Bahrain Car Parks Company B.S.C.

Financial statements for the
year ended 31 December 2018

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Bahrain Car Parks Company B.S.C.
Administration and contact details as at 31 December 2018

Commercial registration number	11455 obtained on 31 October 1981	
Board of Directors	Ismaeel AbdulNabi Ismaeel AlMarhoon	- Chairman
	Nabeel Khaled Mohammed Kanoo	- Vice chairman
	Ali Mohamed Qasim Buhamood	
	Ali Abdulla Mohamed Isa	
	Mohamed Abdulelah AbdulRahim Alkooheji	
	Aamal Hamad Salman AlZayani	
	Abdulla Nooruddin Abdulla Nooruddin	
	Yusuf AbdulRahman Yusuf Fakhro	
	Yaser AbdulJalil Ali Alsharifi	
	Badr A S Alhasawi	
Executive Committee members	Yaser AbdulJalil Ali Alsharifi	- Chairman
	Ali Mohamed Qasim Buhamood	
	Aamal Hamad Salman AlZayani	
	Abdulla Nooruddin Abdulla Nooruddin	
Audit Committee members	Mohamed Abdulelah AbdulRahim Alkooheji	- Chairman
	Ali Abdulla Mohamed Isa	
	Yusuf Abdulrahman Yusuf Fakhro	
NRCG Committee members	Ismaeel AbdulNabi Ismaeel AlMarhoon	- Chairman
	Nabeel Khaled Mohammed Kanoo	
	Bader A S Alhasawi	
Chief Executive Officer	Tariq Ali Husain Aljowder	
Director Finance	Mahmood Husain Yaseen	
Registered office	Flat No. 209, Building No.128, Road No. 383, Block No. 316 2nd Floor, Car Parks & Commercial Centre Government Avenue PO Box 5298 Manama Kingdom of Bahrain	
Bankers	Ahli United Bank Al Salam Bank Bank of Bahrain and Kuwait Ithmaar Bank National Bank of Bahrain National Bank of Kuwait	
Auditors	BDO 17th Floor Diplomat Commercial Office Tower PO Box 787, Manama Kingdom of Bahrain	
Internal auditors	Protiviti - Bahrain PO Box 10231 Manama Kingdom of Bahrain	
Share Registrar	Karvy Computershare W.L.L. PO Box 514, Manama, Kingdom of Bahrain Bahrain Clear PO Box 3203, Manama, Kingdom of Bahrain	

Bahrain Car Parks Company B.S.C.
Chairman's report for the year ended 31 December 2018

Dear Shareholders,

During the year, the Company's performance has shown improvements in the operation as compared to the previous year. This is evident through the operating income for the year 2018 amounted BD 1,220,166 as compared to BD 1,112,047 in 2017 which has improved by BD 108,119.

During the year investment income amounted to BD353,272 as compared to BD401,777 in 2017, the major variance due to relatively higher unrealised fair value gain on equity instruments during 2017. Further, there is a change in the classification of Company's investment in equity instruments at fair value through other comprehensive income rather than through profit or loss as the Company considers this measurement to be the most representative of the Company's business model. The Board has concentrated its investment in companies whereby the capital is almost guaranteed and carry low risk but that requires a longer holding period for income to be realised.

In addition, the Company generated interest on fixed deposit amounting to BD 178,944 (2017: BD 152,614) and investment properties value increase by BD 10,684 compared to 2017.

In light of the achieved results along with balance of retained earnings brought forward from the previous years, the total amount available for appropriation for the year ended 31 December 2018 aggregated to BD3,363,876 from which the board of directors proposes the following appropriations:

1. Transfer of BD 72,203 to statutory reserve, being 10% of the net profit for the year.
2. A dividend of BD 346,514 which represents 5% of the share capital i.e. 5 Fils per share.
3. Directors' remuneration of BD 30,332
4. Transfer of BD 10,000 to charity reserve
5. Balance of BD 3,017,362 remains in retained earnings.

