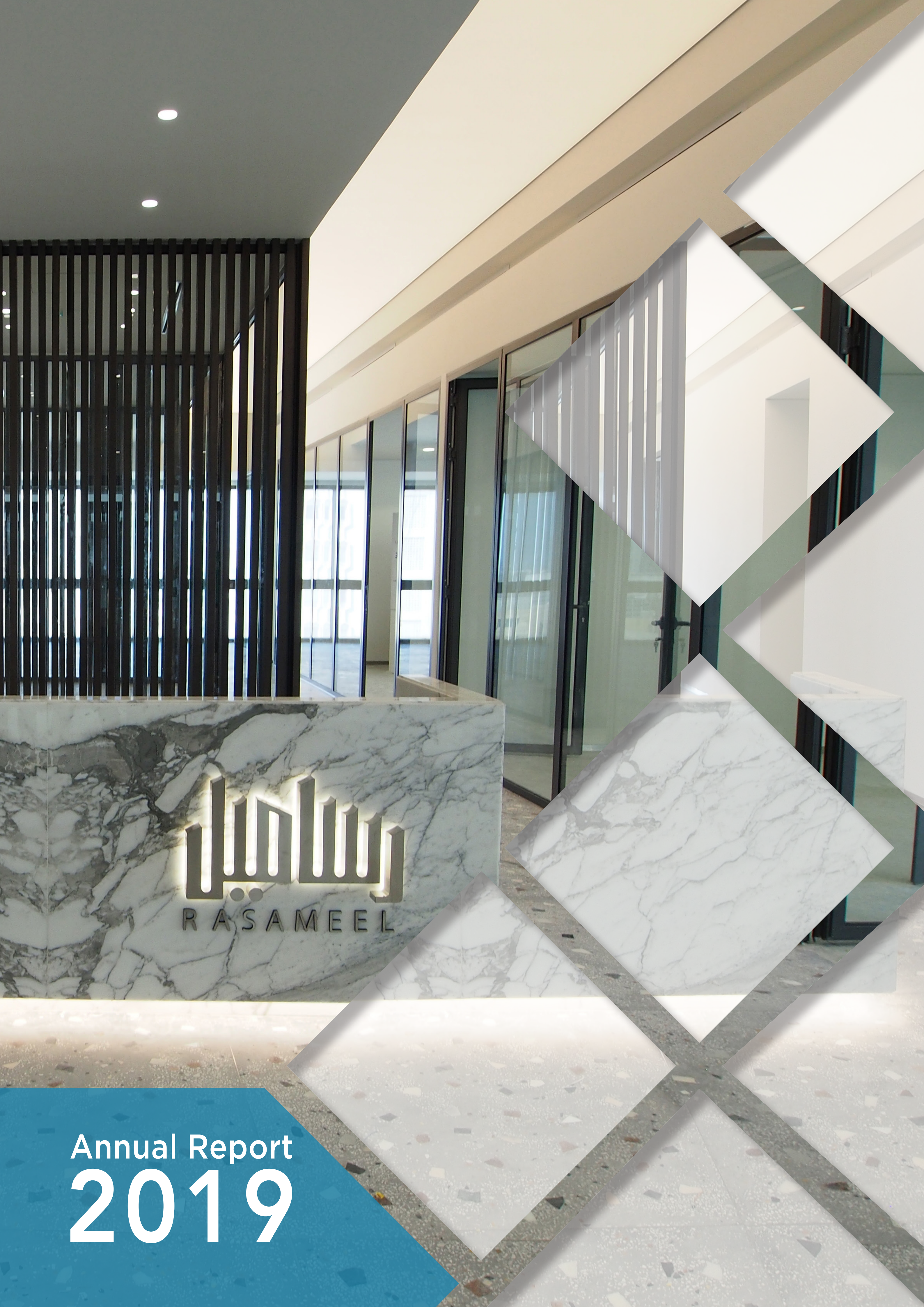

Annual Report 2019

بسم الله الرحمن الرحيم

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HH Sheikh

Sabah Al-Ahmad Al-Jaber Al-Sabah

Emir of the State of Kuwait

HH Sheikh

Nawaf Al-Ahmad Al-Jaber Al-Sabah

Crown Prince of the State of Kuwait

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Board of Directors

1-	**Dr. Fahed Mohammad Al Rashed**	Chairman
2-	**Mr. Gerard Snabian**	Vice Chairman
3-	**Mr. Samir Abdulmohsen Algharaballi**	Executive Director & Board Member
4-	**Mr. Abdulaziz Mohammad Al Anjeri**	Board Member
5-	**Mrs. Hanan Yousef Ali**	Board Member
6-	**Mr. Mohammad Hamed Al Refai**	Board Member
7-	**Mr. Mohammad Tawfiq Bin Sultan**	Board Member
8-	**Mr. Haytham Suleiman Al Khaled**	Board Member

Sharia Supervisory Board

1-	Sh./Dr. Abdulaziz Khalifa Al Qassar	Chairman
2-	Sh./Dr. Issam Khalaf Al Anzi	Member
3-	Sh./Dr. Ali Ibrahim Al Rashed	Member

Board of Directors Report

Dear Shareholders,

On behalf of myself and my fellow brothers, Chairman and members of the Board of Directors of Rasameel Investment Company, I have the pleasure to welcome you to our ordinary Annual General Assembly meeting. I am happy to present to you the annual report for the financial year ended in 31 March 2019, which includes the Board of Directors' annual report, the latest developments in the company's activities, an up-to-date progress report, the Fatwa and Shari'a Supervisory Board report and the company's independent auditors' report. The report also includes an overview of the most prominent global, regional and local economic developments.

Rasameel's activities and operations focus mainly on asset management and alternative investments. These two departments are currently working on providing the best investment opportunities and solutions for our clients. The Asset Management Department provides Shari'a compliant equity and sukuk investment services in the form of portfolios and funds. Thanks to our team of experts, Rasameel is also one of the few companies in the region that has the ability to manage Shari'a compliant international equity investments. The company's asset management Department can manage portfolios and funds in any major stock market or sector, as well as investments designed to meet clients' needs and requirements.

During the year, we have introduced the Wealth Management Department, which is one of the first platforms in the region to offer comprehensive Shari'a compliant investment solutions using third parties' products. This platform was branded and launched under the name Sphere.

The Alternative Investment Department focuses on real estate investment products in both the GCC countries and in the international markets. This department uses strict criteria to select the best real estate investments that provide monthly returns to the company and its clients. Rasameel's alternative investment team supervises the management of all real estate investments.

Global Economic Review

The world economy is going through an exceptional period with regard to the number and scope of risks affecting its performance, which explains the significant variations in terms of future growth rate estimates. While the International Monetary Fund (MF) estimates the global economic growth rate to be 3.6%, 3.3% and 3.6% for the years 2018, 2019 and 2020 respectively, the World Bank has lower estimates of 3%, 2.6% and

2.7% for these 3 years. Meanwhile the Economist Magazine information unit estimates the world global economic growth rate at 3.5%, 3.2% and 3.4% for the same period. The logical reason behind such disparity is the difference in the probability of the realization of these risks and their potential impact on the economic growth. It is very difficult to predict with acceptable accuracy the possibility of occurrence of these risks and the extent of their repercussions. This applies to the trade war, the latest geopolitical events, the relation between the United Kingdom and the European Union with regard to the Brexit issue and even to the developments in the political situation in major economies such as the United States.

The IMF is more optimistic about that performance of the global economy, as it explains the projected decline in growth of the global economy's performance when compared to its historical performance, to the pressures on the world's major economies. For example, the IMF expects the US economy, which is the world's largest economy, to drop from an actual level of 2.9% in 2018 to 2.3% in 2019 and 1.9% in 2020. Its performance is expected to remain weaker until 2024. The performance of the Chinese economy, the world's second largest economy, is moving in the same way from a growth rate of 6.6% in 2018 to 6.3% in 2019 and 6.1% in 2020. A weakening growth is also expected for the third, fourth and fifth largest economies in the world namely Japan, Germany and Britain.

In general, the growth of the Organization for Economic Co-operation and Development (OECD) countries will be around 2.2 % in 2018, 1.8% in 2019 and 1.7% in 2020.

Two economies will bring some support for the future performance of the global economy. The first one is the Indian economy that is achieving exceptionally high growth rate at around 7.1% in 2018. This growth rate is expected to increase to 7.3% in 2019, and to 7.5% in 2020, and even higher beyond. The second source of support will be the continued high growth rates of all the emerging and developing Asian economies, with growth slowing slightly from 6.4% in 2018 to 6.3% in 2019 and 2020.

Growth forecasts for Middle Eastern and North African countries, including the Oil Based Economy Countries, are modest. After growth rate of 1.4% in 2018 and 1.3% in 2019, the forecasts predict a 3.2% growth rate in 2020, that will fall again to 2.8% in the three subsequent years.

International Stock Markets

The start of the Federal Reserve's policy change in 2018 confirming the continuous tight monetary policy -raising interest rates- in conjunction with the major gains made by the major international stock indexes that year, led to a correction movement in most of those stock markets in 2018. The Losses of these indices at the end of 2018 were the lowest for the Dow Jones index with a loss of about -5.6%, and the highest for China with about -24.6% loss of its stock index. All other major stock markets, except for the Indian stock market, registered losses ranging in between these two extremes. The French CAC lost -11%, Japan's Nikkei -12.1%, Britain's FTSE -15.2% and German DAX -18.3%. Only India's PSA Sinks made gains of about 5.9%.

