the Company drafted and developed a disclosure system ensuring compliance with all regulatory and legal requirements. The Company defined and determined the information subject to disclosure pursuant to regulatory instructions issued in this respect.

The Company discloses its financial results and any material information to the public and shareholders through the Boursa Kuwait's electronic portal.

The compliance department monitors all Company resolutions and submits recommendations to the Board of Directors, should such decisions and information fulfil the regulatory requirements for disclosure.

The Company keeps a specific register for all disclosures made during the year.

For the disclosures of the Board of Directors and Executive Management, the compliance department also maintains a register for such disclosures. Further, the Board of Directors and Executive Management are required to notify the compliance department before and after any trading on the Company shares or other listed companies (according to the disclosure procedures approved by the Board of Directors and regulatory instructions in place)

The Board of Directors established an investors' affairs unit and appointed one of the Company's staff to handle and manage its tasks.

The Company discloses to the public and its shareholders, through the electronic portal of Kuwait Stock Exchange Company, where the Company has a dedicated page on the portal. The Company page may only be accessed by the authorized persons. The employee uploads the documents into the portal, the documents are then approved by a manager to complete the disclosure process.

Respecting shareholder rights

A policies and procedures manual for the rights of shareholders has been documented, that includes the following in order to protect the rights of shareholders:

1. Documenting the values of shareholders equities (comprising the percentage of ownership to the total capital, number and value of the shares held)
2. Freedom to trade the owned shares in a manner that does not contradict with the regulatory and legal mandates in place.
3. Obtaining dividends in proportion with the percentage of ownership.
4. Obtaining a share in the event of liquidating the Company based on the shareholding percentage and type of held shares.
5. Providing shareholders with information on the Company's activities and strategies in a manner that conflict with the instructions of the Capital Markets Authority with regards to insider information.
6. Attending the ordinary and extraordinary general assembly meetings

Kuwait Clearing Company maintains a register for all the shareholders identifying the trading number, shareholder name, number of shares held, and their value in addition to the percentage of shareholding out of the total capital. The register is updated on daily basis by the clearing company to follow up the shareholders movement.

The Company announces the ordinary (and extraordinary) general assembly meeting in two daily newspapers for two weeks consecutively. The announcement includes:

- Type of the general assembly (ordinary/extraordinary)
- Date and location of the general assembly
- Agenda and items to be discussed in the meeting

In addition to the above, the Articles of Association stipulates the voting mechanism in the general assembly on such topics which require the voting of shareholders.

Recognition of stakeholders' roles

There are several policies and procedures manuals that govern and ensure the rights of stakeholders as follows:

- Company clients – guidelines have been prepared and approved that govern the applicable procedures towards clients and their activities
- Shareholders- the shareholders rights policies and procedures manual has been drafted and approved.
- Regulatory authorities- all policies and procedures have been drafted according to regulatory and legal requirements.

The Company discloses its financial results and any other material information which may affect the Company activities or financial position to the public and shareholders through the Kuwait Boursa Portal.

Further, all disclosed information is available at the Company for any stakeholders review.

Promoting and enhancing performance

The subjects and that contribute to Board members enhancing performance of their duties are determined. External or internal consultants (Company employees) organize training programs for the Board of Directors. Further, a Board training plan including the most significant and latest topics covering skills and experience requirements of the Board members.

An evaluation framework has been prepared & developed according to best practices and good governing standards. Further, a methodology has been approved for the evaluation of the board members individually and the board of directors collectively, including the following criteria:

- Qualifications required from Board members.
- Board interaction from Board members regarding the topics raised
- Measuring and monitoring the extent of achieving the Company strategy and objectives

A whistle blower policy has been developed and approved to report irregularities and illegal practices in the Company, which ensures the rights of personnel and their confidentiality in the event of reporting to the Company any such cases. In addition to not proceeding with any legal and/or disciplinary action (provided these cases are in good faith) if proved otherwise.

Furthermore, the internal audit, risk management and compliance departments have access the Board of Directors without Executive Management's intervention according to regulatory instructions and good governance practices.

The Company also works to develop the skills and experiences of its personnel through preparing a training plan and sending them to training courses to cover their professional requirements.

Eleventh Rule: Focussing on Social Responsibility Significance

The Board complies with the issued instructions of the Capital Markets Authority regarding corporate governance principles regarding carrying out its Corporate Social Responsibility (CSR) towards its stakeholders, staff, community and environment during the performance of its business. As part of this compliance, the Board of Directors at Amwal International Investment Company developed and approved a policy for balancing between the social and environmental objectives along with Company's economic objectives.

The Board of Directors adopted a CSR Policy ensuring its suitability with the nature and scope of its business. The policy includes a code of conduct related to bribery, corruption and compliance with the constant improvement, as well as protection against the negative social and environmental effects on the Company.

The Board of Directors appointed an employee as its CSR officer, in order to be directly in charge for the planning, implementation and monitoring of the corporate social responsibility activities, in addition to submitting reports to the Board of Directors on a periodical basis for the matters related to CSR.

Amwal International Investment Company K.S.C.P.
and Subsidiaries
Kuwait

Independent Auditors' Report

and Consolidated Financial Statements

31 December 2017

Deloitte.

Deloitte & Touche
Al-Wazzan & Co.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AMWAL INTERNATIONAL INVESTMENT COMPANY K.S.C.P

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Amwal International Investment Company K.S.C.P (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the 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 2017, and its consolidated financial performance and its consolidated cash flows for the 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), and we have fulfilled our other ethical responsibilities in accordance with the 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 year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have identified the following key audit matter:

Impairment of goodwill

As at 31 December 2017, goodwill is carried at KD 1.45 million which represents 7% of the total assets. The impairment test of goodwill performed by the management is significant to our audit because the assessment of the recoverable amount of goodwill under the value-in-use basis is complex and requires considerable judgment on the part of management. Estimates of future cash flows are based on management's views of variables such as the growth in the industry sector and in the economy, expected inflation and discount rates. Therefore, we identified the impairment testing of goodwill as a key audit matter.