We would like to inform our shareholders that directors remuneration for the year 2018 of BD 30,332 will be paid to the Board of Directors during 2019.

In addition, the Company and Bahrain Real Estate Investment Company ("Edamah"), real-estate arm of the sovereign wealth fund of the Kingdom of Bahrain, have signed a Memorandum of Understanding ("MOU") to evaluate potential grant of a (99 years) usufruct right with automatic renewal in a car park building owned by Edamah to the Company. The consideration for transfer of such ownership and rights is proposed to be settled through issuance of new shares in the Company ("transaction"). The MoU allows for mutual exploration of terms and pricing for transaction which, if agreed, and subject to receipt of requisite regulatory, shareholders and board approvals, may lead to Edamah owing a stake in the Company.

On the occasion of presenting this Annual Report, I, on behalf of the Board of Directors would like to express gratitude and appreciation to His Majesty, King Hamad Bin Isa Al Khalifa - the King of Bahrain, and to his wise Government under the leadership of His Royal Highness Prince Khalifa Bin Salman Al Khalifa - the Prime Minister and to His Royal Highness Prince Salman Bin Hamad Al Khalifa - the Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister for their continued support to the Company.

I would also like to thank all members of the staff for their hard work during the year.

Ismaeel AbdulNabi AlMarhoon
Chairman

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Independent auditor's report to the shareholders of Bahrain Car Parks Company B.S.C.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bahrain Car Parks Company B.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Code of Ethics for Professional Accountants ("IESBA Code") issued by International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

Revenue recognition

The operating income as reported in Note 19 of the financial statements includes rental income from car parks, service charges in respect of investment properties, main building car park and other related income. The Company focuses on revenue as a key performance measure and by default, this area has a fraud risk element and is therefore always considered as a significant risk.

Our audit procedures included, considering the appropriateness of the Company's revenue recognition policies and assessing compliance with the policies in light of the applicable accounting standards. We have tested the effectiveness of internal controls implemented by the Company over the revenue cycle and have also performed analytical procedures over the revenue streams. We also tested the relevant supporting documents on a sample basis to confirm their reasonableness and accuracy.

Financial assets at fair value through other comprehensive income

The Company has quoted and unquoted investments as disclosed in Note 7 of the financial statements, which are classified as financial assets at fair value through other comprehensive income and form a significant balance in the financial statements. The fair value changes in these instruments could have a material impact on the Company's total comprehensive income and may result in assets being misstated.

Our audit procedures included: testing of investments acquired and sold during the year on a sample basis; testing ownership and classification; and testing of the reasonableness of the fair values of the quoted investments with the Bahrain Bourse and other stock markets. The unquoted investments fair values were based on other techniques adopted by the management. We critically evaluate the valuation techniques used by the management for determining fair values.

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Report on the audit of the financial statements (continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the Chairman's report and Corporate Governance report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of management and Those Charged With Governance (TCWG) for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Those Charged With Governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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;

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Independent auditors' report to the shareholders of Bahrain Car Parks Company B.S.C. (continued)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 Company'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 Company'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 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 Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with TCWG, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

(A) As required by the Bahrain Commercial Companies Law, Decree Number 21 of 2001, we report that:

(1) we have obtained all the information we considered necessary for the purpose of our audit;
(2) the Company has carried out stock taking in accordance with the recognised procedures, has maintained proper books of account and the financial statements are in agreement therewith; and
(3) the financial information included in the Chairman's report is consistent with the books of account of the Company.

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Independent auditors' report to the shareholders of Bahrain Car Parks Company B.S.C. (continued)

Report on the audit of the financial statements (continued)

Report on other legal and regulatory requirements (continued)

(B) As required by the Order No. (19) of 2018 issued on 29 March 2018 in respect of Article 8 of section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that:

(1) the Company has appointed a corporate governance officer; and
(2) the Company has a Board approved written guidance and procedures for corporate governance.

In addition, we report that, nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2001, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2018.