The performance of major stock indexes in the first quarter of 2019 indicates that they are all in the process of compensating for the losses of 2018. The best performance until the end of the first quarter was the Chinese stock market, which was the biggest loser in 2018, with gains of up to 23.9% in 3 months. The second biggest winner was the French CAC with gains of 13.1%, followed by the Dow Jones with gains of 11.2%, then Germany's DAX with gains of 9.2% and Britain's FTSE with gains of 8.2%. The Indian PSA Sinks gained around 7.2%. The lowest gains were registered for the Japanese Nikkei at around 6%. However, with the financial turbulence that the world is currently witnessing and the intensification of the trade war, a sharp fluctuation in the performance of these indicators is expected based on the course of developments in the aforementioned risks during the remainder of 2019.

GCC economies in 2018

After the first negative growth rate of -1.5% registered in the GCC countries in 2009 as a result of the impact of the global financial crisis in 2008, the Gulf Cooperation Council's economies had recovered and achieved a corresponding real growth rate over the next 7 consecutive years. In 2017, about three years after the collapse of oil prices, and after witnessing the hottest geopolitical conditions within and in the region, the negative growth rate returned slightly at the level of -0.2%.

Oil prices have reached their lowest levels in early 2016. The simplified average for the seven years 2010-2016 growth rate for the six GCC countries was about 4.7%. However, the IMF's April 2019 report indicates that this rate is now history and expects the growth rate of the GCC economies for the seven years 2018-2024 to reach 2.4% per year. The IMF estimates that after a negative growth rate in 2017, the GCC economies have achieved a real positive growth in 2018 at 2%, expected to rise to 2.2% in 2019 and 2.8% in 2020.

There are variations in the growth rates between the six GCC countries. In 2018, three countries were higher than the average, namely Saudi Arabia with a 2.2%, Qatar with 2.2%, and Oman with 2.1%. Bahrain has achieved a 1.8% growth rate while the UAE and Kuwait's growth rate was 1.7%. This disparity and a change of positions are to be repeated in the expectations of 2019. Three countries exceed the rate of 2.2%, led by the UAE with a growth rate of about 2.8% followed by Qatar with 2.6%, and Kuwait with about 2.5%, while Saudi Arabia and Bahrain are expected to achieve a growth rate of 1.8% and Oman 1.1%. In the growth forecast of 2.8% for 2020, four countries are ahead of the average, with Oman, UAE, Qatar and Kuwait leading at 6.2%, 3.3%, 3.2% and 2.9% respectively, followed by Bahrain and Saudi Arabia at 2.1%

It should be recalled that the precarious situation of the oil market, the developments in the geopolitical events and the situation of the global economy affecting the demand side of the oil market, have a significant impact on changing the expected growth levels of the region. These changes are in fact reflected in an unprecedented way from one IMF report to the next.

In contrast with the negative performance of most of the major international stock markets in 2018, five of the seven stock markets in the Gulf region performed positively in that year. This positive performance was only shared by the Indian stock market as mentioned above. Four GCC stock markets led the positive performance, two of them making a double-digit gain rate, with the best performance recorded by Qatar’s stock market at 20.8%, followed by Abu Dhabi at 11.7%, Boursa Kuwait at 10.9%, the Saudi market at 8.3% and weak gains of around 0.4% for Bahrain. Paradoxically, the Dubai Financial Market (DFM) had the highest loss in 2018, at -24.9%. The Capital Towers crisis had an impact on the loss level. Muscat market also suffered losses of -15.2%.

In the first quarter of the current year, these markets had a similar or a broadly positive performance with a change in positions. Five markets have achieved gains, while two others suffered losses. The change in positions was due to the gains achieved by the DFM and the losses suffered by the Qatari stock market. The Saudi market gained 12.7%, followed by Boursa Kuwait with gains of 10.6%, Bahrain with gains of 5.7%, Dubai by 4.2% and Abu Dhabi by 3.2%. Qatar’s stock market lost about -1.9%, while Muscat’s market continued to achieve high losses around -7.9% at the end of the first quarter.

Kuwait Economy

The Kuwaiti economy achieved the weakest growth rate in the GCC when it lost 3.5% of its GDP in 2017. At that time, Kuwait was in a recession from which it recovered in 2018. Similar to the UAE, Kuwait’s growth rate was also the weakest within the region at 1.7%. However, the International Monetary Fund believes that the Kuwaiti economy will increase its growth rates in the future to become over the six upcoming years slightly higher than the overall growth rate of other GCC economies. Kuwait’s growth rate is estimated to be 2.5% in 2019 and 2.9% in 2020, and to remain close to that rate until 2024, with inflation rate settling around 3% for that entire period.

The IMF does not expect Kuwait to be able to control population growth rates. This rate which was 3.4% in 2007, is expected to reach its highest level at 4.7% in 2019, 4.8% in 2020, and around 5.2% in the four subsequent years. This may be attributed to horizontal housing expansion projects, and to the “New Kuwait” projects as well as to the oil sector’s expansion projects. Because of this, a steady increase in public expenditure is expected to reach KD 1 billion annually until 2024.

Boursa Kuwait underwent a major reform process and was upgraded to the level of global stock indices. Foreigners shares acquisitions in the Kuwaiti stock market have almost doubled, and the surge in its liquidity levels also doubled between the first half of 2018 and the first half of 2019. Kuwait's stock index rose by 10.9 % and achieved the third highest gains in the Gulf region in 2018. It also achieved the second highest gains in the region in the first quarter of this year with a rise of 10.6%, while we are still waiting for confirmation of its ranking in other global indices.

Kuwait, which enjoys a good financial position because of its financial reserves, is Rasamel's main market.

Dear Shareholders

The company has achieved success in all of its new investments, despite the difficult business environment at the global, regional and local levels. However, it is still under pressure with regards to the asset values inherited by the new management. Due to the pressures of the business environment, on the one hand, and the location of its old assets on the other hand, the company has recorded total losses of 2,089,248 Kuwaiti Dinars (two million eighty nine thousand and two hundred forty-eight) for the fiscal year ended 31 March 2019. These losses included about 1,532,576 (one million five hundred thirty-two thousand and five hundred seventy-six) Kuwaiti Dinars, which was a provision for a decline in the value of its real estate investments in the GCC.

The remainder amount of KD 556,672 (five hundred fifty-six thousand six hundred and seventy-two) represents the excess of operating expenses over its revenues due to our inability to liquidate the aforementioned real estate investments and to invest its proceeds in the introduction of new products. It is a small amount that can be fully covered by two additional property deals a year or a new investment fund, which we will do in 2019 to return to our profitability level.

I would like to thank the dedicated staff of Rasameel Investment Company for their continued efforts and hard work to maintain the company's reputation as it is today. I also wish to acknowledge the sustained support of our shareholders that keeps us motivated to continue working successfully. I would also like to thank the Fatwa and Shari'a Supervisory Board for its cooperation.

In conclusion, we cannot but pray to God Almighty to reward our efforts to provide the best to our shareholders and investors. We ask God Almighty to protect Kuwait and its people under the wise leadership of His Highness the Amir and His Highness the Crown Prince.

We also thank you for your continued support and we assure you that as a company, we will always work to meet your expectations.

Fahd Muhammad Al Rashed
Chairman of the Board of Directors

RASAMEEL

Sharia Board Committee Report

بسم الله الرحمن الرحيم

الحمد لله رب العالمين والصلاة والسلام على سيدنا محمد وآله وصحبه أجمعين...
إلى مساهمي شركة رساميل للاستثمار
السلام عليكم ورحمة الله وبركاته،،

لقد راقبنا المبادئ المستخدمة والعقود المتعلقة بالمعاملات والتطبيقات التي طرحتها الشركة خلال الفتر
المنتهية في 31 مارس2019م، ومدى التزام الشركة بأحكام ومبادئ الشريعة الإسلامية وكذلك بالفتاوى والقرارا
والإرشادات المحددة التي تم إصدارها من قبلنا.

تقع مسئولية التأكد من أن الشركة تعمل وفقاً لأحكام ومبادئ الشريعة الإسلامية على الإدارة، أما مسئوليت
فتنحصر في إبداء رأي مستقل بناء على مراقبتنا لعمليات الشركة، وفي إعداد تقرير لكم.

لقد قمنا بمراقبتنا التي اشتملت على فحص التوثيق والإجراءات المتبعة من الشركة على أساس اختبار
كل نوع من أنواع العمليات.

لقد قمنا بتخطيط وتنفيذ مراقبتنا من أجل الحصول على جميع المعلومات والتفسيرات التي اعتبرناها ضروري
لتزويدنا بأدلة تكفي لإعطاء تأكيد معقول بأن الشركة لم تخالف أحكام ومبادئ الشريعة الإسلامية.

وفي رأينا:

- أن العقود والعمليات والمعاملات التي أبرمتها الشركة خلال السنة المنتهية في 31 مارس 2019، الت
  اطلعنا عليها تمت وفقاً لأحكام ومبادئ الشريعة الإسلامية.

نسأل الله العلي القدير أن يحقق لنا الرشاد والسداد.

والسلام عليكم ورحمة الله وبركاته،،

الشيخ الدكتور/ عبد العزيز خليفة القصار
رئيس هيئة الفتوى والرقابة الشرعية

الشيخ الدكتور/ عصام خلف العنزي
عضو هيئة الفتوى والرقابة الشرعية

الشيخ / علي ابراهيم الراشد
عضو هيئة الفتوى والرقابة الشرعية

Rasameel Investment Company K.S.C. (Closed)
and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2019

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RASAMEEL INVESTMENT COMPANY K.S.C. (CLOSED)

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rasameel Investment Company K.S.C. (Closed) (the "Parent Company") and its Subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in 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 March 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted for use by the State of Kuwait.

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.