Our audit procedures included an assessment of the accuracy of management's estimates and evaluating and testing the assumptions, methodologies, cash generating unit (CGU) determination, discount rates and data used by the Group. We tested the basis of preparing those forecasts and the evidence supporting the underlying assumptions. Future cash flow assumptions were challenged through comparison of current performance, seeking corroborative evidence and enquiry with management in respect of key growth and performance assumptions. We further evaluated the reasonableness of other key assumptions such as the discount rate and long term growth rate in the value in use model. We also assessed the adequacy of the Group's disclosures regarding those assumptions, which are disclosed in Note 11 to the consolidated financial statements.

Other information included in the Annual Report of the Group for the year ended 31 December 2017

Management is responsible for the other information. Other information consists of the information included in the Annual Report of the Group for the year ended 31 December 2017, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's Annual Report for the year ended 31 December 2017 after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 reasonably 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as 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 to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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

Furthermore, in our opinion proper books of account have been kept by the Company and the consolidated financial statements, together with the contents of the report of the 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 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, or of the Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2017 that might have had a material effect on the business of the Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2017 that might have had a material effect on the business of the Company or on its financial position.

Talal Y. Al-Muzaini

Licence No. 209A

Deloitte & Touche

Al-Wazzan & Co.

Kuwait -- March 2018

Consolidated Statement of Financial Position

As at 31 December 2017

	Note	Kuwaiti Dinars 2017	2016
ASSETS			
Current assets			
Cash on hand and at banks	5	4,004,590	2,442,833
Trade and other receivables	6	4,771,840	5,006,936
		8,776,430	7,449,769
Non-current assets			
Available for sale investments	7	10,539,037	8,321,602
Investments in associates	8	2,235,774	2,585,189
Participation in brokerage guarantee system	9	250,000	250,000
Equipment		172,954	208,122
Goodwill and intangible assets	10	3,221,198	2,196,003
		16,418,963	13,560,916
TOTAL ASSETS		25,195,393	21,010,685
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	11	455,368	495,807
Non-current liabilities			
Post-employment benefits		281,673	240,121
		737,041	735,928
EQUITY			
Attributable to shareholders of the Parent Company			
Share capital	12	18,055,125	18,055,125
Share premium	12	1,500,000	1,500,000
Legal reserve	12	680,359	680,359
Foreign currency translation reserve		(542,180)	(414,178)
Investment fair valuation reserve		1,696,582	(238,112)
Accumulated deficit		(3,986,041)	(3,969,687)
		17,403,845	15,613,507
Non–controlling interests		7,054,507	4,661,250
		24,458,352	20,274,757
TOTAL LIABILITIES AND EQUITY		25,195,393	21,010,685

The accompanying notes form an integral part of these consolidated financial statements.

Bader Fahad Al-Rezaihan
Chairman

Syed Akbar A. Bokhari
Chief Executive Officer

Consolidated Statement of Profit or Loss

For the year ended 31 December 2017

	Note	Kuwaiti Dinars 2017	2016
Income			
Trading and brokerage income	13	3,614,964	5,323,057
Share of results from associates	8	(392,551)	(26,646)
Gain from sale of subsidiaries	17.1	200,000	-
Investment and other income	14	26,352	115,188
Profit from operating activities		-	44,583
Gain / (loss) on foreign exchange revaluation		151,782	(18,696)
		3,600,547	5,437,486
Operating expenses and other charges			
Staff costs		(1,602,006)	(1,776,086)
Administrative expenses	15	(946,455)	(1,278,515)
Marketing expenses		(361,762)	(551,356)
Depreciation and amortization		(88,357)	(155,865)
Impairment loss on trade and other receivables		-	(77,210)
Write off of inventories		-	(16,745)
Impairment loss on equipment and intangible assets		-	(191,264)
		(2,998,580)	(4,047,041)
Profit before statutory contributions		601,967	1,390,445
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(15,838)	(20,063)
Zakat		(17,966)	(22,382)
National Labour Support Tax (NLST)		(1,763)	(10,872)
Profit for the year		566,400	1,337,128
Attributable to:			
Shareholders of the Parent Company		(16,354)	309,246
Non–controlling interests		582,754	1,027,882
		566,400	1,337,128
Basic and diluted (losses)/ earnings per share (Fils)	16	(0.09)	1.71

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	Kuwaiti Dinars	
	2017	2016
Profit for the year	**566,400**	1,337,128
Other comprehensive income items:		
Items to be reclassified to consolidated statement of profit or loss in subsequent periods		
Exchange differences arising from translation of foreign operations	**(243,447)**	(477,071)
Change in fair value of available for sale investments	**2,184,239**	364,940
Other comprehensive income / (loss) for the year	**1,940,792**	(112,131)
Total comprehensive income for the year	**2,507,192**	1,224,997
Total comprehensive income attributable to:		
Shareholders of the Parent Company	**1,790,338**	246,984
Non-controlling interests	**716,854**	978,013
	2,507,192	1,224,997

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2017

	Kuwaiti Dinars								
	Equity attributable to shareholders of the Parent Company								
	Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Investment fair valuation reserve	Accumulated deficit	Total	Non-controlling interests	Total
As at 1 January 2016	18,055,125	1,500,000	680,359	(165,797)	(424,231)	(4,278,933)	15,366,523	3,826,711	19,193,234
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	40,381	40,381
Effect of disposal of a subsidiary	-	-	-	-	-	-	-	12,145	12,145
Dividends paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	(196,000)	(196,000)
Profit for the year	-	-	-	-	-	309,246	309,246	1,027,882	1,337,128
Other comprehensive income items	-	-	-	(248,381)	186,119	-	(62,262)	(49,869)	(112,131)
As at 31 December 2016	18,055,125	1,500,000	680,359	(414,178)	(238,112)	(3,969,687)	15,613,507	4,661,250	20,274,757
As at 1 January 2017	18,055,125	1,500,000	680,359	(414,178)	(238,112)	(3,969,687)	15,613,507	4,661,250	20,274,757
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	1,970,403	1,970,403
Dividends paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	(294,000)	(294,000)
(Loss) / profit for the year	-	-	-	-	-	(16,354)	(16,354)	582,754	566,400
Other comprehensive income items	-	-	-	(128,002)	1,934,694	-	1,806,692	134,100	1,940,792
As at 31 December 2017	18,055,125	1,500,000	680,359	(542,180)	1,696,582	(3,986,041)	17,403,845	7,054,507	24,458,352