BDO

Manama, Kingdom of Bahrain
13 February 2019

Bahrain Car Parks Company B.S.C.
Statement of financial position as at 31 December 2018
(Expressed in Bahrain Dinars)

	Notes	Year ended 2018	Year ended 2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,893,817	2,934,605
Financial assets at fair value through other comprehensive income	7	3,348,492	-
Financial assets at fair value through profit or loss	8	-	3,344,978
Investments at amortised cost	9	380,871	-
Held-to-maturity investments	10	-	380,871
Investment properties	11	492,044	481,360
		7,115,224	7,141,814
Current assets			
Inventories		8,577	5,153
Short-term fixed deposits	12	4,674,496	5,375,417
Trade and other receivables	13	261,484	125,775
Cash and bank balances	14	1,606,559	756,175
		6,551,116	6,262,520
Total assets		13,666,340	13,404,334
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	7,031,723	7,031,723
Treasury shares	15	(101,456)	(101,456)
Statutory reserve	16	3,021,743	2,949,540
Charity reserve		12,400	4,900
Investment fair value reserve		3,514	-
Retained earnings	16	3,363,876	3,070,559
Total equity		13,331,800	12,955,266
Non-current liabilities			
Employees' terminal benefits	17	25,469	22,765
Current liabilities			
Other payables	18	309,071	426,303
Total liabilities		334,540	449,068
Total equity and liabilities		13,666,340	13,404,334

These financial statements, set out on pages 8 to 42, were approved and authorised for issue by the Board of Directors on 13 February 2019 and signed on their behalf by:

Ismaeel AbdulNabi AlMarhoon	Nabeel Khaled Mohammed Kanoo	Tariq Ali Aljowder
Chairman	Vice chairman	Chief Executive Officer

Bahrain Car Parks Company B.S.C.
Statement of profit or loss for the year ended 31 December 2018
(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Operating income	19	1,220,166	1,112,047
Net income from investments	20	353,272	401,777
Operating, general and administrative expenses	21	(827,644)	(712,595)
Operating profit		745,794	801,229
Other income		13,583	3,297
Directors' remuneration	22	(37,343)	(4,581)
Net profit for the year		722,034	799,945
Basic and diluted earnings per share	23	10 fils	12 fils

These financial statements, set out on pages 8 to 42, were approved and authorised for issue by the Board of Directors on 13 February 2019 and signed on their behalf by:

Ismaeel AbdulNabi AlMarhoon Chairman	Nabeel Khaled Mohammed Kanoo Vice chairman	Tariq Ali Aljowder Chief Executive Officer

Bahrain Car Parks Company B.S.C.
Statement of other comprehensive income for the year ended 31 December 2018
(Expressed in Bahrain Dinars)

	Note	Year ended 31 December 2018	Year ended 31 December 2017
Net profit for the year		722,034	799,945
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Unrealised fair value gain on financial assets at fair value through other comprehensive income	7	3,514	-
Other comprehensive income for the year		3,514	-
Total comprehensive income for the year		725,548	799,945

These financial statements, set out on pages 8 to 42, were approved and authorised for issue by the Board of Directors on 13 February 2019 and signed on their behalf by:

Ismaeel AbdulNabi AlMarhoon
Chairman

Nabeel Khaled Mohammed Kanoo
Vice chairman

Tariq Ali Aljowder
Chief Executive Officer

Bahrain Car Parks Company B.S.C.
Statement of changes in shareholders' equity for the year ended 31 December 2018
(Expressed in Bahrain Dinars)

