RASAMEEL

ANNUAL REPORT 2017

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

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

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2017

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Board of Directors

Dr. Fahed M. F. Al Rashed	Chairman
Mr. Gerard Snabian	Vice Chairman
Mr. Samir A. Algharaballi	Executive Director & Board Member
Mr. Abdulaziz M. Al Anjeri	Board Member
Mrs. Hanan Y. A. Yousef	Board Member
Mr. Mohammad H. Al Refai	Board Member
Mr. Mohammad T. A. Bin Sultan	Board Member
Mr. Haytham S. Al Khaled	Board Member

Sharia Supervisory Board

Sh./Dr. Abdulaziz Khalifa Al Qassar	Chairman
Sh./Dr. Issam KHalaf Al Anzi	Member
Sh./Dr. Ali Ibrahim Al Rashed	Member

Board of Directors Report

Dear shareholders,

On behalf of myself and the members of the Board of Directors of Rasameel Investment Company, I have the pleasure to welcome you to our Annual General Assembly meeting. This is the second ordinary meeting following the change in the company's ownership and its financial and administrative restructure. This report reviews the company's performance for its financial year ended in 31st of March 2017, preceded by a review of the changes in the general operating environment.

Most of the year 2016 was not good for the general business environment. The global economic growth fell from 3.4% in 2015 to 3.1% in 2016 according to IMF estimates. Growth rates for most GCC countries fell to about 2.7% for the best performers and to 1.4% for the most affected economies. At the global level, uncertainty has increased especially with the British people's referendum on quitting the European Union by the middle of the year. While the polls favored voting for maintaining Britain's membership in the European Union, the referendum came in favor of the Brexit. That negative event coincided with unprecedented heated debates and divisions in the US presidential election. Contrary to expectations, Donald Trump won and became the 45th president of the United Stated of America. This has created doubts about the future of the EU and its single currency. President Trump's victory has also casted a shadow over global relations and agreements, and doubts about China's economic performance due to China's high debt and related risks have also increased this uncertainty environment.

At the regional level, the sharp drop in oil prices, which hit their lowest level in January of 2016, coincided with the Brent crude price falling to around $30.70 as a result of geopolitical violence and the strong disagreement over production quotas among traditional oil producers. The fear from a sharp drop in oil prices by less than half of the conventional oil producers' balance persisted for about 9 months. Oil producers have reached an agreement to control their production in November, which led to a rise in the oil prices in December 2016 to about US $53.29, a 77% rise compared to the prices of January 2016.

The shock of the British referendum results and the emergence of indicators in the United States on the prevalence of institutional decisions over Trump's presidential campaign vision and promises were followed by a financial improvement in the region's countries. This improvement has resulted from the oil prices increase and the economic and financial reforms of the economic programs of these countries leading to an improvement in the operating climate between November 2016 and March 2017. By the end of 2016, the financial markets of the six Gulf countries achieved gains, the highest was for Dubai's market with a growth rate of 12.1%, while most other markets achieved gains ranging between 7% in Muscat Market and 4% in Bahrain. Kuwait and Qatar's markets had slight losses of -0.4% and -0.1% respectively.

Rasameel Investment Company has been affected by the local market's negative performance and the increasingly hard general operating environment. The company tried very professionally to deal with these difficulties at the levels of both the international and regional markets. The company has taken into consideration for example the possibility that the worst scenario for the British referendum, which is the exit from the European Union, could happen. Therefore, it has focused its investments there on the companies that export most of their production to benefit from the preferential price of products in the event of a decline in the Sterling pound's exchange rate. The company has invested as well in the British market when the Sterling pound hit its lowest levels. In the United States, the company tried to capitalize on the policies of President Trump, who is committed to giving the US producer absolute preference, with a promise to cut taxes and spend heavily on modernizing infrastructure. In the Gulf region, the company liquidated its unearned or low-income investments and attributed its proceeds to better investments, even with short-term losses.

In order to achieve its goal of mobilizing the largest amount of customer funds, the company had to adopt an investment strategy that meets the objectives of its customers. This strategy aims at ensuring a steady quarterly income with low risk, or a mix of steady income with a value growth with acceptable risks, or going along with customers' preferences in terms of currencies, geography and sectors. The company's management has therefore sought to understand the future potential performance of different economies, markets and sectors and has introduced new and successful products to its customers in order to emphasize its ability to harmonize intensive efforts to internal restructuring, along with keeping pace with customers' requirements. This strategy has reflected in an early success. In fact, the financial performance of the company, despite the difficulty of the general operating environment, was in line with the expectations at the beginning of the restructuring phase, and the progress in performance was clear when comparing the financial years 2015/2016 and 2016/2017.

In the financial year ended March 31, 2017, the company achieved total revenues of KD 3,769,974, compared to a six-fold revenue level of KD 644,398 for the financial year ended March 31, 2016. The company has reevaluated many of its real estate investments at their minimum and fair value and incurred losses, but has achieved a slight KD 124,455 profit in the financial year ended 31 March, 2017. In other words, the company's results has outperformed the balance between its business plan's target revenues and expenditures. The company had lost KD 4,392,931 for the 2015/2016 financial year. The Company held an extraordinary general assembly during the 2016/2017 financial year, and reduced its capital by 14% from KD 21 million to KD 18,126,680 to amortize the revaluation losses and to start operating on the fair value of its assets.

The company's assets on 31 March, 2017 amounted to KD 21,669,276, down from KD 22,461,666 in March 2016, to assimilate the capital's decrease by reducing losses. The total liabilities decreased by 17% compared to March 31, 2016 and the shareholders' equity stood at KD 18,196,923 million close to its 31 March 2016 level 18,271,536. As a result of decreasing the company's capital the share's book value increased to approximately 101 fils, compared to a book value of 87 fils in 31 March, 2016.

In conclusion, the financial and administrative restructuring of the company has ended in March 2017. However, the restructuring efforts and the difficult operating environment did not prevent the company's management from studying and marketing good investment products for the benefit of its customers and did not negatively affect the company's performance expectations at the beginning of restructuring efforts. The credit for this performance goes to the good efforts exerted by the company's executive management, which deserves appreciation and thanks, as well as to the support received from its shareholders and customer base. I would like also to express my gratitude to all my colleagues in the Board of Directors for their efforts in formulating and monitoring the implementation of the company's strategy and policies.