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Note	Kuwaiti Dinars 2017	2016
Cash flows from operating activities			
Profit for the year		566,400	1,337,128
Adjustments			
Share of results from associates	8	392,551	26,646
Depreciation and amortisation		88,357	155,865
Investment and other income		(3,706)	(91,460)
Gain on sale of subsidiaries	17.1	(200,000)	(27,028)
Impairment loss on trade and other receivables		-	77,210
Write off of inventories		-	16,745
Impairment loss on equipment and intangible assets		-	191,264
Provision for post-employment benefits		78,125	71,767
Operating profit before changes in working capital		921,727	1,758,137
Trade and other receivables		304,100	13,719
Inventories		-	8,008
Trade and other payables		(40,439)	44,463
Payment of post-employment benefits		(36,573)	(17,712)
Net cash from operating activities		1,148,815	1,806,615
Cash flows from investing activities			
Available for sale investments		(33,194)	(108,326)
Purchase of associates		(46,684)	-
Advance payment for acquisition of a business		-	(1,066,566)
Acquisition of a subsidiary net of cash acquired	17.2	(2,155,499)	347
Net paid for purchase of equipment		(10,995)	(115,497)
Payments for intangible assets (net)		(22,286)	(61,597)
Proceeds from disposal of subsidiaries	17.1	129,996	58,930
Dividend income		-	94,505
Net movement in blocked deposits		(22,500)	(9,750)
Net cash used in investing activities		(2,161,162)	(1,207,954)
Cash flows from financing activities			
Net movement in non-controlling interests		2,264,403	-
Interest income		3,706	7,828
Dividends paid to non-controlling interests by a subsidiary		(294,000)	(196,000)
Net cash generated from / (used in) financing activities		1,974,109	(188,172)
Net increase in cash and cash equivalents		961,762	410,489
Effects of exchange rate changes on cash and cash equivalents		622,495	(477,479)
Cash and cash equivalents at beginning of the year		2,315,333	2,382,323
Cash and cash equivalents at end of the year	5	3,899,590	2,315,333

The accompanying notes form an integral part of these consolidated financial statements.

1. Incorporation and activities

Amwal International Investment Company K.S.C.P ("the Parent Company") is a Public Kuwaiti Shareholding Company. The Parent Company is regulated as an investment company by the Capital Markets Authority of Kuwait ("the regulator") and is registered with the Central Bank of Kuwait (CBK). It's shares are listed on the Kuwait Stock Exchange.

The registered office of the Parent Company is at P.O. Box 3216, Al-Sahab Tower, Safat 13032, Kuwait. The Parent Company along with the subsidiaries disclosed in note 3 is referred to as "the Group".

1. The principal activities of the Parent Company are:
2. Investing in real estate, industrial, agricultural and other economic sectors, through contributing in the establishment of specialized companies or purchasing shares or bonds of these companies in various sectors in Kuwait and abroad;
3. Contributing in establishment or partial ownership of companies in various sectors;
4. Managing funds of public and private institutions and investing these funds in various economic sectors, including the management of financial and real estate portfolios;
5. Providing and preparing technical and economic studies and project consultancy;
6. Mediating in lending and borrowing operations;
7. Performing businesses related to bonds issuance managers' functions issued by companies, organizations and custodians;
8. Finance and brokerage international trade operations;
9. Providing loans to different sectors taking into consideration the financial viability in granting loans and by maintaining the continuity of the Company's financial position viability in accordance with the conditions, rules and limits set by the regulator;
10. Dealing and trading in GCC and global commodity and precious metals market inside Kuwait and outside in favor of the Company;
11. Trading in shares and bonds of companies and local and international government organizations;
12. Providing all services that help in developing and supporting the capacity of the financial and monetary market in Kuwait and to meet its needs within the limits of the law and according to procedures or instructions issued by the regulator;
13. Establishing and managing all types of investment funds in accordance with the law.
14. Acting as brokers in buying and selling securities for third parties' account against commission;

Carrying out Investment Ombudsman Activity.

These consolidated financial statements were approved and authorised for issue by the Parent Company's Board of Directors on 26 March 2018, and are subject to the approval of the Company's shareholders at their forthcoming Annual General Meeting (AGM).

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), under the historical cost basis of measurement except for the measurement at fair value of available for sale investments.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The consolidated financial statements are presented in Kuwaiti Dinars (KD), which is the functional currency of the Parent Company.

2.2 Application of new and revised International Financial Reporting Standards (IFRS)

2.2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 7 Statement of Cash Flows that require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- Amendments to IAS 12 Income Taxes relating to recognition of deferred tax assets for unrealized losses.
- Annual improvements to IFRSs 2014–2016 cycle - IFRS 12.

2.2.1 New and revised IFRS in issue but not yet effective

The Parent Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014–2016 Cycle amending IFRS 1 and IAS 28.	1 January 2018
Annual Improvements to IFRS Standards 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23.	1 January 2019
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.	1 January 2018
Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
Amendments to IAS 40 *Investment Property*	1 January 2018
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)	1 January 2018

IFRS 9 contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 15 *Revenue from Contracts with Customers* In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	1 January 2018
IFRS 16 *Leases* IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019
Amendments to IAS 28 *Investment in Associates and Joint Ventures*	1 January 2019
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Parent Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, may have no material impact on the consolidated financial statements of the Parent Company in the period of initial application.

The application of IFRS 9 may have significant impact on amounts reported and disclosures made in the consolidated financial statements, however, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group performs a detailed review which is expected to be completed during the coming period.

2.2 Financial instruments

Classification

In accordance with International Accounting Standard (IAS) 39, the Group classifies financial assets as "investments at fair value through profit or loss", "loans and receivables" or "available for sale". All financial liabilities are classified as "financial liabilities other than at fair value through profit or loss".

Recognition/derecognition

A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is derecognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where 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 recognition of a new liability.

All regular way purchase and sale of financial assets are recognised using settlement date accounting. Changes in fair value between the trade date and settlement date are recognised in the consolidated statement of profit or loss or in the consolidated statement of profit or loss and other comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Measurement

Financial instruments

All financial assets or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added except for those financial instruments classified as "at fair value through profit or loss".