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 as adopted for use by the State of

Kuwait, 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 scepticism throughout the audit. We also:

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory count was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 March 2019 that might have had a material effect on the business of the Parent Company or on its financial position, except for the fact that the Parent Company owns investment properties of KD 1,805,735 (2018: KD 1,779,318) which is not in compliance with its primary objectives stipulated in the Parent Company's Memorandum of Incorporation and Articles of Association.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended 31 March 2019 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENSE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

2nd June 2019
Kuwait

Consolidated Statement of Profit or Loss

For the year ended 31 March 2019

	Notes	2019 KD	2018 KD
INCOME			
Management and advisory fees		303,851	522,571
Net income from investment securities	3	543,635	244,997
Net (loss) income from investment properties	4	(819,919)	62,244
Share of result of associates	11	79,393	96,636
Islamic finance income		28,796	1,927
Loss on sale of property and equipment		(52,625)	-
Loss on partial redemption/ sale of investment in associates		(1,587)	(646)
Income from investment deposits and saving accounts		12,649	6,485
Other income		1,033	2,662
		95,226	936,876
EXPENSES			
General and administrative expenses	5	(1,827,186)	(1,863,555)
Properties management and maintenance charges		(271,975)	(276,354)
Islamic finance costs		(83,473)	(137,821)
Net impairment losses and expected credit losses	6	(1,840)	(164,206)
		(2,184,474)	(2,441,936)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(2,089,248)	(1,505,060)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations		-	(17,474)
LOSS FOR THE YEAR		(2,089,248)	(1,522,534)
Attributable to:			
Equityholders of the Parent Company		(2,086,666)	(1,522,534)
Non-controlling interests		(2,582)	-
		(2,089,248)	(1,522,534)

The attached notes 1 to 23 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2019

	Notes	2019 KD	2018 KD
Loss for the year		(2,089,248)	(1,522,534)
Other comprehensive income (loss)			
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:			
Net change in fair value of available-for-sale financial assets		-	5,289
Exchange differences on translation of foreign operations		41,110	(24,357)
		41,110	(19,068)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Net gain on equity instruments designated at fair value through other comprehensive income		91,916	-
Share of other comprehensive income of associates	11	41,405	-
		133,321	-
Other comprehensive income (loss) for the year		174,431	(19,068)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,914,817)	(1,541,602)
Attributable to:			
Equity holders of the Parent Company		(1,912,235)	(1,522,534)
Non-controlling interests		(2,582)	(19,068)
		(1,914,817)	(1,541,602)

The attached notes 1 to 23 form part of these consolidated financial statements.

Consolidated Statement of Financial Position
As at 31 March 2019

	Notes	2019 KD	2018 KD
ASSETS			
Bank balances and cash	7	2,127,423	871,362
Islamic finance receivables	8	907,527	-
Other assets	9	2,947,567	1,958,652
Financial assets at fair value through profit or loss	10	922,818	955,817
Available-for-sale financial assets	10	-	2,837,886
Financial assets at fair value through other comprehensive income	10	2,483,121	-
Investment in associates	11	772,981	978,576
Investment properties	12	6,782,725	8,315,301
Property and equipment	13	170,984	48,415
		17,115,146	15,966,009
Asset held for sale		-	3,300,000
TOTAL ASSETS		17,115,146	19,266,009
LIABILITIES AND EQUITY			
Liabilities			
Islamic finance payables	14	1,361,067	1,774,292
Other liabilities	15	413,259	389,406
Employees' end of service benefits		527,646	431,990
Total liabilities		2,301,972	2,595,688
Equity			
Share capital	16	18,026,680	18,026,680
Statutory reserve	17	12,761	12,761
Share options reserve		7,510	7,510
Fair value reserve		193,488	5,289
Foreign currency translation reserve		55,031	13,921
Accumulated losses		(3,494,714)	(1,410,840)
Equity attributable to equity holders of the Parent Company		14,800,756	16,655,321
Non-controlling interest		12,418	15,000
Total equity		14,813,174	16,670,321
TOTAL LIABILITIES AND EQUITY		17,115,146	19,266,009

Dr. Fahed M. Al Rashed
Chairman

Samir A. Algharaballi
Chief Executive Officer

The attached notes 1 to 23 form part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 March 2019

	Attributable to the shareholders of the Parent Company								
	Share capital	Statutory reserve	Share options reserve	Fair value reserve	Foreign currency translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD
As at 1 April 2018 as previously reported (audited)	18,026,680	12,761	7,510	5,289	13,921	(1,410,840)	16,655,321	15,000	16,670,321
Transition adjustment on adoption of IFRS 9 at 1 April 2018 (Note 2.3)	-	-	-	52,381	-	5,289	57,670	-	57,670
As at 1 April (restated)	18,026,680	12,761	7,510	57,670	13,921	(1,405,551)	16,712,991	15,000	16,727,991
Loss for the year	-	-	-	-	-	(2,086,666)	(2,086,666)	(2,582)	(2,089,248)
Other comprehensive income for the year	-	-	-	133,321	41,110	-	174,431	-	174,431
Total comprehensive income (loss) for the year	-	-	-	133,321	41,110	(2,086,666)	(1,912,235)	(2,582)	(1,914,817)
Transfer of loss on disposal of equity instrument at FVOCI to accumulated losses	-	-	-	2,497	-	(2,497)	-	-	-
As at 31 March 2019	**18,026,680**	**12,761**	**7,510**	**193,488**	**55,031**	**(3,494,714)**	**14,800,756**	**12,418**	**14,813,174**
As at 1 April 2017	18,026,680	12,761	7,510	-	38,278	111,694	18,196,923	-	18,196,923
Loss for the year	-	-	-	-	-	(1,522,534)	(1,522,534)	-	(1,522,534)
Other comprehensive income (loss) for the year	-	-	-	5,289	(24,357)	-	(19,068)	-	(19,068)
Total comprehensive income (loss) for the year	-	-	-	5,289	(24,357)	(1,522,534)	(1,541,602)	-	(1,541,602)
Non-controlling interest arising on incorporation of a subsidiary	-	-	-	-	-	-	-	15,000	15,000
As at 31 March 2018	18,026,680	12,761	7,510	5,289	13,921	(1,410,840)	16,655,321	15,000	16,670,321

The attached notes 1 to 23 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 March 2019

	Notes	2019 KD	2018 KD
OPERATING ACTIVITIES			
Loss for the year before tax from continuing operations		(2,089,248)	(1,505,060)
Loss for the year before tax from discontinued operations		-	(17,474)
Loss for the year before tax		(2,089,248)	(1,522,534)
Adjustments to reconcile loss for the year before tax to net cash flows:			
Net income on investment securities	3	(543,635)	(244,997)
Share of results of associates	11	(79,393)	(96,636)
Loss on sale of associates	11	1,587	646
Valuation losses from investment properties	12	1,532,576	696,545
Loss on sale of property and equipment		73,834	-
Net foreign exchange loss (gain)		37,790	(806)
Depreciation	13	33,650	20,528
Impairment of property and equipment		10,515	-
Provision for employees' end of service benefits		152,445	150,408
Islamic finance costs		83,473	137,821
Net impairment losses and expected credit losses	6	1,840	164,206
Income from investment deposits and saving accounts		(12,649)	(6,485)
Islamic finance income		(28,796)	(1,927)
Impairment loss on discontinued operations		-	139,944
		(826,011)	(563,287)
Working capital changes:			
Islamic finance receivables		6,930	18,083
Investments at fair value through profit or loss		161,414	(436,468)
Other assets		1,060,324	(1,302,018)
Other liabilities		23,853	831,560
Islamic finance income received		28,796	1,927
Employees' end of service benefits paid		(56,789)	(16,157)
Net cash flows from (used in) operating activities		398,517	(1,466,360)

The attached notes 1 to 23 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows *(continued)*
For the year ended 31 March 2019

	Notes	2019 KD	2018 KD
INVESTING ACTIVITIES			
Purchase of available-for-sale financial assets		-	(3,931,248)
Proceeds from redemption of available-for-sale financial assets		-	2,742,961
Proceeds from sale of financial assets at fair value through other comprehensive income		486,645	-
Proceeds from partial redemption/ sale of investment in associates		276,240	430,435
Dividends received from associates	11	67,019	95,392
Proceeds from redemption of investment in a joint venture	11	-	1,139,450
Expenditure on investment property under development	12	-	(36,904)
Purchase of property and equipment	13	(166,734)	(18,441)
Proceeds from sale of property and equipment		154,000	-
Proceeds from redemption of debt instruments at amortised cost	3	328,116	58,432
Income received from investment deposits and saving accounts		12,649	6,485
Dividend income received		198,943	247,445
Net cash flows from investing activities		1,356,878	734,007
FINANCING ACTIVITIES			
Proceeds from Islamic finance payables		18,573	299,749
Repayment of Islamic finance payables		(434,434)	(149,870)
Finance costs paid		(83,473)	(137,821)
Net cash flows (used in) from financing activities		(499,334)	12,058
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,256,061	(720,295)
Cash and cash equivalents as at 1 April		1,153,838	1,874,133
Cash at banks and on hand attributable to discontinued operations at 1 April		(282,476)	-
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	7	2,127,423	1,153,838

The attached notes 1 to 23 form part of these consolidated financial statements.

Notes to The Consolidated Financial Statements
As at 31 March 2019

1. CORPORATE INFORMATION

The consolidated financial statements of Rasameel Investment Company K.S.C. (Closed) (the "Parent Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Parent Company's board of directors on 2 June 2019. The shareholders have the power to amend these consolidated financial statements at the annual general assembly meeting (AGM).

The Group's annual consolidated financial statements for the year ended 31 March 2018 were approved by the shareholders of the Parent Company at the ordinary annual general assembly held on 15 July 2018. No dividends were declared by the Parent Company.

The Parent Company is regulated by the Central Bank of Kuwait (CBK) as an investment and finance company and is subject to the supervision of Capital Markets Authority (CMA).