Fahed Muhammad Al Rashed
Chairman of Board of Directors

بسم الله الرحمن الرحيم

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

لقد راقبنا المبادئ المستخدمة والعقود المتعلقة بالمعاملات والتطبيقات التي طرحتها المؤسسة خلال الفترة المنتهية في 31 مارس2017م، ومدى التزام المؤسسة بأحكام ومبادئ الشريعة الإسلامية وكذلك بالفتاوى والقرارات والإرشادات المحددة التي تم إصدارها من قبلنا.

تقع مسئولية التأكد من أن المؤسسة تعمل وفقاً لأحكام ومبادئ الشريعة الإسلامية على الإدارة، أما مسئوليتنا فتنحصر في إبداء رأي مستقل بناء على مراقبتنا لعمليات المؤسسة، وفي إعداد تقرير لكم.
لقد قمنا بمراقبتنا التي اشتملت على فحص التوثيق والإجراءات المتبعة من المؤسسة على أساس اختبار كل نوع من أنواع العمليات.

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

- أن العقود والعمليات والمعاملات التي أبرمتها الشركة خلال السنة المنتهية في 31 مارس 2017م، التي 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

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RASAMEEL INVESTMENT COMPANY K.S.C. (CLOSED) (FORMERLY RASAMEEL STRUCTURED FINANCE 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) (Formerly Rasameel Structured Finance 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 2017, and the consolidated statement of income, 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2017, 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, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 March 2017 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 1,911,474 (2016: KD 2,071,458) in violation of the Parent Company's Memorandum of Incorporation.

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 2017 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL-OSAIMI
LICENCE NO. 68 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

14 June 2017
Kuwait

Consolidated Statement of Income

For the year ended 31 March 2017

	Notes	2017 KD	2016 KD
INCOME			
Management and advisory fees		452,374	77,901
Islamic Finance income		58,139	59,716
Investment income (loss)	3	471,930	(56,762)
Investment properties income (loss)	4	1,059,299	(2,843,512)
Share of result of associates and a joint venture	10&11	292,733	354,932
Loss on sale of investment in an associate	10	(561,487)	-
Gain on sale of subsidiaries	20	40,500	-
Gain on sale of property and equipment		44,159	79,287
Revenue from vehicles rental		1,777,374	1,695,500
Foreign exchange gain (loss)		35,445	(11,460)
Other income		99,508	-
Net income (loss)		**3,769,974**	**(644,398)**
EXPENSES			
Cost of vehicles rental		1,060,846	952,716
General and administrative expenses	5	2,293,116	2,396,618
Properties management and maintenance charges		291,988	321,863
Islamic finance costs		183,260	141,497
Reversal of impairment of Islamic financing receivables	6	(22,861)	(64,161)
Provision no longer required	6	(163,982)	-
Total expenses		**3,642,367**	**3,748,533**
PROFIT (LOSS) FOR THE YEAR BEFORE CONTRIBUTION TO KFAS AND ZAKAT		127,607	(4,392,931)
Provision for contribution to Kuwait Foundation for Advancement of Science (KFAS)		(1,148)	-
Provision for Zakat		(2,004)	-
PROFIT (LOSS) FOR THE YEAR		**124,455**	**(4,392,931)**

The attached notes 1 to 24 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2017

	Notes	2017 KD	2016 KD
Profit (loss) for the year		124,455	(4,392,931)
Other comprehensive (loss) income			
Other comprehensive (loss) income that are or may be reclassified to consolidated statement of income in subsequent periods:			
Exchange difference on translation of foreign operations		(49,108)	10,221
Foreign currency translation recycled to consolidated statement of income on sale of an associate	10	(149,960)	-
Other comprehensive (loss) income for the year		(199,068)	10,221
Total comprehensive loss for the year		(74,613)	(4,382,710)

The attached notes 1 to 24 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2017

	Notes	2017 KD	2016 KD
ASSETS			
Bank balances and cash		1,874,133	2,368,110
Financial assets at fair value through profit or loss	7	447,564	-
Other assets	8	2,763,030	925,691
Financial assets available for sale	9	1,814,021	1,208,829
Investment in associates and a joint venture	10&11	1,423,083	2,024,668
Investment properties	12	8,974,942	8,806,866
Property and equipment	13	4,372,503	4,938,425
Asset held for sale	11	-	2,189,077
TOTAL ASSETS		**21,669,276**	**22,461,666**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	18,026,680	21,000,000
Statutory reserve	15	12,761	148,297
Share options reserve	16	7,510	7,510
Foreign currency translation reserve		38,278	237,346
Retained earnings (accumulated losses)		111,694	(3,121,617)
Total equity		**18,196,923**	**18,271,536**
Liabilities			
Islamic finance payables	17	2,595,735	2,891,955
Other liabilities	18	555,290	1,049,635
Employees' end of service benefits		321,328	248,540
Total liabilities		**3,472,353**	**4,190,130**
TOTAL EQUITY AND LIABILITIES		**21,669,276**	**22,461,666**

Gerard Snabian
Vice Chairman

The attached notes 1 to 24 form part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 March 2017

	Share capital KD	Statutory reserve KD	Share options reserve KD	Foreign currency translation reserve KD	Retained earnings (accumulated losses) KD	Total KD
As at 1 April 2016	21,000,000	148,297	7,510	237,346	(3,121,617)	18,271,536
Profit for the year	-	-	-	-	124,455	124,455
Other comprehensive loss for the year	-	-	-	(199,068)	-	(199,068)
Total comprehensive (loss) income for the year	-	-	-	(199,068)	124,455	(74,613)
Write-off of accumulated losses (Note 14)	(2,973,320)	(148,297)	-	-	3,121,617	-
Transfer to statutory reserve	-	12,761	-	-	(12,761)	-
As at 31 March 2017	**18,026,680**	**12,761**	**7,510**	**38,278**	**111,694**	**18,196,923**
As at 1 April 2015	21,000,000	148,297	7,510	227,125	1,271,314	22,654,246
Loss for the year	-	-	-	-	(4,392,931)	(4,392,931)
Other comprehensive income for the year	-	-	-	10,221	-	10,221
Total comprehensive income (loss) for the year	-	-	-	10,221	(4,392,931)	(4,382,710)
As at 31 March 2016	**21,000,000**	**148,297**	**7,510**	**237,346**	**(3,121,617)**	**18,271,536**