Investments at fair value through profit or loss

Financial assets classified as "investments at fair value through profit or loss" are divided into two sub categories: financial assets held for trading and those designated at fair value through statement of profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if they are managed and their performance is evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured and carried at amortised cost using the effective yield method.

Available for sale

These are non-derivative financial assets not included in any of the above classifications and principally acquired to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. These are subsequently measured and carried at fair value and any resultant gains or losses are recognised in the consolidated statement of profit or loss and other comprehensive income. When the "available for sale "asset is disposed of or impaired, the related accumulated fair value adjustments are transferred to the consolidated statement of profit or loss as gains or losses.

Financial liabilities/equity

Financial liabilities "other than at fair value through profit or loss" are subsequently measured and carried at amortised cost using the effective yield method. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

Impairment

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset or a group of similar assets may be impaired. If such evidence exists, the asset is written down to its recoverable amount. The recoverable amount of an interest bearing instrument is determined based on the net present value of future cash flows discounted at original effective interest rates; and of an equity instrument is determined with reference to market rates or appropriate valuation models. Any impairment loss is recognised in the consolidated statement of profit or loss. For financial assets carried at cost, if there is an objective evidence that an impairment loss has been incurred on an equity instrument that does not have a quoted price in an active market and that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. For "available for sale" equity investments, reversals of impairment losses are recorded as increases in fair valuation reserve through equity.

Financial assets are written off when there is no realistic prospect of recovery.

2.3 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity 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; and.

Level 3 - unobservable inputs for the asset or liability.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

For investments in equity instruments, where a reasonable estimate of fair value cannot be determined, the investment is carried at cost.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.4 Business combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity as a result of one entity, the acquirer, obtaining control of one or more other businesses. The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition is measured as the fair values of the assets given, equity interests issued and liabilities incurred or assumed at the date of the exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The acquisition related costs are expensed when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination (net assets acquired in a business combination) are measured initially at their fair values at the acquisition date. Non-controlling interest in the subsidiary acquired is recognized at the non-controlling interest's proportionate share of the acquiree's net assets.

When a business combination is achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognized in the consolidated statement of profit or loss. The fair value of the equity of the acquiree at the acquisition date is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

The Group separately recognizes contingent liabilities assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably.

An indemnification received from the seller in a business combination for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability that is recognized at the acquisition date at its acquisition-date fair value is recognized as an indemnification asset at the acquisition date at its acquisition-date fair value.

The Group uses provisional values for the initial accounting of a business combination and recognizes any adjustment to these provisional values within the measurement period which is twelve months from the acquisition date.

2.5 Consolidation

The Group consolidates the financial statements of the Company and subsidiaries (i.e. investees that it controls) and investees controlled by its subsidiaries.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights and potential voting rights.

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognised amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Company's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position, profit or loss and profit or loss and other comprehensive income. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognised in assets are eliminated in full.

When the Company loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests. Any investment retained is recognised at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognised in equity is transferred to the consolidated statement of profit or loss.

2.6 Cash and cash equivalents

Cash on hand, demand and time deposits with banks whose original maturities do not exceed three months are classified as cash and cash equivalents in the consolidated statement of cash flows.

2.7 Investments in associates

Associates are those entities over which the Group has significant influence but not control, generally accompanying a direct or indirect shareholding of more than 20% of the voting rights. The excess of the cost of investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recognised as goodwill. Goodwill on acquisition of associates is included in the carrying values of investments in associates and is neither amortised nor individually tested for impairment. Investments in associates are initially recognised at cost and are subsequently accounted for by the equity method of accounting from the date of significant influence to the date it ceases.

Under the equity method, the Group recognises in the consolidated statement of profit or loss, its share of the associate's post acquisition results of operations and in equity, its share of post acquisition movements in reserves that the associate directly recognises in equity. The cumulative post acquisition adjustments, and any impairment, are directly adjusted against the carrying value of the associate. Appropriate adjustments such as depreciation, amortisation and impairment losses are made to the Group's share of profit or loss after acquisition to account for the effect of fair value adjustments made at the time of acquisition.

Unrealised gains on transactions with associates are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred. An assessment is made at each statement of financial position date to determine whether there is objective evidence that an associate may be impaired. If such evidence exists, it is tested for impairment as a single asset, including goodwill, by comparing its recoverable amount (being the higher of its value in use and its fair value less cost to sell) with its carrying amount. Any impairment loss is recognized in the consolidated statement of profit or loss and forms part of its carrying amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

The associate's financial statements are prepared either to the Group's reporting date or to a date not earlier than three months of the Group's reporting date using consistent accounting policies. Where practicable, adjustments are made for the effects of significant transactions or other events that occur between the reporting date of the associates and the Group's reporting date.

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

2.8 Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Cost of an item of equipment comprises of its acquisition costs and all directly attributable costs of bringing the asset to working condition for its intended use. Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows:

	Years
Computers	2 - 5
Furniture and fittings	3 - 5
Other equipment	3 - 5

These assets are reviewed periodically for impairment. If there is an indication that the carrying value of an asset is greater than its recoverable amount, the asset is written down to its recoverable amount and the resultant impairment loss is taken to the consolidated statement of profit or loss. The residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.9 Intangible assets and goodwill

Identifiable non-monetary assets from which future benefits are expected to flow are treated as intangible assets. Intangible asset comprise of rights of utilization, brokerage license and software rights.

Intangible assets are stated at cost less impairment loss, if any. Intangible assets with definite useful lives are amortised on a straight line basis over their expected useful lives and are tested annually for impairment. Rights of utilisation and software rights are amortised on a straight line basis over a period of 10 years and 3-5 years respectively.

Assets are grouped at the lowest levels for which there are separately identifiable cash flows for the purpose of assessing impairment. If there is an indication that the carrying value of an intangible asset is greater than its recoverable amount, it is written down to its recoverable amount and the resultant impairment loss taken to the consolidated statement of profit or loss.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of identifiable net assets acquired in a business combination or an associate at the date of acquisition. Goodwill is allocated to each of the cash generating units for the purpose of impairment testing. Goodwill on acquisition of associates is included in investments in associates. Gains and losses on disposal of an entity or a part of the entity include the carrying amount of goodwill relating to the entity or the portion sold.