The Parent Company is a closed shareholding company incorporated in the State of Kuwait on 4 January 2006 and is principally engaged in the provision of investment and financial services in accordance with the Islamic Sharia'a principles as approved by the Group's Fatwa and Sharia'a Supervision Board.

The Parent Company's head office is located at at Office 5 & 6, Floor 3, Souq Al Safat Al Qibla, Kuwait City, and its registered postal address is P.O. Box 4915, Safat 13050, State of Kuwait.

The Parent Company's primary objectives comprise the following:

- Carrying out all types of investments in all fields and participating in incorporating companies both inside and outside Kuwait;
- Managing the funds of public and private institutions;
- Dealing in local and international securities;
- Carrying out finance and brokerage services to invest in various sectors inside and outside the State of Kuwait in accordance with the provisions of the Islamic Sharia'a; and
- Providing and preparing studies and technical, economic and valuation consultancy.

Information on the Group's structure is provided in Note 2.2. Information on other related party relationships of the Group is provided in Note 18.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait ("CBK") in the State of Kuwait. These regulations require expected credit loss ("ECL") to be measured at the higher of the ECL on credit facilities computed under IFRS 9 in accordance to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") (collectively referred to as IFRS, as adopted for use by the State of Kuwait).

The consolidated financial statements are prepared on a historical cost basis, except for equity instruments at FVTPL, FVOCI and investment properties that have been measured at fair value.

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

The Group presents its consolidated statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 19.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, 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);

Notes to The Consolidated Financial Statements
As at 31 March 2019

- 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.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and 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;
- The Group's voting rights and potential voting rights;

Where practicable, appropriate adjustments for non-uniform accounting policies are made to their financial statements when included in the consolidated financial statements to bring them in line with the Group's accounting policies.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognized at fair value.

Information about subsidiaries

The consolidated financial statements of the Group include:

Name of entity	% equity interest 2019	% equity interest 2018	Principal activities	Country of incorporation
Rasameel International for Credit Facilities W.L.L. [(a)]	**98**	98	Credit facilities	Kuwait
Rasameel International Holding K.S.C.C. [(a)]	**99**	99	Holding company	Kuwait
Rasameel Structuring and General Trading Company L.L.C. [(a)]	**99**	99	General trading	UAE
Rasameel Investment House Limited	**99**	100	Consultancy services and investment business	UAE
Rasameel International Real Estate Company K.S.C.C. [(a)]	**90**	90	Real Estate investments	Kuwait
Rasameel Motors for General Trading & Contracting Company W.L.L. [(b)]	**-**	99	General trading and contracting	Kuwait
Yasserha Company for Buying and Selling Shares, Bonds, Lands and Real Estate W.L.L.	**70**	70	General trading and Real Estate investments	Kuwait

(a) *The Parent Company effectively owns 100% equity interest in these entities. Accordingly, the consolidated financial statements have been prepared on this basis. The ownership of 1% is registered in the name of related parties as nominees. However, the Parent Company is the beneficial owner for 100% equity interest.*

(b) *During the previous year, the Group classified all the assets and liabilities of the subsidiary as held for sale.*

Notes to The Consolidated Financial Statements
As at 31 March 2019

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards adopted by the Group

The Group applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below:

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

IFRS 9 'Financial Instruments'

The Group adopted IFRS 9 Financial Instruments on its effective date of 1 April 2018. IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 April 2018, i.e. the date of initial application.

The Group applied IFRS 9 prospectively, with an initial application date of 1 April 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

a) Classification and measurement

Except for certain other receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

With respect to receivables, the Group analysed the contractual cash flow characteristics of those instruments and concluded that based on their business model which is to hold the financial asset to collect the contractual cash flows which meets the solely payments of principal and interest ("SPPI") criterion, these instruments shall be classified as at amortised cost under IFRS 9. Therefore, reclassification for these instruments is not required on initial adoption of IFRS 9.

The assessment of the Group's business models was made as of the date of initial application, 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in profit or loss.

(b) Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an expected credit loss (ECL) model. The new impairment model applies to cash and cash equivalents, accounts receivable and other assets and loans and advances. The Group is also required to calculate provision for credit losses on loans and advances in accordance with instructions issued by the CBK in respect of the classification of credit facilities and calculation of provisions. Impairment of credit facilities shall be recognised at the higher of ECL under IFRS 9 according to the CBK guidelines, and the provisions required by the CBK instructions. With respect to accounts receivable and other assets carried at amortised cost with no financing component and which have maturities of less than 12 months, the Group has adopted an approach similar to the simplified approach to ECLs. The Group's accounting policies for impairment of financial assets is explained in Note 2.5.

(c) Hedge accounting

At the date of initial application, the Group had no existing hedging relationships and therefore the new general hedge accounting model in IFRS 9 has no impact on the Group.

Transition

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

a) Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in accumulated losses and reserves as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for the year ended 31 March 2018.

Notes to The Consolidated Financial Statements
As at 31 March 2019

b) The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition.

Impact of adopting IFRS 9

The total impact on the Group's accumulated losses and fair reserve as at 1 April 2018 is as follows:

	Accumulated losses KD	Fair value reserve KD
Closing balance under IAS 39 (31 March 2018)	(1,410,840)	5,289
Impact on reclassification and re-measurements:		
Reclassification of unquoted mutual fund from AFS to FVTPL	5,289	(5,289)
Remeasurement of unquoted equity securities previously accounted at cost less impairment (in accordance with IAS 39)	**-**	**57,670**
Opening balance under IFRS 9 on date of initial application of 1 April 2018	**(1,405,551)**	**57,670**

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

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

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 KD	Transition adjustments KD	New carrying amount under IFRS 9 KD
Financial assets					
Bank balances and cash	Loans and receivable	Amortised cost	871,362	-	871,362
Other assets	Loans and receivables	Amortised cost	1,958,652	-	1,958,652
Equity securities	FVTPL	FVTPL	955,817	-	955,817
Equity securities	AFS	FVOCI	2,726,046	57,670	2,783,716
Unquoted mutual fund	AFS	FVTPL	111,840	-	111,840
Total financial assets			6,623,717	57,670	6,681,387

Reconciliation of carrying amounts under IAS 39 to carrying amounts under IFRS 9 at the adoption of IFRS 9

The following table reconciles the carrying amounts under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 April 2018.

	Closing balance - 31 March 2018 (IAS 39)	Reclassification	Opening balance - 1 April 2018 (IFRS 9)
	KD	KD	KD
Available-for sale financial assets			
Opening balance	2,837,886	(2,837,886)	-
To FVTPL	-	111,840	111,840
To FVOCI – equity securities	**-**	**2,726,046**	**2,726,046**
Closing balance	**2,837,886**	**-**	**2,837,886**

FVOCI – equity securities	Closing balance - 31 March 2018 (IAS 39)	Reclassification	Opening balance - 1 April 2018 (IFRS 9)
	KD	KD	KD
Opening balance	-	-	-
From AFS	-	2,726,046	2,726,046
Fair value measurement of equity investments previously measured at cost less impairment	-	57,670	57,670
Closing balance	-	2,783,716	2,783,716
FVTPL			
Opening balance	955,817	-	955,817
From AFS	-	111,840	111,840
Closing balance	955,817	111,840	1,067,657

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

The application of the ECL model under IFRS 9 has not resulted in any changes to the carrying amounts of the Group's amortised cost financial assets at the date of initial application.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 16 - Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.
The Group is in the process of evaluating the impact of adoption of IFRS 16 on the Group's consolidated financial statements however, the potential impact is not expected to be material as the Group is acting as Lessor in majority of its leasing arrangements.

Amendments to IAS 28: *Long-term interests in associates and joint ventures*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

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

Notes to The Consolidated Financial Statements
As at 31 March 2019

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

Other new or amended standards which are issued but not yet effective, are not relevant to the Group and have no impact on the accounting policies, consolidated financial position or performance of the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

Revenue recognition

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

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 regardless of when the payments are being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements.

The specific recognition criteria described below must also be met before revenue is recognised.

Notes to The Consolidated Financial Statements
As at 31 March 2019

Management and advisory fee

Management and advisory fee is fee earned for the provision of services over a period of time and is accrued over that period; these fees include management fees.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Gain or loss on sale of properties and investment securities

Gain or loss on sale of properties and investment securities is recognised when significant risks and rewards of ownership have passed to the buyer and the amount of revenue can be measured reliably.

Interest income

Interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'other income' in the statement of profit or loss.

Dividend income

Dividend income is recognised when the right to receive payment is established, which is generally when shareholders approve the dividend.

Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases where the Group is a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the consolidated statement of profit or loss on a straight-line basis over the lease term.

Leases where the Group is a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the statement of profit or loss. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they have earned.

Finance costs

Finance costs that are directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Capitalization of finance costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Other finance costs are recognised as an expense in the period in which they are incurred.

Taxation

Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

Zakat

Contribution to Zakat is calculated at 1% of the profit for the year attributable to Parent

Company in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

Financial instruments

The Group has adopted IFRS 9 Financial Instruments effective from 1 April 2018. See section 2.3 for an explanation of the impact. Comparative figures for the year ended 31 March 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

a) Recognition and initial measurement

Other receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

b) Classification and subsequent measurement

Financial assets - Policy effective from 1 April 2018 (IFRS 9)

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost, at FVOCI as at FVTPL if doing so eliminates, or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 April 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual profit income, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

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- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and yield: Policy applicable from 1 April 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and yield, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and yield criterion if the prepayment amount substantially represents unpaid amounts of principal and yield on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual profit (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 April 2018

• Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. This category includes unquoted equity investments and managed funds for which the Group had not irrevocably elected to classify at fair value through profit or loss.
• Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. The Group's financial assets at amortised cost include bank balances and cash, accounts receivable, wakala receivable.
• Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
• Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Certain unquoted and quoted equity instruments are classified as FVOCI equity instruments.