The attached notes 1 to 24 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	31 March 2017 KD	2016 KD
OPERATING ACTIVITIES			
Profit (loss) for the year before KFAS and Zakat		127,607	(4,392,931)
Adjustments to reconcile profit (loss) for the year to net cash flows:			
Net investment (income) loss	3	(471,930)	56,762
Unrealised (gain) loss on revaluation of investment properties	4	(168,076)	3,728,204
Gain from sale of investment properties	4	-	(4,913)
Share of results of associates and a joint venture	10&11	(292,733)	(354,932)
Loss on sale of an associate	10	561,487	-
Gain on sale of property and equipment		(44,159)	(79,287)
Gain on sale of subsidiaries	20	(40,500)	-
Foreign exchange (gain) loss		(35,445)	11,460
Depreciation	13	1,106,156	986,188
Provision for employees' end of service benefits		217,873	117,270
Islamic finance costs		183,260	141,497
Reversal of impairment of Islamic financing receivables	6	(22,861)	(64,161)
Provision no longer required	6	(163,982)	-
		956,697	145,157
Working capital changes:			
Islamic financing receivables	6	22,861	115,328
Investments at fair value through profit or loss		(423,283)	258,984
Other assets		(666,137)	116,956
Other liabilities		(341,919)	(72,463)
Cash flows (used in) from operating activities		(451,781)	563,962
Employees' end of service benefits paid		(145,085)	(245,376)
Net cash flows (used in) from operating activities		(596,866)	318,586

The attached notes 1 to 24 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows *(continued)*

For the year ended 31 March 2017

	Notes	31 March 2017 KD	2016 KD
INVESTING ACTIVITIES			
Purchase of financial assets available for sale		(605,192)	-
Proceeds from redemption of financial assets available for sale		-	25,840
Purchase of investment in associates	10	(1,427,579)	-
Proceeds from sale of investment in an associate	10	1,447,298	-
Dividend received from associates	10	38,182	-
Investment in a joint venture	11	-	(629,171)
Proceeds from partial redemption of investment in a joint venture	11	1,169,338	888,408
Additions to investment properties		-	(55,728)
Proceeds from sale of investment properties		-	161,266
Purchase of property and equipment	13	(1,635,355)	(2,772,375)
Proceeds from sale of property and equipment	13	1,139,280	994,970
Proceeds from sale of subsidiaries	20	40,500	-
Proceeds from redemption of held to maturity investments	3	328,098	227,743
Income from investment deposits and saving accounts	3	3,518	32,288
Dividend received		84,281	14,000
Net cash flows from (used in) investing activities		582,369	(1,112,759)
FINANCING ACTIVITIES			
Proceeds from Islamic finance payables		261,958	1,273,550
Repayment of Islamic finance payables		(558,178)	(196,177)
Finance costs paid		(183,260)	(141,497)
Net cash flows (used in) from financing activities		(479,480)	935,876
NET (DECREASE) INCREASE IN BANK BALANCES AND CASH		**(493,977)**	**141,703**
Bank balances and cash as at 1 April		2,368,110	2,226,407
BANK BALANCES AND CASH AS AT 31 MARCH		**1,874,133**	**2,368,110**

The attached notes 1 to 24 form part of these consolidated financial statements.

1. INCORPORATION AND ACTIVITIES

The consolidated financial statements of Rasameel Investment Company K.S.C. (Closed) (Formerly Rasameel Structured Finance Company K.S.C. (Closed)) (the "Parent Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2017 were authorised for issuance in accordance with a resolution of the Parent Company's board of directors on 14 June 2017. The Annual General Meeting of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

The Annual General Meeting of the shareholders of the Parent Company held on 9 January 2017 approved the consolidated financial statements for the year ended 31 March 2016.

The extraordinary general meeting of the Parent Company's shareholders held on 9 January 2017 and resolved to change the name of the Parent Company from "Rasameel Structured Finance Company K.S.C. (Closed)" to "Rasameel Investment Company K.S.C. (Closed)". The Parent Company's Commercial Registration No. 111611, amended on 9 February 2017 to reflect this change.

The Parent Company is a closed shareholding company incorporated in the State of Kuwait on 4 January 2006. The Parent Company is engaged in the following activities:

- 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 to invest in various sectors inside and outside the State of Kuwait in accordance with the provisions of the Islamic Sharea'a; and
- Providing and preparing studies and technical, economic and valuation consultancy.

The subsidiaries are engaged in the activities of sale, purchase, manage, develop, rent and lease of real estate properties and lands and purchase, sale and leasing of motor vehicles. The details of the subsidiaries are set out in Note 2.2.

The Parent Company is regulated by the Central Bank of Kuwait and the Capital Market

Authority. All activities of the Group are performed according to the instructions of the Islamic Sharea'a as approved by the Fatwa and Sharea'a Supervisory Board of the Parent Company.

The registered office of the Parent Company is located at the 13th Floor, Ahmad Tower, Gulf Road, Dasman, Sharq, and P.O. Box 4915, Safat 13050, State of Kuwait.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 which cancelled the Companies Law No 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 November 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016 which cancelled the Executive Regulations of Law No. 25 of 2012.

2.1 BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (CBK). These regulations include a requirement by the CBK for adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for a collective impairment provision, which has been replaced by the CBK's requirement for a minimum general provision.

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

Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention except for the measurement at fair value of financial assets at fair value through profit or loss, financial assets available for sale and investment properties.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 March 2017.

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)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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 statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The Group has no non-controlling interest, the profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company. 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 recognised at fair value.

The subsidiaries of the Group are as follows:

Name of the company	Total interest in equity % 2017	Total interest in equity % 2016	Principal activities/ type	Country of incorporation
Rasameel Arabian Holding K.S.C.C. [b]	-	60	Holding company	Kuwait
Rasameel International for Credit Facilities W.L.L. [a]	98	98	Credit facilities	Kuwait
Rasameel International Holding K.S.C.C. [a]	99	60	Holding company	Kuwait
Rasameel Global Holding Company K.S.C.C. [b]	-	96	Holding company	Kuwait
Haikala for Economical Studies Company W.L.L. [b]	-	50	Consultancy services	Kuwait
Haikala Holding W.L.L. [a]	99	99	Holding company	Bahrain
Rasameel Structuring and General Trading Company L.L.C. [a]	99	99	General trading	UAE
Rasameel Investment House Limited (Formerly Rasameel Investment Bank Limited)	100	100	Consultancy services and investment business	UAE
Rasameel Motors for General Trading & Contracting W.L.L. [a]	99	99	General trading and contracting	Kuwait
Rasameel for Credit Facilities W.L.L. [c]	-	99	Credit facilities	Kuwait
Rasameel International Real Estate Company K.S.C.C. [a]	90	60	Real Estate investments	Kuwait

(a) The Group effectively owns 100% equity interest in these entities. Accordingly, the consolidated financial statements have been prepared on this basis. The ownership of remaining equity interest of each subsidiary is inter-owned by the subsidiaries.