Goodwill and intangible assets with indefinite useful lives are tested at least annually for impairment and carried at cost less accumulated impairment losses.

Assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units for the purpose of assessing impairment of goodwill and intangible assets. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata, on the basis of the carrying amount of each asset in the unit. That relating to goodwill cannot be reversed in a subsequent period. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset for which the estimates of future cash flows have not been adjusted. Fair value less costs to sell is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

2.10 Post employment benefits

The Group is liable to make defined contributions to State Plans and lump sum payments under defined benefit plans, to employees at cessation of employment, in accordance with the laws of Kuwait. The defined benefit plan is unfunded and is based on the liability that would arise on involuntary termination of all employees on the statement of financial position date and approximates the present value of the liability. Payments under state plans and changes in defined benefit plan liabilities are charged to the consolidated statement of profit or loss.

2.11 Accounting for leases

Where the Company is the lessee – operating lease

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

2.12 Provisions for liabilities

Provisions for liabilities are recognised, when, as a result of past events it is probable that an outflow of economic resources will be required to settle a present legal or constructive obligation and the amount can be reliably estimated.

2.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Dividend income is recognised when the right to receive payment is established. Interest income is recognised on a time proportion basis using the effective yield method. Trading and brokerage income is recognised when services are rendered.

2.14 Foreign currency transactions

The functional currency of an entity is the currency of the primary economic environment in which it operates and in the case of the Company it is the Kuwaiti Dinar and in the case of subsidiaries it is their respective national currencies or the applicable foreign currency. Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Kuwaiti Dinars at the rates of exchange prevailing on that date. Resultant gains and losses are taken to the consolidated statement of profit or loss.

Translation differences on non-monetary items, such as equities classified as available for sale financial assets are included in the investment fair valuation reserve in consolidated statement of changes in shareholders' equity.

The income and cash flow statements of foreign operations are translated into the Company's reporting currency at average exchange rates for the year and their statement of financial position are translated at exchange rates ruling at the year-end. Exchange differences arising from the translation of the net investment in foreign operations (including goodwill, long term receivables or loans and fair value adjustments arising on business combinations) are taken to the consolidated statement of profit or loss and other comprehensive income. When a foreign operation is sold, any resultant exchange differences are recognized in the consolidated statement of profit or loss as part of the gain or loss on sale.

2.15 Contingencies

Contingent assets are not recognised as an asset unless realization becomes virtually certain. Contingent liabilities, other than those arising on acquisition of subsidiaries, are not recognised as a liability unless as a result of past events it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Contingent liabilities arising in a business combination is recognised only if its fair value can be measured reliably.

2.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

3. Financial instruments, risk management and fair values

3.1 Categories of financial assets and liabilities

The Group's financial assets have been categorized as follows:

	Loans and receivables	Available for sale
31 December 2017		
Cash on hand and at banks	4,004,590	-
Trade and other receivables	4,771,840	-
Available for sale investments	-	10,539,037
	8,776,430	10,539,037
31 December 2016		
Cash on hand and at banks	2,042,833	-
Short term deposits	400,000	-
Trade and other receivables	5,006,936	-
Available for sale investments	-	8,321,602
	7,449,769	8,321,602

All financial liabilities as of 31 December 2017 and 2016 are categorized as 'other than at fair value through profit or loss'.

3.2 Fair values

The fair values of financial instruments are determined as follows:

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

The table below gives information about how the fair values of the financial assets are determined.

Financial assets	Fair value as at 31/12/17	Fair value as at 31/12/16	Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Available for sale						
Foreign unquoted securities	2,393,181	1,883,904	3	Discounted cash flow	Discount rate and growth rate	The higher the discount rate, the lower the fair value
	8,145,856	-	3	Adjusted book value	Book value adjusted with market risk	The higher the market risk, the lower than fair value

Reconciliation of level 3 fair value measurements:

	Unquoted available for sale investments	
	2017	**2016**
Balance as at beginning of the year	1,883,904	1,518,964
Transfers into level 3	6,470,892	-
Change in fair value	2,184,241	364,940
Balance as at end of the year	10,539,037	1,883,904

The fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis approximately equals their carrying values.

3.3 Financial risk factors

The Group's use of financial instruments exposes it to a variety of financial risks such as credit risk, liquidity risk and market risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. Risk management is carried out by the Parent Company's Board of Directors in consultation with the Chief Executive Officer (CEO). The CEO identifies and evaluates financial risks in close co-operation with management.
The significant risks that the Group is exposed to are discussed below:

(a) ***Credit risk***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial assets, which potentially subject the Group to credit risk, consist principally of fixed and short notice bank deposits, trade and other receivables and brokerage subscription guarantee. The Group manages credit risk by placing funds with financial institutions of high credit rating and transacting principal business with counter parties of repute.

(b) ***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by monitoring on a regular basis that sufficient funds are available to meet maturing commitments.
All outstanding liabilities will mature within one year from the date of consolidation financial position.

(c) ***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's primary exposure to market risk is in equity price risk, currency risk and interest rate risk.

(I) ***Equity price risk***

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).
The Parent Company's investments are represented in foreign unquoted securities.

(II) ***Currency risk***

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group manages this risk by setting limits on exposures to currency and counter party and transacting business in major currencies with counter parties of repute.

The Group's currency risk arises from exposure of foreign currencies. The effect on income if there was a 5% increase/decrease in the exchange rate of major currencies vis-à-vis the Kuwaiti Dinar, with all other variables held constant would be an decrease/increase in net profit depending on the net position of each currency, as follows:

Currency	2017	2016
US Dollar	191,433	184,717

(III) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

Interest rate change of 1% does not have any material impact in cash flows.

3.4 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group has no external borrowings as at 31 December 2017 and 31 December 2016.

The Group is required to maintain a minimum share capital of KD 15 million as it is registered as an investment company with the Central Bank of Kuwait.

4. Significant accounting judgments and estimates

In accordance with the accounting policies contained in IFRS and adopted by the Group, management makes the following judgments and estimations that may significantly affect amounts reported in these consolidated financial statements.