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Financial assets – Policy applicable before 1 April 2018

• Financial assets at fair value through profit or loss	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
• Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
• Islamic finance receivable	Islamic financing receivables consist of consumer financing and murabaha receivables. Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis. Murabaha receivables are carried at amortised cost including provision for impairment, if any, and are presented net of deferred income.
• Other assets	Other assets are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.
• Available-for-sale financial assets (AFS)	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

c) Financial liabilities

Initial recognition and measurement

The accounting for financial liabilities remains largely the same as it was under IAS 39. Financial liabilities are classified as financial liabilities at fair value through profit or loss, loan and borrowings and payable, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs. The Group's financial liabilities include accounts payable, obligation under finance lease and accruals and Islamic finance payables. The Group did not have any financial liabilities at fair value through profit or loss as at the reporting date.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Islamic finance payables

This is the category most relevant to the Group. After initial recognition, profit-bearing Islamic finance payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. The Group's Islamic finance payables include Ijara and Murabaha facilities.

Other liabilities

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

d) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks

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and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

e) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets - *Policy applicable from 1 April 2018*

The group previously recognized impairment losses on financial assets based on incurred loss model, under IAS 39. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model. The adoption of IFRS 9 has changed the group’s accounting for impairment losses for financial assets by replacing IAS 39’s incurred loss approach with a forward-looking expected credit loss (ECL) approach.

The group computes Expected Credit Losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss:

- Trade and other receivables and bank balances
- Islamic finance to customers
- Amounts due from related parties

Equity investments are not subject to ECL.

Determination of ECL on trade and other receivables and bank balances

With respect to the trade and other receivables, the group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses as the simplified approach does not require the changes in credit risk to be tracked. The group has established a provision matrix that is based on the group's historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the group's economic environment.

The management considers a financial asset in default when the contractual payments are 90 days past due. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The group does not determine ECLs on bank balances, staff receivables and refundable deposits (included under other receivables) as these are considered to be of low risk and the group does not expect to incur any material credit losses on these instruments.

Determination of ECL on Islamic finance receivables

The group has applied general approach under IFRS 9 for determination of ECLs on Islamic finance receivables. Under the general approach, the ECLs are recognized in three stages. For exposures where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit loss that result from default events that are possible within next 12 months (a 12-month ECL classified in Stage 1). With respect to exposures, for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL classified in Stage 2). Further, the group measures loss allowances at an amount equal to lifetime ECL that are determined to be credit impaired based on objective evidence of impairment (a lifetime ECL classified in Stage 3). The group considers amounts due from related parties to have low credit risk when the counter party has a strong liquidity position to meet its contractual cash flow obligations in the near term.

Life time ECL is the ECL that result from all possible default events over the expected life of a financial instrument. The 12 month ECL is the portion of life time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life time ECLs and 12 month ECLs are calculated either on an individual basis or on a collective basis depending on the nature of the underlying portfolio of financial instruments.

Determining the stage of Expected Credit Loss

At each reporting date, the group assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. All financial assets that are 30 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria do not indicate a significant increase in credit risk.

At each reporting date, the group also assesses whether Islamic finance receivables or amounts due from related parties are credit impaired. The group considers a financial asset to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 90 days past due. All credit impaired financial assets are classified as stage 3 for ECL measurement purposes. Evidence of credit impairment includes observable data about the following:

- Significant financial difficulty of the borrower or issuer
- A breach of contract such as default or past due event
- The lender having granted to the borrower a concession, that the lender would otherwise not consider, for economic or contractual reasons relating to the borrower's financial difficulty

At the reporting date, if the credit risk of Islamic finance receivables or amounts due from related parties have not increased significantly since initial recognition or not credit impaired, these financial assets are classified as stage 1.

Measurement of ECLs

ECL is a probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at an appropriate discount rate relevant to the amounts due from related parties. Cash shortfall represents the difference between cash flows due to the group and the cash flows that are expected to be received. For amounts due from related parties receivable on demand, the group does not consider the impact of discounting the future cash flow shortfalls to be material as these balances are expected to be settled in a short period of time. The key elements in the measurement of ECL included probability of default (PD), loss given default (LGD) and exposure at default (EAD). The determination of these elements require considerable judgment from the management.

Incorporation of forward looking information

The group considers key economic variables that are expected to have an impact on the credit risk and the ECL in order to incorporate forward looking adjustments into the determined ECL. These primarily reflect reasonable and supportable forecasts of the future macro-economic conditions. The management reviews these forecasts and estimates on a regular basis.

Write off

The gross carrying amount of Islamic finance receivables is written off (either partially or in full) when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets for financial assets carried at amortised cost.

Provisions for credit losses in accordance with CBK instructions

The group is required to calculate provisions for credit losses on islamic finance receivables in accordance with the instructions of CBK on the classification of credit facilities and calculation of provisions. Credit facilities are classified as past due when a payment has not been received on its contractual payment date or if the facility is in excess of pre-approved limits. A credit facility is classified as past due and impaired when the profit or a principal instalment is past due for more than 90 days and if the carrying amount of the facility is greater than its estimated recoverable value. Past due but not impaired and past due and impaired loans are managed and monitored as irregular facilities and are classified into the following four categories which are then used to determine the provisions.

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Category	Criteria	Specific provisions
Watch list	Irregular for a period of up to 90 days	-
Substandard	Irregular for a period of 91- 180 days	20%
Doubtful	Irregular for a period of 181- 365 days	50%
Bad	Irregular for a period exceeding 365 days	100%

The group may also include a credit facility in one of the above categories based on management's judgement of a customer's financial and/or non-financial circumstances.

In addition to specific provisions, minimum general provisions of 1% on cash facilities and 0.5% on non-cash facilities are made on all applicable credit facilities (net of certain restricted categories of collateral) which are not subject to specific provisioning.

Impairment of financial assets - ***Policy applicable before 1 April 2018***

An assessment is made at each reporting date to determine, in case of financial asset, whether there is objective evidence that a specific financial asset may be impaired and, in case of other assets, whether there is an indication that a specific asset may be impaired. A financial asset or a group of financial assets are impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If such evidence or indication exists, any impairment loss is recognised in the consolidated statement of profit or loss.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults. If such evidence exists, an impairment loss is recognised in the consolidated statement of profit or loss.

(a) for assets carried at amortized cost, impairment is based on estimated cash flows discounted at the original effective rate of return;

(b) for assets carried at fair value, impairment is the difference between cost and fair value; and

(c) for assets carried at cost, impairment is the difference between cost and present value of future cash flows discounted at the current market rate of return for a similar financial asset.

In addition, in accordance with CBK instructions, a minimum general provision of 1% on all finance facilities net of certain categories of collateral, to which CBK instructions are applicable and not subject to specific provision, is recognised.

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Except for equity instruments classified as available-for-sale, reversal of impairment losses is recognized in the consolidated statement of profit or loss. Impairment losses on available-for-sale equity investments are not reversed through the consolidated statement of profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

Fair value measurement

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 to 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.

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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 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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 investments and other appropriate valuation models.

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 measured at cost, subject to impairment testing.

For assets and liabilities that are recognised in the 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.

An analysis of fair value of financial instruments and further details as to how they are measured are provided in Note 22.

Investment in associates and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of results of associates' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of profit or loss.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on the lower of two valuations.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any.

Depreciation is calculated on a straight line basis over the estimated useful lives of other assets or over the lease term of leased motor vehicles whichever is less as follows:

• Leasehold improvements	20 years
• Furniture and fixtures	5 years
• Equipment	5 years
• Computer software	5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

When the Group purchases vehicles for the purpose of renting them they are recognized as property and equipment. If and when those vehicles are subsequently held for sale (typically after the end of the lease contract), they are transferred to inventory at the carrying value at the date of transfer. If there is subsequently a new contract for renting those same vehicles they are transferred back to be a component of property and equipment and the Group retrospectively adjusts their carrying value to accord with their useful economic lives.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Employees' end of service benefits

The Group provides end of service benefits to all its employees under the Kuwait Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Further, with respect to its national employees, the Group also makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Foreign currencies translation

The Group's consolidated financial statements are presented in Kuwaiti Dinars, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Kuwaiti Dinars at the rate of exchange prevailing at the reporting date and their statement of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Fiduciary assets

Assets held in a trust or fiduciary capacity are not treated as assets of the Group and, accordingly, are not included in the consolidated statement of financial position.

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements require management of the Parent Company to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect in the amounts recognised in the consolidated financial statements.

Classification of financial assets

Effective from 1 April 2018 (IFRS 9)

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Effective before 1 April 2018 (IAS 39)

Management has to decide on acquisition of financial assets whether it should be classified as available-for-sale, held to maturity, investments at fair value through profit or loss or as loans and receivables. In making the judgment, the group considers the primary purpose for which it is acquired and how it intends to manage and report performance.

Classification of real estate properties

Management decides on acquisition of real estate whether it should be classified as held for sale or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost or net realisable value whichever is lower or at fair value.

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

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The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Impairment of available-for-sale financial assets

Effective before 1 April 2018 (IAS 39)

The Group treats the available for sale financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is "significant" or "prolonged" requires judgment. The Group considered a decline of 30% to be significant and a period of 12 months to be prolonged.

Estimation and assumptions

The key assumptions concerning the future and key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of financial assets at amortised cost

Effective before 1 April 2018 (IAS 39)

An estimate of the collectible amount of other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Effective from 1 April 2018 (IFRS 9)

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. For other receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Actual results may differ from these estimates.