(b) During the year, the Group sold these subsidiaries (Note 20).

(c) During the year, the Group liquidated this subsidiary.

2.3 CHANGE IN ACCOUNTING POLICIES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amended IFRS recently issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 1 April 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 1 Disclosure Initiative
The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement of income and statement of other comprehensive income "OCI" and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements;
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to statement of income.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of income and OCI. These amendments do not have any impact on the Group.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt those standards, if applicable, when they become effective. However, the Group expects no significant impact from the adoption of these standards on its financial position or performance.

IFRS 9 Financial Instruments
The IASB issued IFRS 9 - Financial Instruments in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial assets. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of this standard will have an effect on the classification and measurement of Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Group is in the process of quantifying the impact of this standard on the Group's consolidated financial statements, when adopted.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

IAS 7 Disclosure Initiative – Amendments to IAS 7
The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group. The Group is currently evaluation the impact.

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 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

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, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed 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 swaps and profit rate contracts in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through the consolidated statement of income.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in the consolidated statement of income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment, excluding discounts and rebates. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognised:

- Management, arrangement and advisory fees are recognised when earned upon the performance of the services.
- Islamic financing income are recognised on a time proportion basis so as to yield a constant periodic rate of return based on the net balance outstanding.
- Dividend income is recognised when the Group's right to receive payment is established.
- Revenue from saving accounts are recognised as the profit accrues.
- Gain from the sale of properties is recognised when the significant risks and rewards of ownership have passed to the buyer and the amount of revenue can be measured reliably.
- Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.
- Revenue from vehicles rental arising from operating leases on vehicles is accounted for on a straight-line basis over the lease terms.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the 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 or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. 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.

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 Group calculates the contribution to KFAS at 1% of profit for the year before contribution to Zakat and Directors' remuneration in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the transfer to statutory reserve and accumulated losses brought forward 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 before contribution to KFAS and Directors' remuneration in accordance with the Ministry of Finance resolution No. 58/2007.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, accounts receivable, or financial assets available for sale, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way purchases) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include bank balances and cash, Islamic financing receivables, financial assets at fair value through profit or loss, other assets and financial assets available for sale.

Subsequent measurement

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

Bank balances and cash

Bank balances and cash are defined as bank balances and cash held with a financial institution.

Islamic financing receivables

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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets are designated at fair value through profit or loss at their initial recognition date and only if the criteria under IAS 39 are satisfied.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of income.

The Group evaluates its financial assets held for trading to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification to loans and receivables, available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

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.

Financial assets available for sale
Financial assets available for sale include equity. Equity investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

Financial assets available for sale are initially recognised at cost (including transaction costs associated with the acquisition of the investment) and after initial measurement, financial assets available for sale are subsequently measured at fair value with unrealised gains or losses recognised as cumulative changes in fair value in other comprehensive income until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss is removed from the cumulative changes in fair value reserve and recognised in the consolidated statement of income. Financial assets whose fair value cannot be reliably measured are stated as cost less impairment losses, if any.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the

Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment and uncollectibility of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors 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 arrears or economic conditions that correlate with defaults.

Financial assets available for sale
For financial assets available for sale, the Group assesses at each reporting date whether there is objective evidence that an investment or a Group of investments may be impaired.

In the case of equity investments classified as financial assets available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income – is removed from cumulative changes in fair value and recognised in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; an increase in their fair value after impairment loss is recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include islamic finance payable and other liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Islamic finance payables

Islamic finance payables represents financing agreements whereby the Group takes certain amount of cash from other parties, and invests it according to specific conditions in return for certain fee (percentage of the amount invested). Finance charges are accounted on a time proportion basis.

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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

Fair values

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

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

The principal or the most advantageous market must be accessible 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.

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 carried at cost.

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 24.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Investment in associates and a joint venture
An associate is an entity in 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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investment in its associates and a joint venture is accounted for using the equity method.

Under the equity method, the investment in associates or a joint venture 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 or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of income reflects the share of the results of operations of the associate and joint venture. Where there has been a change recognised directly in the equity of the associates or a joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The financial statements of the associate and joint venture are prepared on different reporting date, which are not more than three months, from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. The associate's and joint venture's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in the impairment in the consolidated statement of income.

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

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
• Leased motor vehicles	Shorter of lease term or 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.

Assets held for sale

Assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of the income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit, even when the Group retains a non controlling interest in the subsidiary after the sale. The resulting profit or loss is reported separately in the consolidated statement of income.

Non-current assets classified as held for sale are not depreciated or amortised.

Employees' end of service benefits

Provision is made for amounts payable to employees under the Kuwaiti Labour Law, employee contracts and applicable labour laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its national employees, the Parent Company makes contributions to Public Institution for Social Security calculated as a percentage of the employees' salaries. The Parent Company 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 consolidated statement of income 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 consolidated statement of income.

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 income 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 the consolidated statement of income.

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management 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 on the amounts recognised in the consolidated financial statements:

Classification of investments
Management decides on acquisition of an investment whether it should be classified as held for trading, designated at fair value through profit or loss, or available for sale.

The Group classifies investments as trading if they are acquired primarily for the purpose of making a short term profit by the dealers.

Classification of investments as designated at fair value through profit or loss depends on how management monitors the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported in the regular management accounts, they are classified as at fair value through profit or loss.
All other investments are classified as financial assets available for sale.

Classification of real estate
Management decides on acquisition of a developed and under development property whether it should be classified as investment property, trading property or property and equipment.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business. The Group classifies property as investment property if it is acquired or developed for generating rental income or for capital appreciation, or for undetermined future use. The Group classifies property as property and equipment when it is acquired for owner occupation.

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 available for sale

The Group treats equity financial assets available for sale as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgement. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities, the future cash flows, and the discount factors for unquoted equities.

Impairment of associates and a joint venture

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

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;

- earnings multiple or industry specific earnings multiple;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. There are a number of investments where this estimation cannot be reliably determined. As a result, these investments are carried at cost less impairment, if any (see Note 9).

Valuation of investment properties
Independent real estate valuation experts using recognised valuation techniques determine the fair value of investment property. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group's property.

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.