	Notes	Share capital	Treasury shares	Statutory reserve	Charity reserve	Investment fair value reserve	Retained earnings	Total
At 31 December 2016		7,031,723	(101,456)	2,869,545	5,900	-	2,707,123	12,512,835
Total comprehensive income for the year		-	-	-	-	-	799,945	799,945
Transferred to statutory reserve	16	-	-	79,995	-	-	(79,995)	-
Dividends paid for 2016	24	-	-	-	-	-	(346,514)	(346,514)
Charity reserve created during the year	25	-	-	-	10,000	-	(10,000)	-
Charity payments made during the year		-	-	-	(11,000)	-	-	(11,000)
At 31 December 2017		7,031,723	(101,456)	2,949,540	4,900	-	3,070,559	12,955,266
Total comprehensive income for the year		-	-	-	-	3,514	722,034	725,548
Transferred to statutory reserve	16	-	-	72,203	-	-	(72,203)	-
Dividends paid for 2017	24	-	-	-	-	-	(346,514)	(346,514)
Charity reserve created during the year	25	-	-	-	10,000	-	(10,000)	-
Charity payments made during the year		-	-	-	(2,500)	-	-	(2,500)
At 31 December 2018		7,031,723	(101,456)	3,021,743	12,400	3,514	3,363,876	13,331,800

Bahrain Car Parks Company B.S.C.
Statement of cash flows for the year ended 31 December 2018
(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Operating activities			
Net profit for the year		722,034	799,945
Adjustments for:			
Depreciation of property, plant and equipment	6	63,240	36,935
Unrealised fair value gains on investment properties	11	(10,684)	-
Unrealised fair value gains on financial assets at fair value through profit or loss	20	-	(106,515)
Dividends income	20	(124,431)	(110,501)
Interest income on held-to-maturity investments	20	-	(25,922)
Interest income on investments at amortised cost	20	(25,882)	-
Interest income on short-term fixed deposits	20	(178,944)	(152,614)
Interest income on current account balance with a bank	20	(13,331)	(6,225)
Changes in operating assets and liabilities:			
Inventories		(3,424)	3,317
Trade and other receivables		(135,709)	313,187
Other payables		(117,232)	92,370
Employees' terminal benefits, net		2,704	(1,406)
Net cash provided by operating activities		178,341	842,571
Investing activities			
Purchase of property, plant and equipment	6	(22,452)	(192,271)
Dividends received	20	124,431	110,501
Interest income on held-to-maturity investments	20	-	25,922
Interest income on Investments at amortised cost	20	25,882	-
Interest income received on short-term fixed deposits	20	178,944	152,614
Interest income received on current account balance with a bank	20	13,331	6,225
Net movements in fixed deposits		700,921	(541,604)
Net cash provided by/(used in) investing activities		1,021,057	(438,613)
Financing activities			
Dividends for the year	24	(346,514)	(346,514)
Charity payments		(2,500)	(11,000)
Net cash used in financing activities		(349,014)	(357,514)
Net increase in cash and cash equivalents		850,384	46,444
Cash and cash equivalents, beginning of the year		756,175	709,731
Cash and cash equivalents, end of the year	14	1,606,559	756,175

1 Organisation and activities

Bahrain Car Parks Company B.S.C. ("the Company") is a public Bahraini shareholding company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain and operates under commercial registration number 11455 obtained on 31 October 1981.

The principal activities of the Company include the operation of car parks, real estate activities with own or leased property and other marketing/promotional activities.

The registered office of the Company is in the Kingdom of Bahrain.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and the requirements of the Bahrain Commercial Companies Law, Decree Number 21 of 2001 and associated resolutions, rules and procedures of the Bahrain Bourse.

Basis of presentation

The financial statements have been prepared using the going concern assumption under the historical cost convention as modified by the revaluation of investment properties and financial assets through other comprehensive income (OCI) and financial assets at fair value through profit or loss at their fair values. The financial statements have been presented in Bahrain Dinars which is the functional currency of the Company.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas requiring exercise of judgment in applying Company's accounting policies are disclosed in Note 4 to the financial statements.

Improvements/amendments to IFRS/IAS

Improvements/amendments to IFRS/IAS contained numerous amendments to IFRS/IAS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Company's future accounting period with earlier adoption.

Standards, amendments and interpretations effective and adopted in 2018

The following new standard, amendment to existing standard or interpretation to published standard is mandatory for the first time for the financial year beginning 1 January 2018 and has been adopted in the preparation of these condensed interim financial information:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018

The impact of the adoption of IFRS 9 and 15 and related new accounting policies are disclosed below. The other standards did not have any mentioned impact on the Company's accounting policies and did not require retrospective adjustments.