Judgments

Classification of financial instruments

Management has to decide on acquisition of a financial instrument whether it should be classified as at 'fair value through profit or loss', 'available for sale' or as 'loans and advances'. In making the judgment the Group considers the primary purpose for which it is acquired and how it intends to manage and report its performance. Such judgment determines whether it is subsequently measured at cost or at fair value and if changes in fair value of instruments are reported in the consolidated statement of profit or loss or in the consolidated statement of profit or loss and other comprehensive income.

Impairment of investments

The Group assesses at the end of each reporting period whether there is any objective evidence that an investment is impaired. The Group treats available for sale investment securities as impaired when there has been a significant or prolonged decline in its fair value below cost or when, including for an investment carried at cost, objective evidence of impairment exists. The determination of what is "significant" or "prolonged" and whether there is objective evidence requires considerable judgment.

Impairment

At each statement of financial position date, management assesses, whether there is any indication that goodwill and intangible assets, investments in associates and equipment may be impaired. The determination of impairment requires considerable judgment and involves evaluating factors including, industry and market conditions.

Contingent liabilities/liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

Sources of estimation uncertainty

Valuation of unquoted investment securities

The valuation techniques for unquoted investment securities make use of estimates such as future cash flows, discount factors, yield curves, current market prices adjusted for market, credit and model risks and related costs and other valuation techniques commonly used by market participants where appropriate.

Tangible and intangible assets

The Group estimates useful lives and residual values of tangible assets and intangible assets with definite useful lives.

Impairment and useful lives of equipment/goodwill and intangible assets

The Group tests annually whether equipment or goodwill and intangible assets have suffered impairment in accordance with accounting policies stated in note 2.9 and 2.10 respectively. The recoverable amount of an asset is based on fair value less costs to sell or value-in-use calculations. The value in use method uses estimated cash flow projection over the estimated useful life of the asset. The Group management determines the estimated useful lives and related depreciation and amortisation charge for the year. It could change significantly as a result of change in technology. Management will increase the depreciation or amortisation charge where useful lives are less than previously estimated lives.

Impairment of associates

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

Any changes in these estimates and assumptions as well as the use of different, but equally reasonable estimates and assumptions may have an impact on the carrying value of the above assets.

5. Cash on hand and at banks

	2017	2016
Current accounts	4,004,590	2,042,833
Short-term deposits (*less than three months*)	-	400,000
	4,004,590	2,442,833
Less: Bank balances blocked	(105,000)	(127,500)
	3,899,590	2,315,333

The effective interest rate on short-term deposits was 1.61% as at 31 December 2016.

6. Trade and other receivables

	2017	2016
Trade receivables	3,705,992	3,786,768
Prepayments, advances and deposits	173,356	1,215,590
Due from related parties (note 18)	869,599	4,013
Accrued income	22,893	565
	4,771,840	5,006,936

Trade receivables includes trading and brokerage receivables due from individuals and corporate (Note 13). Trade receivables represent amounts which are neither past due nor impaired.
The other classes within trade and other receivables are neither past due nor impaired. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2017	2016
Kuwaiti Dinar	1,780,156	328,054
US Dollar	2,991,684	3,612,316
UAE Dirham	-	1,066,566
	4,771,840	5,006,936

The Group does not hold any collateral as security.

7. Available for sale investments

	2017	2016
Unquoted investments (carried at cost)	-	6,437,698
Unquoted investment (carried at fair value)	10,539,037	1,883,904
	10,539,037	8,321,602

The fair value of available for sale investments was determined based on mentioned in note (3.2) to these consolidated financial statements.
Investment securities are denominated in the following currencies:

	2017	2016
UAE Dirham	8,145,856	6,437,698
US Dollar	2,393,181	1,883,904
	10,539,037	8,321,602

8. Investments in associates

Company name	Country of incorporation	Principal activity	2017		2016	
			%	Carrying value	%	Carrying value
Al Shamel International Holding Company K.S.C.C	Kuwait	Investment Management	33.25	1,873,268	33.25	2,281,535
Al-Sheikha Fatma Homoud Faisal Al-Sabah and Partner W.L.L	Kuwait	Restaurant	34	322,038	34	303,654
Others				40,468		-
				2,235,774		2,585,189

The above associates are accounted for using the equity method in this consolidated financial statements based on latest available financial statements.

Following is the summarised financial information of the significant associate:

Al Shamel

	2017	2016
Current assets	4,923,696	7,164,217
Non-current assets	1,819,331	722,454
Current liabilities	(1,088,653)	(1,236,412)
Non-current liabilities	(435,547)	(459,607)
Non-controlling interests	130,294	386,336
Net assets	5,349,121	6,576,988
Revenue for the year	1,969,438	2,912,554
Loss attributable to owners of the Company	(1,217,195)	(293,736)
Loss attributable to non-controlling interests	(36,413)	(142,492)
Net loss for the year	(1,253,608)	(436,228)
Other comprehensive (loss)/ income attributable to owners of the Company	(10,672)	1,228
Other comprehensive loss attributable to non-controlling interests	(718)	(1,182)
Other comprehensive (loss)/ income for the year	(11,390)	46
Total comprehensive loss attributable to owners of the Company	(1,227,867)	(292,508)
Total comprehensive loss attributable to non-controlling interests	(37,131)	(143,674)
Total comprehensive loss for the year	(1,264,998)	(436,182)
Group's share of Al Shamel's net assets	1,778,582	2,186,849
Goodwill	94,686	94,686
Carrying amount of Group's interest in Al Shamel	1,873,268	2,281,535

9. Participation in brokerage guarantee system

Represents the value of participation in the financial brokerage guarantee system in accordance with Capital Markets Authority decision No. 92 of 2016.