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. INVESTMENT INCOME (LOSS)

	2017 KD	2016 KD
Unrealised gain on financial assets at fair value through profit or loss	10,790	-
Realised gain on sale of financial assets at fair value through profit or loss	13,491	3,990
Realised loss on sale of financial assets available for sale	-	(31,984)
Gain on redemption of held to maturity investment *	386,530	227,743
Impairment loss on financial assets available for sale	-	(329,479)
Dividend income	57,601	40,680
Income from investment deposits and saving accounts	3,518	32,288
	471,930	**(56,762)**

* *In prior years, the Group had an investment classified as held to maturity of KD 864,715, which represented Islamic Sukuk. The Sukuk initially matured on 2011 and the repayment of the investment was extended to May 2012. Due to the default by the Sukuk issuer, the Group had recorded full impairment against the investment of KD 864,715 in the consolidated statement of income during the year ended 31 March 2013.*

Subsequently, during the year ended 31 March 2016, the management of the Group entered into a settlement agreement with the Sukuk issuer and agreed to new terms for settlement. Accordingly, the Group received a partial redemption during the current year of KD 328,098 (2016: KD 227,743) and subsequent to the reporting date, an additional redemption of KD 58,432 was received. Accordingly, the Group has recognised total gain of KD 386,530 (2016: KD 227,743) as a gain on redemption of held to maturity investment in the consolidated statement of income.

4. INVESTMENT PROPERTIES INCOME (LOSS)

	2017	2016
	KD	KD
Rental income	891,223	879,779
Unrealised gain (loss) on revaluation of investment properties (Note 12)	168,076	(3,728,204)
Realised gain on sale of investment properties	-	4,913
	1,059,299	**(2,843,512)**

5. GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
	KD	KD
Staff costs and benefits	1,482,923	1,540,128
Rent expenses	182,529	146,925
Depreciation (Note 13)	45,310	33,472
Portfolio management and collection charges	2,068	8,864
Professional and legal fees	58,507	148,011
Other expenses	521,779	519,218
	2,293,116	**2,396,618**

6. ISLAMIC FINANCING RECEIVABLES

The movement of Islamic financing receivables during the year was as follows:

	2017 KD	2016 KD
At the beginning of the year	220,377	2,671,459
Islamic finance receivables repaid	(22,861)	(115,328)
Transferred to a joint venture (Note 11)	-	(2,335,754)
At the end of the year	197,516	220,377

As at 31 March 2017, Islamic finance receivables at nominal value of KD 197,516 (2016: KD 220,377) were past due or impaired.

Movements in the general and specific provisions for impairment losses of Islamic financing receivables were as follows:

	General		Specific		Total	
	2017 KD	2016 KD	2017 KD	2016 KD	2017 KD	2016 KD
At the beginning of the year	-	165,732	220,377	282,788	220,377	448,520
Reversed during the year	-	(1,750)	(22,861)	(62,411)	(22,861)	(64,161)
Provision reclassified (Note 18)*	-	(163,982)	-	-	-	(163,982)
At the end of the year	-	-	197,516	220,377	197,516	220,377

* *During the year ended 31 March 2016, the Group contributed for its equity interest of 50% in Rasameel Auto Lease 1 (joint venture), through the transfer of Murabaha finance receivables of KD 2,335,754 (contribution in kind) and transfer of cash consideration of KD 629,171 (Note 11). In compliance with the Central Bank of Kuwait's instructions, the Group has provided a general provision of KD 140,000 and an additional provision of KD 23,982 for Murabaha finance receivables balance transferred to a joint venture. As a result, the Group reclassified the total provision of KD 163,982 related to the Murabaha financing receivables to other liabilities within the consolidated statement of financial position.*

During the year ended 31 March 2017, the joint venture has collected in full the above Murabaha finance receivables and the Group has fully redeemed its interest in the joint venture. Consequently, the Central Bank of Kuwait has approved the reversal of the general provision of KD 163,982. Accordingly, the Group has recognised the reversal of provision in consolidated statement of income as provision no longer required.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	KD	KD
Financial assets held for trading:		
Local quoted securities	26,965	-
Local unquoted securities	11,300	
Foreign managed portfolios	409,299	-
	447,564	**-**

8. OTHER ASSETS

	2017	2016
	KD	KD
Vehicle lease receivables	670,502	318,045
Receivable from redemption of interest in a joint venture (Note 19)*	1,139,450	-
Amounts due from related parties (Note 19)	40,292	-
Accrued income	161,852	131,073
Staff receivable	19,524	42,085
Advance, deposit and prepayments	92,047	309,066
Other receivables	639,363	125,422
	2,763,030	**925,691**

* *Receivables from redemption of interest in a joint venture were collected in full subsequent to the reporting date (Note 11).*

9. FINANCIAL ASSETS AVAILABLE FOR SALE

	2017 KD	2016 KD
Unquoted managed fund	106,551	106,551
Unquoted equity securities	1,707,470	1,102,278
	1,814,021	**1,208,829**

Unquoted managed fund with a carrying value of KD 106,551 (2016: KD 106,551) is carried at fair value based on the valuation advised by the fund manager.

As at 31 March 2017, unquoted equity securities of KD 1,707,470 (2016: KD 1,102,278) are carried at cost, less impairment if any, due to the unpredictable nature of their future cash flows and the lack of other suitable methods for arriving at a reliable fair value for these financial assets. There is no active market for these financial assets and the Group intends to hold them for the long term.

The Group's management has performed a detailed review of its unquoted equity securities based on the latest available financial information of these investments to assess whether impairment has occurred in the value of these investments and, as a result, no impairment was recorded in the consolidated statement of income (2016: KD 293,668).

10. INVESTMENT IN ASSOCIATES

Details of the Group's associates are as follow:

		Equity interest		Carrying value	
Name of company	**Country of incorporation**	**2017 %**	**2016 %**	**2017 KD**	**2016 KD**
Muharraq Mall Company L.L.C.	Bahrain	-	22.5	-	2,024,668
Emerald Portfolio, LTD	Cayman Islands	25.25	-	972,839	-
Emerald Holding, LTD	Cayman Islands	24.89	-	450,244	-
				1,423,083	**2,024,668**

The following table illustrates the movement in investment in associates:

	2017	2016
	KD	KD
At the beginning of the year	2,024,668	1,772,792
Purchase of investment in associates [a]	1,427,579	-
Share of results	173,022	242,372
Disposal of investment in an associate [b]	(2,008,785)	-
Dividend received	(38,182)	-
Foreign currency translation adjustment	(5,259)	9,504
Foreign currency translation adjustment on sale of an associate	(149,960)	-
	1,423,083	**2,024,668**

(a) During the year ended 31 March 2017, the Group acquired 25.25% and 24.89%, equity interests in newly incorporated SPVs in Cayman Islands, Emerald Portfolio, LTD and Emerald Holding, LTD (collectively, the "SPVs") for a total consideration of KD 978,032 and KD 449,547 respectively. The Group accounted for the investment in SPVs as associates in accordance with IAS 28: Investment in associates and joint ventures, as the Group exercise significant influence over the SPVs.

b) During the year ended 31 March 2017, the Group sold its entire equity interest in Muharraq Mall Company L.L.C. ("Muharraq Mall"), an associate of the Group, to a third party for cash consideration of BD 1,800,000 (equivalent to KD 1,447,298). This has resulted in a loss of KD 561,487 on sale of associate recorded in consolidated statement of income.