2 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in 2018 (continued)

IFRS 9 – "Financial Instruments"

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are as set out below. In accordance with the exemptions available as per the transitional provisions in IFRS 9, the standard is applied retrospectively and the comparative figures have not been restated with differences being recorded in opening retained earnings.

Financial assets - impact of adoption

The overall effect of adopting IFRS 9 on the carrying amount as at 31 December 2017 and adjusting balance as at 1 January 2018 and each effecting line items in the financial statements along with corresponding 31 December 2018 balances are as follows:

Statement of Financial Position	As reported under IAS 39 31 December 2017	Effect	On adoption of IFRS 9 1 January 2018	Under IFRS 9 31 December 2018
Assets				
Financial assets at fair value through profit or loss (Note a)	3,344,978	(3,344,978)	-	-
Financial assets at fair value through other comprehensive income (Note a)	-	3,344,978	3,344,978	3,348,492
Held-to-maturity investments (Note b)	380,871	(380,871)	-	-
Investments at amortised cost (Note b)	-	380,871	380,871	380,871
Equity				
Retained earnings	3,070,559	-	3,070,559	3,363,876
Investment fair value reserve*	-	-	-	3,514

*If these equity instruments had not been reclassified, the Company would have recognised a fair value gain of BD3,514 in the statement of profit or loss for the year ended 31 December 2018.

a) Reclassification from financial assets at fair value through profit or loss to financial assets at fair value through other comprehensive income

Equity securities are measured at fair value and all changes in fair value are recognised in the statement of other comprehensive income under IFRS 9. This category only includes equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. There was no impact on the amounts recognised in relation to these assets from the adoption of IFRS 9 as previously these were classified at fair value through profit or loss as allowed under IAS 39.

2 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in 2018 (continued)

Financial assets - impact of adoption (continued)

b) Reclassification from held-to-maturity to investments at amortised cost

Bonds which were previously classified as held-to-maturity amounting to BD380,871 are now classified at amortised cost. The Company intends to hold these investments to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. Therefore, for these held-to-maturity investments there was no difference between the previous carrying amount and the revised carrying amount of the other financial assets at 1 January 2018 to be recognised in opening retained earnings and only classification change as Investments at amortised cost.

IFRS 15 - "Revenue from Contracts with Customers"

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Upon transition to IFRS 15 on 1 January 2018, there was no material impact on the Company's financial position and results of operations.

Standards, amendments and interpretations issued and effective in 2018 but not relevant

The following new standards, amendments and interpretations issued by the IASB are effective for the first time for periods beginning on or after 1 January 2018 but have not been adopted as these are not considered to be relevant to the Company's operation:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IAS 28	Investments in associates	1 January 2018
IFRS 1	First-time adoption of International Financial Reporting Standards	1 January 2018
IAS 40	Investment properties	1 July 2018
IFRS 2	Share-based payment	1 January 2018
IFRS 4	Insurance contracts	1 January 2018
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018

Standards, amendments and interpretations issued but not yet effective in 2018

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2018. They have not been adopted in preparing the financial statements for the year ended 31 December 2018 and will or may have an effect on the entity's future financial statements. In all cases, the entity intends to apply these standards from application date as indicated in the table below:

2 Basis of preparation (continued)

Standards, amendments and interpretations issued but not yet effective in 2018 (continued)

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 12	Income taxes	1 January 2019
IAS 19	Employee benefits	1 January 2019
IAS 23	Borrowing costs	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	1 January 2019
IFRS 9	Financial instruments	1 January 2019
IFRS 3	Business combinations	1 January 2019
IFRS 11	Joint arrangements	1 January 2019
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance contracts	1 January 2021
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

There would have been no change in the operational results of the Company for the year ended 31 December 2018 had the Company early adopted any of the above standards applicable to the Company except for IFRS 16 (more disclosure in operating lease policy below), the impact of which is being assessed by the Company.