10. Goodwill and intangible assets

	Goodwill	Brokerage license	Rights of utilization and software	Total
Cost				
As at 1 January 2017	1,511,319	635,006	451,005	2,597,330
Acquisition through business combination (Note 17.2)	1,044,736	-	-	1,044,736
Additions	-	-	9,710	9,710
As at 31 December 2017	2,556,055	635,006	460,715	3,651,776
Accumulated amortization and impairment losses				
As at 1 January 2017	58,800	-	342,527	401,327
Amortisation for the year	-	-	29,251	29,251
As at 31 December 2017	58,800	-	371,778	430,578
Net book value				
As at 31 December 2017	2,497,255	635,006	88,937	3,221,198

	Goodwill	Brokerage license	Rights of utilization and software	Total
Cost				
As at 1 January 2016	1,427,696	635,006	398,128	2,460,830
Acquisition through business combination	83,623	-	-	83,623
Additions	-	-	61,597	61,597
Disposal	-	-	(8,720)	(8,720)
As at 31 December 2016	1,511,319	635,006	451,005	2,597,330
Accumulated amortization and impairment losses				
As at 1 January 2016	58,800	-	181,330	240,130
Amortisation for the year	-	-	46,045	46,045
Impairment losses recognised in consolidated statement of profit or loss	-	-	115,152	115,152
As at 31 December 2016	58,800	-	342,527	401,327
Net book value				
As at 31 December 2016	1,452,519	635,006	108,478	2,196,003

Goodwill has been allocated to the brokerage and trading business of the Group as that is the cash generating unit (CGU) which is expected to benefit from the synergies of the business combination. It is also the lowest level at which goodwill is monitored for impairment purposes.

Impairment testing

Goodwill

The Group determines whether goodwill and intangible assets are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the CGUs to which these items are allocated. The recoverable amount is determined based on higher of value-in-use calculations or fair value less cost to sell.

Management used the following approach to determine values to be assigned to the following key assumptions in the value in use calculations:

Key assumption	*Basis used to determine value to be assigned to key assumption*
Growth rate	Anticipated compounded average growth rate of not less than 3% (3% - 31 December 2016) per annum. Value assigned reflects past experience and changes in economic environment. Cash flows beyond the five-year period have been extrapolated using a growth rate of 3% (3% - 31 December 2016). This growth rate does not exceed the long term average growth rate of the market in which the CGU operates.
Discount rate	Discount rates range from 11% to 12% (11% to 12% - 31 December 2016). Discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors result in any of the goodwill allocated to appropriate cash generating units being impaired. Based on the above analysis, there are no indications that goodwill included in any of the cash generating units is impaired.

Brokerage license

Brokerage license represents costs incurred by NCM to acquire a brokerage license to engage in capital market activities in Turkey. The intangible asset is accounted for using the cost model and considered as an asset with indefinite useful life.

Recoverable amount of intangible assets with indefinite useful life is calculated using value-in-use method based on following inputs. A discount rate of 14.78% (15.45% - 31 December 2016) and terminal growth rate of 3.9% (3.20% - 31 December 2016) are used to estimate the recoverable amount of the brokerage licence in Turkey.

The Group has also performed a sensitivity analysis by varying these input factors by a reasonable margin. Based on such analysis, there are no indications that intangible assets with indefinite useful life are impaired.

11. Trade and other payables

	2017	**2016**
Accounts payable	109,039	136,133
Accrued expenses	187,127	251,162
Due to related parties (note 18)	53,348	36,450
Others	105,854	72,062
	455,368	495,807

12. Share capital and reserves

Share capital

The authorized, issued and fully paid up capital of the Parent Company amounted to KD 18,055,125 distributed over 180,551,250 shares (180,551,250 shares - 31 December 2016) of 100 fils each and full cash paid.

Share premium

The share premium is not distributable.

Legal reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the profit has to be appropriated towards legal reserve. No transfer is required in a year in which the Parent Company has incurred a loss or where accumulated losses exist after the net profit and accordingly there is no transfer during the year. The legal reserve can be utilized only for distribution of a maximum dividend of 5% in years when retained earnings are inadequate for this purpose.

Voluntary reserve

The Parent Company's Articles of Association stipulates that the Board of Directors may propose appropriations to voluntary reserve for shareholders' approval. No transfer is required in a year in which the Parent Company has incurred a loss or where accumulated losses exist after the net profit and accordingly there is no transfer during the year.

13. Trading and brokerage income

The Group is involved in providing online trading services to customers of individual and corporate primarily in Kuwait and Turkey.

14. Investment and other income

	2017	2016
Dividend income	-	94,505
Interest income	3,706	7,828
Impairment loss in investments	-	(10,873)
Others	22,646	23,728
	26,352	115,188

15. General and administrative expenses

	2017	2016
Office rent	259,856	244,419
Office expenses	233,177	147,680
Travel expenses	69,459	58,640
Professional fees	215,862	331,624
Business development	57,749	6,559
Telephone and postage	41,328	30,721
Subsidiary's Board of Directors' remuneration	-	28,000
Others	69,024	430,872
	946,455	1,278,515

16. (Losses) / earnings per share

(Losses) / earnings per share is calculated by dividing the (loss) / profit attributable to the shareholders of the Parent Company for the year by the weighted average number of shares outstanding during the year as follows:

	2017	2016
(Loss) / profit for the year attributable to the shareholders of the Parent Company (KD)	(16,354)	309,246
Weighted average number of shares (Shares)	180,551,250	180,551,250
Basic and diluted (losses) / earnings per share (Fils)	(0.09)	1.71

17. Subsidiaries

17.1 Subsidiaries analysis

The subsidiaries of the Parent Company are as follow:

	Ownership (%)	
	2017	2016
Al Bareeq International for Paper and Plastic Products Company W.L.L, Kuwait (Bareeq)	99	99
Divine Sweets and Patisserie Company WLL, Kuwait (formerly Divonne Universal for Sweets and Patisserie Company W.L.L) (Divine)	-	99
Noor Capital Markets for Financial Brokerage Company K.S.C (Closed), Kuwait (NCM) and its subsidiaries	51	51

During the year ended 31 December 2017, the Group disposed two of its wholly owned subsidiaries - Divano Sweet and Pastries Company W.L.L and Divine Sweets and Patisserie Company W.L.L - to unrelated party and realized a gain of KD 200,000.

17.2 Business combination

On 5 November 2017, one of Amwal's subsidiaries acquired 51.12% equity interest in Royal Capital P.S.C ("Royal Capital") located in Abu Dhabi, through one of its SPV subsidiary Al Raha Investment L.L.C ("Al Raha").