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

	Emerald Portfolio, LTD	Emerald Holding, LTD	2017
	KD	KD	KD
Assets	3,911,287	1,808,625	5,719,912
Liabilities	(59,041)	(18)	(59,059)
Equity	3,852,246	1,808,607	5,660,853
Proportion of the Group's ownership	25.25%	24.89%	-
Carrying value of the investment	**972,839**	**450,244**	**1,423,083**
Share of associates' results for the year			
Revenue	176,086	-	176,086
Profit for the year	154,215	-	154,215
Group's share of profit for the year	**38,945**	**-**	**38,945**

11. INVESTMENT IN A JOINT VENTURE

During the period ended 30 June 2015, the Group contributed of 50% in equity interest of "Rasameel Auto Lease 1" classified as a joint venture which is involved mainly in financing activities, through the transfer of Murabaha finance receivables of KD 2,335,754 (contribution in kind), and transfer of cash consideration of KD 629,171. The Group's interest in a joint venture was accounted for using the equity method in the consolidated financial statements.

During the period ended 31 December 2015, the board of directors passed a resolution to dispose the Group's interest in the joint venture. The board of directors had committed to a plan to sell the asset and were actively engaged in a program to locate a buyer and complete the sale within one year at a reasonable price.

Accordingly, the joint venture was classified as assets held for sale in the in the consolidated financial statements.

As of 31 December 2016, the Group was unable to complete the sale transaction of the joint venture within a period of one year from the date of classification of equity interest in a joint venture as assets held for sale due to lack of demand. Accordingly, the management ceased the classification as held for sale and reclassified to interest in a joint venture in accordance with the requirements of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

Subsequent to the reporting date, the Group has fully redeemed its interest in a joint venture. Consequently, the Group's proceeds from redemption have been classified as a "receivable from full redemption of interest in a joint venture" under other assets as of the reporting date.

Details of the Group's interest in a joint venture are as follow:

		Equity interest		Carrying value	
Name of company	**Country of incorporation**	**2017 %**	**2016 %**	**2017 KD**	**2016 KD**
Rasameel Auto Lease 1	Cayman Islands	50	50	-	2,189,077

Movement of interest in a joint venture is as follow:

	2017 KD	2016 KD
As at the beginning of the year	2,189,077	2,964,925
Share of results for the year	119,711	112,560
Proceeds from partial redemption of interest in a joint venture	(1,169,338)	(888,408)
Receivable from full redemption of interest in a joint venture*	(1,139,450)	-
	-	**2,189,077**

* *Receivables from full redemption of interest in a joint venture were fully collected subsequent to the reporting date (Note 8).*

12. INVESTMENT PROPERTIES

	2017	2016
	KD	KD
As at the beginning of the year	8,806,866	12,468,770
Additions	-	222,653
Disposals	-	(156,353)
Unrealised gain (loss) on revaluation	168,076	(3,728,204)
As at the end of the year	**8,974,942**	**8,806,866**

The investment properties are categorized into:

	2017	2016
	KD	KD
Properties under development	275,025	275,025
Completed properties	8,699,917	8,531,841
	8,974,942	**8,806,866**

The fair value of investment properties has been determined based on valuations performed by two independent professional real estate valuers, who are specialised in valuing such type of investment properties. As significant valuation inputs used are based on unobservable market data, these are classified under level 3 fair value hierarchy. An analysis of fair values and further are provided in Note 24.

For valuation purpose, the Group has selected the lower of these two valuations (2016: the lower of two valuations) as required by the Capital Market Authority (CMA). Based on these valuations, the Group has recorded a revaluation gain of KD 168,076 (2016: revaluation loss of KD 3,728,204) in the consolidated statement of income.

As at 31 March 2017, the Group has certain investment properties, which were under construction of KD 275,025 (2016: KD 275,025). Therefore, these investment properties are carried at cost less impairment because fair values could not be reliably measured.

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

	2017	2016
Average rent (per ft) (KD)	3	3
Yield rate	10.3%	8.6%
Vacancy rate	6.6%	25.1%

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	
		2017	2016
		KD	KD
Average rent	± 5%	434,824	426,592
Yield rate	± 5%	414,118	406,278
Vacancy rate	± 5%	434,824	426,592

Certain investment properties with fair value of KD 1,911,474 (2016: KD 1,893,160) are pledged against Islamic finance payables (Note 17).

13. PROPERTY AND EQUIPMENT

	Leasehold improvements*	Furniture and fixtures	Equipment	Computer software	Leased motor vehicles	Total
	KD	KD	KD	KD	KD	KD
Cost						
As at 1 April 2016	190,177	166,565	203,452	136,077	6,141,679	6,837,950
Additions during the year	7,875	8,950	20,809	2,536	1,595,185	1,635,355
Disposals during the year	-	-	-	-	(1,636,287)	(1,636,287)
As at 31 March 2017	**198,052**	**175,515**	**224,261**	**138,613**	**6,100,577**	**6,837,018**
Depreciation						
As at 1 April 2016	110,382	155,188	159,240	125,832	1,348,883	1,899,525
Charge for the year	9,128	6,443	21,725	8,014	1,060,846	1,106,156
Relating to the disposals	-	-	-	-	(541,166)	(541,166)
As at 31 March 2017	**119,510**	**161,631**	**180,965**	**133,846**	**1,868,563**	**2,464,515**
Net carrying amount						
As at 31 March 2017	**78,542**	**13,884**	**43,296**	**4,767**	**4,232,014**	**4,372,503**