IFRS 16 - "Leases"

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments. However, the Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019. The Company does not intend to early adopt the standard before its effective date. The Company is working towards implementation of IFRS 16 and intends to adopt this standard from 1 January 2019 and therefore will only recognise leases on balance sheet as at 1 January 2019. At 31 December 2018, operating lease commitments under existing accounting standard IAS 17 amounted to BD230,000 which may be different on adoption of IFRS 16 for the year ending 31 December 2019.

Instead of recognising an operating expense for its operating lease arrangements, the Company will recognise finance cost on its lease liabilities and amortisation on its right-of-use assets. This will increase reported EBITDA by the amount of its operating lease cost.

Early adoption of amendments or standards in 2018

The Company did not early-adopt any new or amended standards in 2018.

3 Significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial statements is set out below. The policies have been consistently applied to all the years presented, except for the change arising due to adoption of IFRS 9 and 15.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use.

Depreciation is calculated so as to write-off the cost of property, plant and equipment less their estimated residual values on a straight-line basis over their expected useful lives. Freehold land is not depreciated as it is deemed to have an infinite useful life. The major classes of depreciable assets with their estimated useful lives are as follows:

Building on leasehold land	30 years or the lease period, whichever is lower
Car park and other equipment	5 years
Office furniture and equipment	4 years

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining net profit.

Repairs and renewals are charged to the statement of profit or loss and other comprehensive income when they are incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the carrying amounts are written-down immediately to their recoverable amounts.

Investments properties

Investment properties, representing a freehold building, are held to earn long-term rental yields and for capital appreciation.

Investment properties are treated as long-term investments and are initially recorded at cost, including all transaction costs. Subsequent expenditure relating to an investment property is added to the carrying value when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Company. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Subsequent to initial recognition, investment properties are re-measured at fair values, representing open market values determined annually by external property valuers, and any unrealised fair value gains or losses arising are included in the statement of profit or loss and other comprehensive income in the year in which they arise. Fair value is the amount 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.

Investment properties are de-recognised when they have either been disposed-off, or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the de-recognition of an investment property are recognised in the statement of profit or loss and other comprehensive income in the year of de-recognition.

3 Significant accounting policies (continued)

Financial assets - Classification and measurement

The Company classifies its financial assets in to one of the categories discussed below, depending on the purpose for which assets was acquired. The Company's accounting policy for each category is as follows:

1. Fair value through other comprehensive income (FVTOCI), and
2. Amortised cost.

Financial assets at fair value through other comprehensive income (FVTOCI)

The Company has a number of strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Company has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Company considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Financial assets at amortised cost

Financial assets carried at amortised cost are initially recognised at fair value plus transaction cost that are directly attributable to their acquisition or issue and subsequently carried at amortised cost using the effective interest rate method less, provision for impairment. Categories of financial assets measured at amortised cost are given below:

Investments at amortised cost
Investments at amortised cost represents investments in debt instruments. The Company intends to hold these investments to maturity in order to collect contractual cash flows and these cash flows consist solely of payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. If there are any impairment losses, those are presented in the statement of profit or loss.

3 Significant accounting policies (continued)

Financial assets - Classification and measurement (continued)

Financial assets at amortised cost (continued)

Trade and other receivables

Trade receivables are carried at their anticipated realisable values. The Company assesses on a forward looking basis the expected credit losses associated with its trade receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Impaired trade and other receivables which are not considered recoverable are written-off when they are identified.

Short-term fixed deposits

Short-term fixed deposits comprises of balances with banks having original maturities of more than three months but less than twelve months. The accrued interest on the fixed deposits is recognised in the statement of profit or loss over the period of the deposit.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash on hand and current account balances with banks.

Financial liabilities

The financial liabilities of the Company consist of other payables. These financial liabilities are initially recognised at fair value and are subsequently remeasured at amortised cost using the effective interest method.