Royal Capital is incorporated in Dubai, U.A.E and is engagement in financial investment and banking, financial and investment consultancy.

The consideration paid and the provisional values of the assets and liabilities acquired whom are equivalent to their carrying values as at the acquisition date are as follows:

	KD
Assets	
Accounts receivable and other assets	34,510
Cash and bank balances and deposits ف	3,051,774
	3,086,284
Liabilities	
Trade and other payables	(3,697)
Net assets	3,082,587
Non-controlling interests	(1,965,789)
Net assets acquired	1,116,798
Cash consideration	2,161,534
Provisional goodwill (Note 10)	1,044,736
Cash flows on business combination	
Cash and bank balances in the subsidiary acquired	6,035
Cash consideration	(2,161,534)
Net cash flow on business combination	(2,155,499)

Royal capital was consolidated based on the provisional values assigned to the identifiable assets and liabilities as on the acquisition date. The management is in the process of determining the fair value of assets and liabilities acquired.

The consolidated statement of profit or loss of the Group for the year includes an operating loss of KD 369 relating to Royal Capital. Had Royal Capital been consolidated from 1 January 2017, the consolidated statement of income would have generated an additional income of KD 23,367 representing other income and net profit would have been lower by KD 12,875.

17.3 Subsidiaries with significant non-controlling interests

The summarised financial information for the Group's subsidiary that have significant non-controlling interests is set out below:

	Noor Capital Markets	
	2017	**2016**
Current assets	10,670,543	8,723,118
Non-current assets	2,309,597	1,281,714
Current liabilities	(464,879)	(353,908)
Non-current liabilities	(175,586)	(154,280)
	12,339,675	9,496,644
Equity attributable to:		
- Company's shareholders	6,293,234	4,843,288
- Non-controlling interests	6,046,441	4,653,356
	12,339,675	9,496,644
Revenue	4,292,747	5,387,899
Profit attributable to owners of NCM	873,388	1,280,055
Profit attributable to non-controlling interests	839,138	1,229,856
	1,712,526	2,509,911
Other comprehensive loss attributable to owners of NCM	(123,384)	(243,514)
Other comprehensive loss attributable to non-controlling interests	(118,545)	(233,965)
Other comprehensive loss for the year	(241,929)	(477,479)
Total comprehensive income attributable to owners of NCM	750,004	1,036,541
Total comprehensive income attributable to non-controlling interests	720,593	995,891
Total comprehensive income for the year	1,470,597	2,032,432
Net (decrease)/ increase in cash flows	(1,286,275)	281,409

18. Related party transactions

These represent transactions with shareholders, directors, executive officers and key management of the Parent Company and companies of which they are principal owners or over which they are able to exercise significant influence. Pricing policies and terms of these transactions are approved by management.

	2017	2016
Balances:		
Due from related parties	869,599	4,013
Due to related parties	53,348	36,450
Key management compensation		
Salaries and other short term employee benefits	67,346	54,221
Other long term benefits	4,904	6,362

19. Fiduciary assets

The Group manages portfolios on behalf of third parties and maintains securities in fiduciary accounts which are not reflected in the Group's consolidated statement of financial position. Assets under management at 31 December 2017 amounted to KD 3,325,630 (KD 2,731,135 - 31 December 2016).

20. Segment information

The Group's operating segments are determined based on the reports reviewed by the executive function that are used for strategic decisions. These segments are strategic business units that offer different products and services. They are managed separately since the nature of the products and services, class of customers and marketing strategies of these segments are different.

The Group has identified the following as the business operating segments:

- Brokerage and trading: Provides online trading services to its individual and corporate customers;
- Investment: Principally handling direct investments and investments in associates;
- Food and beverage: Operates a number of retail outlets in Kuwait.

Management monitors the operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

The Group measures the performance of operating segments through measure of segment profit or loss net of taxes in management and reporting system.

The following table presents revenue, profit for the year, total assets and liabilities relating to the Group's reportable segments:

	Brokerage and trading	Investment	Food and beverage	Total
31 December 2017				
Segment revenues	3,614,964	200,000	-	3,814,964
Operating results	1,232,625	(187,863)	(53,950)	990,812
Share of loss from associates	-	(392,551)	-	(392,551)
Interest income	-	3,706	-	3,706
Net profit/(loss) before tax	1,232,625	(576,708)	(53,950)	601,967
Unallocated expenses				(35,567)
Profit for the year				566,400
Segment assets	12,980,140	12,215,253	-	25,195,393
Segment liabilities	514,467	222,574	-	737,041

	Brokerage and trading	Investment	Food and beverage	Total
31 December 2016				
Segment revenues	5,323,057	-	83,691	5,406,748
Operating results	2,222,181	(306,927)	(230,017)	1,685,237
Impairment loss on trade and other receivables	(77,210)	-	-	(77,210)
Impairment of an available for sale investment	-	(7,500)	-	(7,500)
Impairment loss on equipment and intangible assets	-	-	(191,264)	(191,264)
Share of loss from associates	-	(26,646)	-	(26,646)
Interest income	-	7,828	-	7,828
Net profit/(loss) before tax	2,144,971	(333,245)	(421,281)	1,390,445
Unallocated expenses				(53,317)
Profit for the year				1,337,128
Segment assets	10,004,833	10,972,678	33,174	21,010,685
Segment liabilities	508,188	176,527	51,213	735,928

The Group primarily operates from Kuwait.

21. Commitments and contingencies

	2017	2016
Letters of guarantee (share of associate)	275,535	623,833
Letters of guarantee	350,000	350,000
Operating lease rentals (share of associate)	34,242	147,818
Operating lease rental commitment	516,087	212,240

22. Cash dividends

On 7 June 2017, the Parent Company's shareholders approved the consolidated financial statements for the year ended 31 December 2016, and approved not to distribute cash dividends, and approved a remuneration to the Board of Directors of KD 42,000 which was recorded in the administrative expenses for the current year.

On 26 March 2018, the Board of Director proposed not to distribute cash dividends for the year 2017, and proposed a remuneration to the Board of Directors of KD 35,300. This remuneration has not been accrued in the consolidated financial statements for the year 2017 until approved by the regulatory authority and the shareholders on the annual general assembly meeting.