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 2015	175,127	161,316	186,914	134,925	4,813,562	5,471,844
Additions during the year	15,050	5,249	16,538	1,152	2,734,386	2,772,375
Disposals during the year	-	-	-	-	(1,406,269)	(1,406,269)
As at 31 March 2016	**190,177**	**166,565**	**203,452**	**136,077**	**6,141,679**	**6,837,950**
Depreciation						
As at 1 April 2015	105,908	150,125	143,382	117,755	886,753	1,403,923
Charge for the year	4,474	5,063	15,858	8,077	952,716	986,188
Relating to the disposals	-	-	-	-	(490,586)	(490,586)
As at 31 March 2016	**110,382**	**155,188**	**159,240**	**125,832**	**1,348,883**	**1,899,525**
Net carrying amount						
As at 31 March 2016	**79,795**	**11,377**	**44,212**	**10,245**	**4,792,796**	**4,938,425**

* *Leasehold improvements represent the expenditure incurred by the Group on its leased showroom located in Shuwaikh area with a lease term of one year, renewable on annual basis. The management expects that the lease will be renewed for a period of at least 20 years.*

The future minimum lease rent receivables on the operating leases of motor vehicles are as follows:

	2017 KD	2016 KD
Income receivable within one year	1,472,206	1,358,435
Income receivable after one year but no more than three years	628,917	1,071,136
	2,101,123	**2,429,571**

The depreciation charge for the year have been allocated to as follows:

	2017 KD	2016 KD
General and administrative expenses (Note 5)	45,310	33,472
Cost of vehicles rental	1,060,846	952,716
	1,106,156	**986,188**

14. SHARE CAPITAL

	2017 KD	2016 KD
Authorised, issued and fully paid shares at KD 0.100 each, paid in cash*	18,026,680	21,000,000

* *On 9 February 2017, the Parent Company's Commercial Registration No. 111611 was amended to reflect the decision of the Extra-Ordinary General Assembly meeting held on 9 January 2017 to write-off the Parent Company's accumulated losses as at 31 March 2016 of KD 3,121,617 against the statutory reserve and share capital of KD 148,297 and KD 2,973,320, respectively.*

15. STATUTORY RESERVE

In accordance with the Companies Law and the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, 10% of the profit for the year before contributions to KFAS and Zakat should be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

16. SHARE OPTIONS RESERVE

The Parent Company operates an employee's share options scheme (as explained in its Articles of Association). In 2016, the share options scheme expired and the Parent Company did not issue share options under the terms of this scheme. Accordingly, on 14 June 2017, the Board of Directors of the Parent Company proposed to reverse the share options reserve of KD 7,510 for the year ended 31 March 2017. This proposal is subject to the approval of the Annual Ordinary General Assembly Meeting of the Parent Company's shareholders.

17. ISLAMIC FINANCE PAYABLES

2017	Ijara KD	Murabaha KD	Total KD
Gross amount	2,189,782	1,002,177	3,191,959
Less: deferred profit	(565,370)	(30,854)	(596,224)
	1,624,412	**971,323**	**2,595,735**

2016	Ijara KD	Murabaha KD	Total KD
Gross amount	2,417,274	1,258,825	3,676,099
Less: deferred profit	(696,794)	(87,350)	(784,144)
	1,720,480	**1,171,475**	**2,891,955**

Ijara payables carry an average profit rate of 6.65% (2016: 6.75 %) per annum and are payable in equal installments on a monthly basis of AED 218,294 (equivalent to KD 17,900) and the last installment is due on 3 July 2023.

Murabaha payables carry an average rate ranging from 5% to 5.5% (2016: 5% to 5.5%) per annum and last installment is due on 31 July 2019.

Islamic finance payables of KD 2,189,782 (2016: KD 2,417,274) are secured by certain investment properties of KD 1,911,474 (2016: KD 1,893,160) (Note 12).

18. OTHER LIABILITIES

	2017 KD	2016 KD
Accrued expenses	87,120	289,960
Provision for Zakat and KFAS	3,152	-
Payable to supplier	134,657	214,086
Rent received in advance	18,913	21,284
Refundable deposits	34,405	42,022
Murabaha receivables provision (Note 6)	-	163,982
Other liabilities and accruals	277,043	318,301
	555,290	**1,049,635**

19. RELATED PARTY TRANSACTIONS

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.

Balances with related parties included in the consolidated statement of financial position are as follows:

	Associates KD	Joint venture KD	Other related parties KD	2017 KD	2016 KD
Other assets (Note 8)	133	1,139,450	40,159	1,179,742	-

Transactions with related parties included in the consolidated statement of income are as follows:

	Associates	Joint Venture	Other related parties	Total 2017	Total 2016
	KD	KD	KD	KD	KD
Management and advisory fees	98,530	-	351,634	450,164	-
Dividend income	-	-	39,588	39,588	-

Key management compensation	2017 KD	2016 KD
Salaries and short-term benefits	332,520	286,535
Employees' end of service benefits	43,119	29,998
	375,639	316,533

20. SALE OF SUBSIDIARIES

During the year ended 31 March 2017, the Parent Company sold its entire equity interest in the following dormant subsidiaries to an external party; this has resulted in a gain of KD 40,500 on sale of subsidiaries recorded in consolidated statement of income.

- Rasameel Arabian Holding Company K.S.C. (Holding),
- Rasameel Global Holding Company K.S.C. (Holding), and
- Haikala for Economical Studies Company W.L.L.

21. 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:

2017	On demand KD	Within 3 months KD	3 to 12 months KD	Over 1 year KD	Total KD
ASSETS					
Bank balances and cash	1,874,133	-	-	-	1,874,133
Financial assets at fair value through profit or loss	-	447,564	-	-	447,564
Other assets	1,179,742	229,046	1,228,803	125,439	2,763,030
Financial assets available for sale	-	-	-	1,814,021	1,814,021
Investment in associates	-	-	-	1,423,083	1,423,083
Investment properties	-	-	-	8,974,942	8,974,942
Property and equipment	-	-	-	4,372,503	4,372,503
TOTAL ASSETS	**3,053,875**	**676,610**	**1,228,803**	**16,709,988**	**21,669,276**

	On demand KD	Within 3 months KD	3 to 12 months KD	Over 1 year KD	Total KD
LIABILITIES					
Islamic finance payables	-	123,658	570,310	1,901,767	2,595,735
Other liabilities	-	348,844	49,047	157,399	555,290
Employee's end of service benefits	-	-	-	321,328	321,328
TOTAL LIABILITIES	**-**	**472,502**	**619,357**	**2,380,494**	**3,472,353**