Other payables

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

Provisions

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

3 Significant accounting policies (continued)

Employees' terminal benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

Employee benefits and entitlements to annual leave, holiday, air passage and other short-term benefits are recognised as they accrue to the employees. The Company contributes to the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain. This is a defined contribution pension plan and the Company's contributions are charged to the statement of profit or loss in the year to which they relate. In respect of this plan, the Company has a legal obligation to pay the contributions as they fall due and no obligation exists to pay the future benefits.

The expatriate employees of the Company are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law. The Company accrues for its liability in this respect on an annual basis.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

Dividends and board remuneration

Dividends and board remuneration are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is recognised when declared by the directors. In the case of final dividends and board remuneration, this is recognised when approved by the shareholders at the Annual General Meeting.

Treasury shares

Shares of the Company repurchased at the statement of financial position date are designated as treasury shares until they are reissued or cancelled. The nominal value of treasury shares are disclosed as a deduction from reserves, with the difference between the nominal value of the shares and their purchase cost being adjusted against the retained earnings or the share premium account in the statement of changes in shareholders' equity. Gains or losses arising on the sale of treasury shares are recognised in the consolidated statement of change in shareholders' equity.

3 Significant accounting policies (continued)

Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Revenue recognition

Services income

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. Most of the Company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Contribution to charities

Charities are approved by the shareholders at the Annual General Meeting and contributions by the Company are recognised and transferred to the charity reserve in the year in which they are approved.

Foreign currency transactions

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses arising from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Executive Committee members and the General Manager.

The Company's primary segment reporting format is business segments. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

3 Significant accounting policies (continued)

Segmental reporting (continued)

The Company's primary business segments are:

- Car park services;
- Property rentals; and
- Investment and related services

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

4 Critical accounting judgments and key source of estimation uncertainty

Preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:

- economic useful lives of property, plant and equipment;
- classification of investments;
- fair valuation of investments;
- fair valuation of investment properties;
- fair value measurement;
- impairment of assets;
- legal proceeding;
- going concern;
- provisions; and
- contingencies.

Economic useful lives of property, plant and equipment

The Company's property, plant and equipment are depreciated on a straight-line basis over their economic useful lives. Useful economic lives of property, plant and equipment are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

Classification of investments

In the process of applying the Company's accounting policies, management decides on acquisition of an investment whether it should be classified as investments designated at fair value through other comprehensive or in amortised cost. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification.

4 Critical accounting judgments and key source of estimation uncertainty (continued)

Fair valuation of investments

The Company determines fair values of investments that are not quoted in active markets by using valuation techniques such as adjusted net asset valuation and recent transaction prices. Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. There is no certainty about future events (such as continued operating profits and financial strengths). It is reasonably possible, based on existing knowledge, that outcomes within the next financial year are different from assumptions that could require a material adjustment to the carrying amount of the investments. In case where adjusted net asset valuation models have been used to estimate fair values, the adjustments to the net asset values have been estimated by the management based on information from and discussions with representatives of the management of the investee companies, and based on the latest available audited and un-audited financial statements.

Fair valuation of investment properties

The Company obtains valuations performed by external valuers in order to determine the fair value of its investment properties. These valuations are based upon assumptions including future rental income, anticipated maintenance costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. The level of activity in the investment property market has been at a low level for the past few years, primarily because of the reduced availability of credit and, where credit is available, the increased cost of borrowing. The lack of comparable market transactions has resulted in a greater level of professional judgment being relied upon in arriving at valuations. Changes in the underlying assumptions could have a significant impact on the fair values presented.

Fair value measurement

A number of assets and liabilities included in the financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)
Level 2: Observable direct or indirect inputs other than Level 1 inputs
Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item and transfers of items between levels are recognised in the period they occur.

The financial assets and financial liabilities of the Company that either require fair value measurements or only fair value disclosures as at 31 December 2018 is shown in Note 29.