Impairment of associates

Investment in associates are accounted for under the equity method of accounting for associates, whereby these investments are initially stated at cost, and are adjusted thereafter for the post-acquisition change in the group's share of the net assets of the associates less any impairment losses. The group is required to assess, at each reporting date, whether there are indications of impairment. If such indications exist, the management estimates the recoverable amount of the associate in order to determine the extent of the impairment loss (if any). The identification of impairment indicators and determination of the recoverable amounts require management to make significant judgements, estimates and assumptions.

Fair value measurement of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Valuation of investment properties

The fair value of investment properties is determined by real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 Fair Value Measurement.

Investment properties under construction are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in Note 12.

Useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation would be adjusted where the management believes the useful lives differ from previous estimates.

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Impairment of property and equipment

A decline in the value of property and equipment could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

3. NET INCOME FROM INVESTMENT SECURITIES

	2019 KD	2018 KD
Unrealised (loss) gain on financial assets at fair value through profit or loss	(51,921)	63,244
Realised gain on sale of financial assets at fair value through profit or loss	68,497	8,541
Realised gain on sale of available-for-sale financial assets (IAS 39)	-	54,533
Gain on redemption of debt instruments at amortised cost *	328,116	-
Impairment loss on available-for-sale financial assets	-	(128,766)
Dividend income	198,943	247,445
	543,635	244,997

* *In prior years, the Group had a debt instruments at amortised cost of KD 864,715, which represented Islamic Sukuk. Due to the default by the Sukuk issuer, the Group has recorded full impairment against the investment of KD 864,715 in profit or loss in prior years.*

During the year ended 31 March 2017, the management of the Group entered into a settlement agreement with the Sukuk issuer and agreed new terms for settlement. Accordingly, the Group received a partial redemption during the year ended 31 March 2017 of KD 386,530 recognised in profit or loss for the year then ended.

During the current year, additional redemption proceeds of KD 328,116 were recognised in profit or loss as part of net income from investment securities for the year then ended.

4. NET (LOSS) INCOME FROM INVESTMENT PROPERTIES

	2019 KD	2018 KD
Rental income	712,657	758,789
Valuation losses from investment properties (Note 12)	(1,532,576)	(696,545)
	(819,919)	62,244

5. GENERAL AND ADMINISTRATIVE EXPENSES

	2019 KD	2018 KD
Staff costs and other employment benefits	1,221,348	1,219,455
Rent expenses	122,138	149,776
Depreciation of property and equipment (Note 13)	33,650	20,528
Portfolio management and collection charges	1,097	2,165
Professional and legal fees	111,905	154,245
Other expenses	337,048	317,386
	1,827,186	1,863,555

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6. NET IMPAIRMENT LOSSES AND EXPECTED CREDIT LOSSES

	2019 KD	2018 KD
Net allowance for expected credit losses of Islamic finance receivables (Note 8)	8,900	-
Reversal of impairment of Islamic finance receivables	(6,930)	(18,083)
ECL on other assets (2018: impairment losses on other assets (Note 9)	54,685	182,289
Reversal of impairment losses on other assets (Note 9)	(54,815)	-
	1,840	164,206

7. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2019 KD	2018 KD
Bank balances and cash as per the consolidated statement of financial position	2,127,423	871,362
Cash at banks and on hand attributable to discontinued operations	-	282,476
Cash and cash equivalents	2,127,423	1,153,838

8. ISLAMIC FINANCE RECEIVABLES

	2019 KD	2018 KD
Gross amount	1,107,503	179,433
Less: deferred income	(18,573)	-
	1,088,930	179,433
Less: provision for expected credit losses	(181,403)	(179,433)
	907,527	-

During the year, the Group provided a murabaha facility to a counterparty for a total amount of KD 935,000. Murabaha receivables earn profit at an average effective profit rate of 5.1% (31 March 2018: Nil) per annum and are repayable in five installments and the last installment is due on 1 December 2019.

The carrying value of Islamic finance receivables is considered a reasonable approximation of fair value.

Movement in provision for impairment of Islamic finance receivable during the year:

	2019 KD	2018 KD
As at 1 April	179,433	197,516
Add: provision for expected credit losses	8,900	-
Less: reversal of impairment of Islamic finance receivables	(6,930)	(18,083)
As at 31 March	181,403	179,433

As at 31 March 2019, Islamic finance receivables at nominal value of KD 181,403 (2018: KD 179,433) were past due or impaired.

The Expected Credit Losses on Islamic finance receivables computed under IFRS 9 in accordance with the CBK guidelines amounted to KD 3,560 as at 31 March 2019, which is lower than the provision required by CBK instructions. As a result, no additional provision has been made.

9. OTHER ASSETS

	2019 KD	2018 KD
Accrued income	**277,620**	240,336
Staff receivables	**4,596**	10,426
Advances, deposits and prepayments	**104,550**	86,798
Receivables on sale of subsidiary *	**1,385,393**	-
Other receivables	**1,175,408**	1,621,092
	2,947,567	1,958,652

* *On 7 May 2018, the Parent Company sold its entire equity interest in Rasameel Motors for General Trading and Contracting Company W.L.L. ("Rasameel Motors"), a wholly owned subsidiary, to an unrelated third party for a total consideration of KD 3,300,000. Accordingly, the Group classified its investment in Rasameel Motors as discontinued operations at 31 March 2018.*

During the year ended 31 March 2019, the Group collected of KD 1,900,000 from the total receivables and expects to collect the remaining amount within twelve months from the reporting date.

10. INVESTMENT SECURITIES

	2019 KD	2018 KD
New classification under IFRS 9		
Financial assets designated at fair value through profit or loss	922,818	-
Financial assets designated at fair value through other comprehensive income	2,483,121	-
Original classification under IAS 39		
Financial assets designated at fair value through profit or loss	-	955,817
Available-for-sale financial assets	-	2,837,886
	3,405,939	3,793,703

Upon adoption of IFRS 9, certain available-for-sale financial assets were classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income as at 1 April 2018 (Note 2.3).

11. INVESTMENT IN ASSOCIATES

Details of the Group's associates are, as follows:

		Equity interest		Carrying value	
Name	Country of incorporation	2019 %	2018 %	2019 KD	2018 KD
Emerald Portfolio, LTD	Cayman Islands	17.63	17.63	567,707	673,130
Emerald Holding, LTD	Cayman Islands	17.20	17.20	205,274	305,446
				772,981	978,576

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Reconciliation with the carrying amount of investment in associates are set out below:

	2019 KD	2018 KD
At the beginning of the year	**978,576**	1,423,083
Share of results	**79,393**	96,636
Disposals	**(277,825)**	(431,081)
Dividends received	**(67,019)**	(95,392)
Share of OCI	**41,405**	-
Foreign currency translation adjustment	**18,451**	(14,670)
	772,981	978,576

The following table illustrates summarised financial information of the Group's investment in associates:

	Emerald Portfolio, LTD KD	Emerald Holding, LTD KD	2019 KD	2018 KD
Assets	3,323,732	1,193,472	**4,517,204**	5,685,919
Liabilities	(103,613)	(18)	**(103,631)**	(91,407)
Equity	3,220,119	1,193,454	**4,413,573**	5,594,512
Proportion of the Group's ownership	17.63%	17.20%		
Group's carrying amount of the investment	567,707	205,274	**772,981**	978,576
Associates' results for the year				
Revenue	467,237	-	**467,237**	518,741
Profit for the year	450,329	-	**450,329**	480,521
Group's share of results for the year	79,393	-	**79,393**	96,636

	Emerald Portfolio, LTD	Emerald Holding, LTD	2019	2018
	KD	KD	KD	KD
Group's share of other comprehensive income	-	41,405	**41,405**	-
Dividends received from associate	67,019	-	**67,019**	95,392

The associates had no contingent liabilities or capital commitments as at the reporting date.

12. INVESTMENT PROPERTIES

	2019	2018
	KD	KD
As at the beginning of the year	**8,315,301**	8,974,942
Development costs	**-**	36,904
Valuation losses from investment properties	**(1,532,576)**	(696,545)
As at the end of the year	**6,782,725**	8,315,301

Investment properties are categorised into:

	2019	2018
	KD	KD
Properties under development	**40,145**	39,557
Completed properties	**6,742,580**	8,275,744
	6,782,725	8,315,301

The fair value of investment properties is determined based on valuations carried out by independent registered real estate appraisers using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property. Fair value using the income capitlisation method is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. Under the market comparison approach, fair value

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is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square meter ('sqm'). Based on these valuations, the fair value of investment properties witnessed a decrease of KD 1,532,576 compared to its carrying values as at 31 March 2019 (2018: decrease of KD 696,545). The valuations were performed by accredited independent valuers with recognised and relevant professional qualifications and experience in the locations and categories of the properties being valued. The valuation models applied are consistent with the principles in IFRS 13.

More information about the fair value measurement disclosures is set out in Note 22.

As at 31 March 2019, the Group has certain investment properties, which were under construction of KD 40,145 (2018: KD 39,557). Therefore, these investment properties are carried at cost less impairment because fair value cannot be reliably measured.

Net (loss) income from investment properties in the consolidated statement of profit or loss is disclosed in Note 4.

The significant assumptions made relating to valuation of the developed properties, that have been valued using the income capitalisation approach, are set out below:

	2019	2018
Average rent per month (per sqm) (KD)	16.6	16.6
Yield rate	14.51%	11.77%
Vacancy rate	24.61%	20.7%

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of the investment properties.

	Changes in valuation assumptions	Impact on profit (loss) for the year	
		2019 KD	2018 KD
Average rent	± 5%	**329,620**	406,388
Yield rate	± 5%	**313,924**	387,036
Vacancy rate	± 5%	**329,620**	406,388

Certain investment properties with fair value of KD 1,805,735 (2018: KD 1,779,318) are pledged against Islamic finance payables (Note 14).

13. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Equipment	Computer software	Total
	KD	KD	KD	KD	KD
Cost					
As at 1 April 2018	132,149	162,705	176,523	119,196	590,573
Additions during the year	154,713	6,153	5,868	-	166,734
Transfers	(7,889)	6,661	1,228	-	-
Disposals during the year	-	-	(749)	-	(749)
Write offs	(126,599)	(1,550)	-	-	(128,149)
As at 31 March 2019	**152,374**	**173,969**	**182,870**	**119,196**	**628,409**
Depreciation					
As at 1 April 2018	112,975	151,399	159,532	118,252	542,158
Charge for the year	16,841	5,624	10,335	850	33,650
Disposal	-	-	(749)	-	(749)
Write off	(117,439)	(195)	-	-	(117,634)
As at 31 March 2019	**12,377**	**156,828**	**169,118**	**119,102**	**457,425**
Net book value					
As at 31 March 2019	**139,997**	**17,141**	**13,752**	**94**	**170,984**

13. PROPERTY AND EQUIPMENT (continued)

	Leasehold improvements	Furniture and fixtures	Equipment	Computer software	Leased motor vehicles	Total
	KD	KD	KD	KD	KD	KD
Cost						
As at 1 April 2017	198,052	175,515	224,261	138,613	6,100,577	6,837,018
Additions during the year	4,000	7,695	6,746	-	-	18,441
Disposals during the year	(69,903)	(20,505)	(54,484)	(19,417)	(6,100,577)	(6,264,886)
As at 31 March 2018	132,149	162,705	176,523	119,196	-	590,573
Depreciation						
As at 1 April 2017	119,510	161,631	180,965	133,846	1,868,563	2,464,515
Charge for the year	5,475	3,539	10,293	1,221	-	20,528
Relating to the disposals	(12,010)	(13,771)	(31,726)	(16,815)	(1,868,563)	(1,942,885)
As at 31 March 2018	112,975	151,399	159,532	118,252	-	542,158
Net book value						
As at 31 March 2018	19,174	11,306	16,991	944	-	48,415

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14. ISLAMIC FINANCE PAYABLES

2019	Ijara KD	Murabaha KD	Total KD
Gross amount	1,669,655	-	1,669,655
Less: deferred finance costs	(308,588)	-	(308,588)
	1,361,067	-	1,361,067

2018	Ijara KD	Murabaha KD	Total KD
Gross amount	1,930,484	301,841	2,232,325
Less: deferred finance costs	(455,942)	(2,091)	(458,033)
	1,474,542	299,750	1,774,292

Ijara payables carry an average profit rate of 5.50% (2018: 6.65 %) per annum and are repayable in equal instalments of AED 216,055 (equivalent to KD 18,076) with the last instalment payable on 15 December 2026.

Islamic finance payables of KD 1,669,655 (2018: KD 1,930,484) are secured by certain investment properties of KD 1,805,735 (2018: KD 1,779,318) (Note 12).

15. OTHER LIABILITIES

	2019 KD	2018 KD
Accrued expenses	61,622	83,943
Rent received in advance	34,388	18,726
Refundable deposits	31,981	26,984
Other liabilities and accruals	285,268	259,753
	413,259	389,406

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16. SHARE CAPITAL

	Number of shares		Authorised, issued and fully paid	
	2019	2018	2019	2018
			KD	KD
Shares of 100 fils each (paid in cash)	**180,266,800**	180,266,800	**18,026,680**	18,026,680

17. STATUTORY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, 10% of the profit for the year before tax shall be transferred to the statutory reserve based on the recommendation of the Company's board of directors. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital. During the years ended 31 March 2019 and 2018, no transfer has been made to statutory reserve, since the Parent Company incurred accumulated losses.

18. RELATED PARTY DISCLOSURES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

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Transactions with related parties included in profit or loss are, as follows:

	Key management personnel	Associates	Total 2019	Total 2018
	KD	KD	KD	KD
Management and advisory fees	785	9,693	**10,478**	9,492

Compensation of key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows:

	Transaction values for the year ended 31 March		Balance outstanding as at 31 March	
	2019	2018	2019	2018
	KD	KD	KD	KD
Salaries and short-term benefits	**363,294**	376,200	**98,117**	89,162
Post-employment benefits	**35,297**	36,941	**125,169**	89,873
	398,591	413,141	**223,286**	179,035

19. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled. The maturity profile for financial assets at fair value through profit or loss, financial assets available for sale and investment in an associate is based on management's estimate of liquidation of those financial assets.

The maturity profile of assets and liabilities is as follows:

31 March 2019	Within 1 year KD	1 to 5 years KD	Total KD
ASSETS			
Cash and short-term deposits	2,127,423	-	2,127,423
Financial assets at fair value through profit or loss	922,818	-	922,818
Financial assets at fair value through other comprehensive income	-	2,483,121	2,483,121
Islamic finance receivable	907,527	-	907,527
Other assets	1,344,151	1,603,416	2,947,567
Investment in associates	-	772,981	772,981
Investment properties	-	6,782,725	6,782,725
Property and equipment	-	170,984	170,984
TOTAL ASSETS	5,301,919	11,813,227	17,115,146
LIABILITIES			
Islamic finance payables	141,000	1,220,067	1,361,067
Other liabilities	173,714	239,545	413,259
Employee’s end of service benefits	-	527,646	527,646
TOTAL LIABILITIES	314,714	1,987,258	2,301,972

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31 March 2018	Within 1 year KD	1 to 5 years KD	Total KD
ASSETS			
Cash and short-term deposits	871,362	-	871,362
Financial assets at fair value through profit or loss	955,817	-	955,817
Available-for-sale financial assets	-	2,837,886	2,837,886
Other assets	1,870,805	87,847	1,958,652
Investment in associates	-	978,576	978,576
Investment properties	-	8,315,301	8,315,301
Property and equipment	-	48,415	48,415
Asset held for sale	3,300,000	-	3,300,000
TOTAL ASSETS	**6,997,984**	**12,268,025**	**19,266,009**
LIABILITIES			
Islamic finance payables	411,698	1,362,594	1,774,292
Other liabilities	170,662	218,744	389,406
Employee's end of service benefits	-	431,990	431,990
TOTAL LIABILITIES	**582,360**	**2,013,328**	**2,595,688**

20. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the group's achieving profitability and each individual within the group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. Market risk is subdivided into profit rate risk, foreign currency risk and equity price risk. It is also subject to operating risks. The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the group's strategic planning process.

The Board of Directors of the Parent Company is ultimately responsible for the overall risk management approach and for approving the risk strategies and processes.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily Islamic finance receivables and other receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments (including investment in debt securities).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2019 KD	2018 KD
Bank balances and cash	2,127,423	871,362
Islamic finance receivables	907,527	-
Other assets	2,947,567	1,958,652
Assets held for sale	-	3,300,000
	5,982,517	6,130,014

Bank balances and cash

Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies. Further, the principal amounts of deposits in local banks (including saving accounts and current accounts) are guaranteed by the Central Bank of Kuwait in accordance with Law No. 30 of 2008 Concerning Guarantee of Deposits at Local Banks in the State of Kuwait which came into effect on 3 November 2008.

Impairment on bank balances and cash has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and CBK guarantee of deposits placed with local banks.

Islamic finance receivables

Definition of default

The Group considers Islamic finance receivables to be in default and therefore Stage 3 (credit impaired) for ECL calculations when:

- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held);
- the borrower is past due more than 90 days on any material credit obligation to the group; or
- borrower is considered as credit impaired based on qualitative assessment for internal credit risk Management purposes;

Any credit impaired or stressed facility that has been restructured would also be considered as in default.

The Group considers a variety of indicators that may indicate unlikeliness to pay as part of a qualitative assessment of whether a customer is in default. Such indicators include:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as default or past due event; or
- The lender having granted to the borrower a concession, that the lender would otherwise not consider, for economic or contractual reasons relating to the borrower's financial difficulty
- Borrower is deceased

The Group considers a financial asset as 'cured' (i.e. no longer be in default) and therefore reclassified out of stage 3 when it no longer meets any of the default criteria. In respect of restructured facilities which are classified in stage 3, these would be required to complete the moratorium period (if any) and meet the scheduled payments (all on current basis) for at least 1 year, or as determined by the group for consideration for classifying the facility in stage 2/stage 1.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the group assess as whether there has been a significant increase in credit risk since initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. All financial assets that are 30 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria do not indicate a significant increase in credit risk. In addition to the above quantitative criteria, the group applies qualitative criteria for the assessment of significant increase in credit risk based on monitoring of certain early warning signals.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represents the difference between cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive. The key elements in the measurement of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group estimates these elements using appropriate credit risk assumptions, nature and value of collaterals, forward-looking macro-economic scenarios, etc.

The Group calculates ECL on credit facilities classified in stage 3 at 100% of the defaulted exposure net of value of eligible collaterals after applying applicable haircuts.

PD estimation process

The probability of default (PD) is the likelihood that an obligor will default on its obligations in the future. IFRS 9 requires the use of separate PD for a 12-month duration and lifetime duration depending on the stage allocaiton of the obligor. A PD used for IFRS 9 should reflect the Group's estimate of the future asset quality. The Group utilises the internal credit stnadings of its Islamic financing customers and other measures and techniques which seek to take account of all asects of perceived risk in estimating the PD for IFRS 9. Furthermore, the Group also considers CBK's requirements on flooring of PD for credit facilities.

Exposure at default

Exposure at default (EAD) represents the amount which the obligor will owe to the group at the time of default. The group considers EAD based on CBK's guidelines on credit conversion factors to be applied on utilized portions for cash facilities.