2016	On demand KD	Within 3 months KD	3 to 12 months KD	Over 1 year KD	Total KD
ASSETS					
Bank balances and cash	2,368,110	-	-	-	2,368,110
Other assets	-	225,269	563,622	136,800	925,691
Financial assets available for sale	-	-	-	1,208,829	1,208,829
Investment in an associate	-	-	-	2,024,668	2,024,668
Investment properties	-	-	-	8,806,866	8,806,866
Property and equipment	-	-	-	4,938,425	4,938,425
Non-current asset held for sale	-	-	2,189,077	-	2,189,077
TOTAL ASSETS	**2,368,110**	**225,269**	**2,752,699**	**17,115,588**	**22,461,666**

	On demand KD	Within 3 months KD	3 to 12 months KD	Over 1 year KD	Total KD
LIABILITIES					
Islamic finance payables	-	122,896	315,326	2,453,733	2,891,955
Other liabilities	-	881,574	82,715	85,346	1,049,635
Employee's end of service benefits	-	-	-	248,540	248,540
TOTAL LIABILITIES	**-**	**1,004,470**	**398,041**	**2,787,619**	**4,190,130**

22.FINANCIAL 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 continuing 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, the latter being subdivided into profit rate risk, equity price risk and foreign currency risk. It is also subject to prepayment risk and operational risk. 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 Parent Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group has policies and procedures in place to limit the amount of credit exposure to any counter party.

Maximum exposure to credit risk

The Group's policy is to enter into Islamic financing arrangements only with recognised, creditworthy third parties. The maximum aggregate exposure is the gross amount as disclosed in Note 6 and Note 8. In addition, these receivable balances are monitored on an ongoing basis.

With respect to credit risk arising from the other financial assets of the Group, which comprise bank balances and cash, and certain classes of other assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Where financial instruments are recorded at fair value, it represents the current maximum risk credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

The Group's Islamic financing receivables are primarily granted to customers located in the State of Kuwait.

The following table provides information regarding the Group's maximum exposure to credit risk without taking account of credit enhancements:

	Gross maximum exposure	
	2017	2016
	KD	KD
Bank balances and cash	1,874,133	2,368,110
Other assets	2,763,030	925,691
Assets held for sale	-	2,189,077
	4,637,163	5,482,878

Unimpaired receivables are expected, on the basis of the experience, to be recoverable.

Credit quality of financial assets that are neither past due nor impaired
For Islamic financing receivables and other assets, neither internal credit grading system nor external credit grades are used by the Group.

The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of lending activities.

Analysis of past due but not impaired
All the past due finance facilities are impaired. See Note 6 for more detailed information with respect to the impairment losses on Islamic financing receivables.

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 KD	3 to 12 months KD	Over one year KD	Total KD
2017				
Islamic finance payables	160,819	663,451	2,367,689	3,191,959
Other liabilities (excluding rent received in advance)	330,130	49,047	157,200	536,377
	490,949	712,498	2,524,889	3,728,336
2016				
Islamic finance payable	171,682	527,067	2,977,350	3,676,099
Other liabilities (excluding rent received in advance)	860,290	82,715	85,346	1,028,351
	1,031,972	609,782	3,062,696	4,704,450

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.

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 2017		31 March 2016	
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	1,913	+5	-
GCC	+5	3,927	+5	-
Others	+5	624	+5	-

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 as follows:

	31 March 2017			31 March 2016		
	Change in currency rate	Effect on consolidated statement of income	Effect on consolidated statement of comprehensive income	Change in currency rate	Effect on consolidated statement of income	Effect on consolidated statement of comprehensive income
Currency	%	KD	KD	%	KD	KD
US Dollar	+5	16,260	71,154	+5	37,346	-
AED	+5	62,090	-	+5	83,366	-
Saudi Riyal	+5	8,742	-	+5	5,219	-
Bahraini Dinar	+5	5,895	-	+5	139	101,233
Qatari Riyal	+5	2,543	-	+5	-	-
Euro	+5	2,626	-	+5	-	-
CHF	+5	592	-	+5	-	-
GBP	+5	1,491	-	+5	-	-

The effect of decrease in currency rate is expected to be equal and opposite to the effect of the increases shown above.

23.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. During the year ended 31 March 2017, the capital structure of the Group's equity was changed due to write-off the accumulated losses of the Parent Company as at 31 March 2016 (Note 14). No changes were made in objectives, policies or processes for managing capital during the year ended 31 March 2016.

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 the minimum level. The Group includes within net debt, Islamic finance payables and other liabilities (excluding rent received in advance), less bank balances and cash.

	2017 KD	2016 KD
Islamic finance payables	2,595,735	2,891,955
Other liabilities	536,377	1,028,351
Less: Bank balances and cash	(1,874,133)	(2,368,110)
Net debt	1,257,979	1,552,196
Equity	18,196,923	18,271,536
Capital and net debt	**19,454,902**	**19,823,732**
Gearing ratio	6%	8%

24. FAIR VALUES MEASUREMENTS

The Group measures financial assets such as financial assets at fair value through profit or loss and financial assets available-for-sale 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized 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.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March:

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
As at 31 March 2017				
Financial assets at fair value through profit or loss:				
Local unquoted securities	26,965	-	-	26,965
Foreign managed portfolios	409,299	-	-	409,299
Financial assets available for sale				
Unquoted managed fund	-	106,551	-	106,551
Investment properties	-	-	8,699,917	8,699,917
	436,264	106,551	8,699,917	9,242,732

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
At 31 March 2016				
Financial assets available for sale				
Unquoted managed fund	-	106,551	-	106,551
Investment properties	-	-	8,531,841	8,531,841
	-	**106,551**	**8,531,841**	**8,638,392**

As at 31 March, the fair values of financial instruments approximate their carrying amounts, with the exception of certain financial assets at fair value through profit or loss as stated in Note 7 and financial assets available-for-sale carried at cost as stated in Note 9.

During the year ended 31 March 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The following table shows a reconciliation of the beginning and closing balances of the Group's assets classified in level 3 of the fair value hierarchy:

	As at 1 April	Gain (loss) recorded in the consolidated statement of income	Net purchases, sales, transfers and settlements	As at 31 March
31 March 2017	**KD**	**KD**	**KD**	**KD**
Assets measured at fair value				
Investment properties	8,531,841	168,076	-	8,699,917
31 March 2016				
Assets measured at fair value				
Investment properties	12,428,980	(3,728,204)	(168,935)	8,531,841

Description of valuation methods:

Non-financial assets

Investment properties

Properties under development

Properties under development are carried at cost less impairment because its fair value could not be reliably measured due to the unique nature of these investment properties and due to lack of transaction activity in the market.

Developed properties

Developed properties are valued using the income capitalization 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. Details of inputs to the valuation and sensitivity analysis are provided in Note 12.