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Loss given default

Loss given default (LGD) is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based CBK's guidelines on eligible collaterals with prescribed haircuts for determining LGD.

Risk concentrations of the maximum exposure to credit risk

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration indicates the relative sensitivity of the group's performance to developments affecting a particular industry or geographic location.

The Group's Islamic finance receivable is primarily granted to clients located in Kuwait.

The Islamic finance receivables are primarily secured against the underlying assets like real estate properties, securities and motor vehicles. Additional collaterals may be requested.

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values. The effect of collateral and other risk mitigation techniques is shown below.

Collateral and other credit enhancements

The Group can liquidate the collateral in case of default by the borrower in accordance with the agreements entered with the borrowers. The Group has an obligation to return the collateral on the settlement of the receivable.

Credit quality for class of financial assets

The Group has a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.
The Group manages credit quality by ensuring that all loans granted have a minumum collateral coverage of 100% of the individual loans granted to the Group's clients, which management reviews on a regular basis.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, Parent Company's management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of bank balances and cash and readily marketable securities.

The liquidity profile of financial liabilities reflects the projected cash flows, based on contractual repayment obligations, which include future profit payments over the life of these financial liabilities.

The liquidity profile of undiscounted financial liabilities at 31 March was as follows:

	1 to 3 months	3 to 12 months	Over one year	Total
	KD	KD	KD	KD
2019				
Islamic finance payables	54,706	164,117	1,450,832	1,669,655
Other liabilities (excluding rent received in advance)	72,889	66,437	239,545	378,871
	127,595	230,554	1,690,377	2,048,526
2018				
Islamic finance payable	353,615	152,140	1,726,570	2,232,325
Other liabilities (excluding rent received in advance)	73,714	77,606	218,744	370,064
	427,329	229,746	1,945,314	2,602,389

Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market prices. Market risk is managed on the basis of pre-determined asset allocations across various asset categories, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

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Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future cash flows or the fair values of financial instruments. The Group is not exposed to profit rate risk as the Group's profit bearing assets and liabilities carry profit at fixed rates.

Equity price risk

Equity price risk arises from the change in fair values of equity investments. The Group manages this risk through diversification of investments.

The effect on the Group's results for the year (as a result of a change in the fair value of investments at fair value through profit or loss) due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	31 March 2019		31 March 2018	
Market indices	**Change in equity price**	**Effect on the results of the year**	**Change in equity price**	**Effect on the results of the year**
	%	**KD**	**%**	**KD**
Kuwait	**5%**	**4,788**	+5	3,308
GCC	**5%**	**11,279**	+5	9,580
Others	**5%**	**30,074**	+5	34,338

The effect of decrease in equity price percentage is expected to be equal and opposite to the effect of the increases shown above.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk is managed on the basis of limits determined by the Parent Company's Board of Directors and a continuous assessment of the Group's open positions and current and expected exchange rate movements. The Group does not engage in foreign exchange trading and where necessary matches currency exposures inherent in certain assets with liabilities in the same or a correlated currency.

The effect on results for the year (due to change in the fair value of monetary assets and liabilities) and on other comprehensive income, as a result of change in currency rate of foreign operations, with all other variables held constant is shown below:

	31 March 2019			31 March 2018		
	Change in currency rate	Effect on profit or loss	Effect on OCI	Change in currency rate	Effect on profit or loss	Effect on OCI
Currency	%	KD	KD	%	KD	KD
US Dollar	+5	46,526	2,418	+5	9,236	10,675
AED	+5	(15,662)	53,097	+5	46,904	40,952
Bahraini Dinar	+5	103	25,809	+5	103	24,168
GBP	+5	13,062	25,028	+5	24,499	44,949
SAR	+5	10,315	-	+5	-	-
Qatar	+5	3,369	-	+5	-	-
CHF	+5	1,438	-	+5	-	-
EURO	+5	4,914	-	+5	-	-

An equivalent decrease would have resulted in an equal but opposite effect on the accounts shown above, on the basis that other variables remain constant.

21. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.
To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies or processes for managing capital during the years ended 31 March 2019 and 2018.

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The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio at acceptable levels. The Group includes within net debt, Islamic finance payables and other liabilities, less bank balances and cash.

	2019 KD	2018 KD
Islamic finance payables	1,361,067	1,774,292
Other liabilities	413,259	389,406
Less: Bank balances and cash	(2,127,423)	(871,362)
Net debt	(353,097)	1,292,336
Equity attributable to the equity holders of the Parent Company	14,800,756	16,655,321
Capital and net debt	14,447,659	17,947,657
Gearing ratio	-	7%

22. FAIR VALUE MEASUREMENT

The Group measures financial assets such as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and non-financial assets such as investment properties, at fair value at each reporting date.

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.

A 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.

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 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 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value 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.

The Group's management determines the policies and procedures for recurring fair value measurement, such as investment properties, leasehold properties and equity investments.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether

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professional standards are maintained and valuation requirements set out by CMA. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

Set out below that are a summary of financial instruments and non-financial assets measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

	2019 KD	2018 KD
Financial instruments		
Investment securities (at fair value)		
Quoted equity securities	922,818	944,517
Unquoted equity securities	2,483,121	2,737,346
Unquoted funds	-	111,840
	3,405,939	3,793,703

	2019 KD	2018 KD
Non-financial assets		
Investment properties	6,782,725	8,315,301
	6,782,725	8,315,301

Management assessed that the fair value of the following financial assets and liabilities approximate their carrying amounts:

- Bank balances and cash
- Other assets
- Islamic finance receivables
- Islamic finance payables
- Other liabilities

Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values:

Listed investment in equity securities

Fair values of publicly traded equity securities are based on quoted market prices in an active market for identical assets without any adjustments. The Group classifies the fair value of these investments as Level 1 of the hierarchy.

Unlisted equity investments

The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group determines the fair value of its investment based on its share of the net book value of each investee company, since the underlying assets of these investee companies are investment properties that are measured at fair value at the reporting date using valuation methods consistent with the principles in IFRS 13 'Fair Value Measurement'. The Group classifies the fair value of these investments as Level 3.

Unquoted funds

The Group invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods. The management considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the net asset value (NAV) of these investee funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the investee fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the investee fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the investee fund, the Group classifies these funds as Level 2.

Investment properties

The fair value of investment properties is determined based on valuations carried out by independent registered real estate appraisers using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property. Fair value using the income capitlisation method is estimated based on the normalised net operating income generated by the property, which is divided by

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the capitalisation (discount) rate. Under the market comparison approach, fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square meter ('sqm').

Financial instruments

Fair value hierarchy

The following tables provide the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

		Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Total	(Level 1)	(Level 2)	(Level 3)
31 March 2019	KD	KD	KD	KD
Financial assets at fair value through profit or loss	922,818	922,818	-	-
Financial assets at fair value through other comprehensive income	2,483,121	-	-	2,483,121
	3,405,939	922,818	-	2,483,121

		Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Total	(Level 1)	(Level 2)	(Level 3)
31 March 2018	KD	KD	KD	KD
Available-for-sale financial assets	111,840	-	111,840	-
Financial assets at fair value through profit or loss	944,517	944,517	-	-
	1,056,357	944,517	111,840	-

The above table does not include certain available-for-sale financial assets with a carrying value of KD 2,726,046 as at 31 March 2018, that are accounted at cost (in accordance with IAS 39), and for which disclosure of fair value is not provided because fair value cannot be measured reliably.

There were no transfers between any levels of the fair value hierarchy during 2019 or 2018.

Description of significant unobservable inputs to valuation

	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity securities	Market approach	DLOM *	40%	Increase (decrease) in the discount would decrease (increase) the fair value.

* *Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.*

Reconciliation of recurring fair value measurements of unquoted equity securities categorised within Level 3 of the fair value hierarchy:

	Financial assets at FVOCI KD	Total KD
As at 1 April 2018	-	-
IFRS 9 transition adjustment	2,783,716	2,783,716
Remeasurement recognised in OCI	91,916	91,916
Purchases/ sales (net)	(392,511)	(392,511)
As at 31 March 2019	2,483,121	2,483,121

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Non-financial assets

The following tables provide the fair value measurement hierarchy of the Group's non-financial assets:

		Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Total	(Level 1)	(Level 2)	(Level 3)
31 March 2019	KD	KD	KD	KD
Investment properties	6,742,580	-	1,235,271	5,507,309
31 March 2018				
Investment properties	8,275,744	-	1,454,810	6,820,934

Reconciliation of fair value measurement of investment properties categorised within Level 3 of the fair value hierarchy:

	2019	2018
	KD	KD
At 1 April	6,820,701	7,320,563
Fair value remeasurement recognised in profit or loss	(1,313,392)	(499,862)
At 31 March	5,507,309	6,820,701

Investment properties

Investment properties have been valued based on valuations by valuers who hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment properties being valued. The valuation reflects market conditions at the reporting date with gap of no more than two months.

Property under development

Property under development is valued using the sales comparison approach. Sales comparison approach is based on a comparison of active market prices for similar properties and recent arm's length market transactions, adjusted for difference in the nature, location or condition of the specific property.

Developed properties

Developed properties are valued using the income capitalisation approach, which is based on capitalization of the discounted annual cash flows from the property, which is calculated by discounting rental income generated annually by the property using the current market discount rate.

23. FIDUCARY ASSESTS

The Group manages portfolios on behalf of customers, which are not included in the consolidated statement of financial position. The aggregate value of assets held in a fiduciary capacity by the Group at 31 March 2019 amounted to KD 15.49 million (31 March 2018: 20.31 million). Fiduciary assets include an amount of KD 15,490 thousand (31 March 2018: 20,311) attributable to related parties.

Fees and commission income include fees of KD 133,658 (31 March 2018: KD 89,554) arising from trust and fiduciary activities.