4 Critical accounting judgments and key source of estimation uncertainty (continued)

Impairment of assets

(a) Financial assets

From 1 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its trade receivables and debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(b) Other non-financial assets

The carrying amount of the Company's assets or its cash generating unit, other than financial assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset that generates cash flows that largely are independent from other assets. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Legal proceedings

The Company recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial statements could have a material effect on the Company's financial position. Application of these accounting principles to legal cases requires the Company's management to make determinations about various factual and legal matters beyond its control.

The Company reviews outstanding legal cases following developments in the legal proceedings at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claims or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claims or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

Going concern

The management of the Company reviews the financial position on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due. In addition, the shareholders of the Company ensure that they provide adequate financial support to fund the requirements of the Company to ensure the going concern status of the Company.

4 Critical accounting judgments and key source of estimation uncertainty (continued)

Provisions

The Company creates provision for impaired trade receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 December 2018, in the opinion of management a provision of BD46,633(2017: BD46,633) is required towards impaired trade receivables. IFRS 9 has fundamentally changed the receivable loss impairment methodology. The standard has replaced IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The Company also creates provision for slow-moving and obsolete inventories. At 31 December 2018, in the opinion of the Company's management, no provision is required towards slow-moving and obsolete inventories (2017: BDNil). Estimates of net realisable value of inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the end of the period.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future event.

5 Segmental information

Business segments - primary reporting segment

The Company's primary segment reporting format is business segment. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. The Company's primary business segments are:

- Car park services - This segment is involved in providing car parks for the public in return for parking charges and contributes the largest proportion of the Company's business, generating 37.85% (2017: 33.86%) of the Company's revenue.
- Property rental income - This segment is involved in the management, maintenance and renting of properties. This segment contributes 39.70% (2017: 39.60%) of the Company's revenue.
- Investment and related services - This segment is involved in trading in financial assets and investing excess funds in the primary and secondary market. This segment has contributed 22.45% (2017: 26.54%) of the Company's total revenue.

As at, and for the year ended, 31 December 2018

	Car park services		Property rental income		Investment		
	Main office	Others	Main office	Others	services	Unallocated	Total
Car park income (daily and cardholders)	524,806	70,752	-	-	-	-	595,558
Property rental income	-	-	490,032	-	-	-	490,032
Service charges income	-	-	134,576	-	-	-	134,576
Operating income	524,806	70,752	624,608	-	-	-	1,220,166
Net income from investments	-	-	-	-	353,272	-	353,272
Other income	-	13,583	-	-	-	-	13,583
Total revenue	524,806	84,335	624,608	-	353,272	-	1,587,021
Operating and general expenses (including maintenance costs)	209,677	27,786	526,941	-	-	-	764,404
Depreciation (Note 6)	6,194	3,190	53,856	-	-	-	63,240
Total operating and general expenses (including maintenance costs)	215,871	30,976	580,797	-	-	-	827,644
Unallocated expenses	-	-	-	-	-	37,343	37,343
Total expenses	215,871	30,976	580,797	-	-	37,343	864,987
Segment profits/(losses)	308,935	53,359	43,811	-	353,272	(37,343)	722,034
Reportable segment assets	427,893	37,259	2,623,535	-	10,577,653	-	13,666,340
Reportable segment liabilities	5,028	47,174	256,869	-	-	-	309,071
Other segment information							
Minimum operating lease commitment (Note 27)	230,000	-	-	-	-	-	230,000

5 Segmental information (continued)

As at, and for the year ended, 31 December 2017

	Car park services		Property rental income		Investment		
	Main office	Others	Main office	Others	services	Unallocated	Total
Car park income (daily and cardholders)	456,325	56,255	-	-	-	-	512,580
Property rental income	-	-	483,219	-	-	-	483,219
Service charges income	-	-	116,248	-	-	-	116,248
Operating income	456,325	56,255	599,467	-	-	-	1,112,047
Net income from investments	-	-	-	-	401,777	-	401,777
Other income	-	3,297	-	-	-	-	3,297
Total revenue	456,325	59,552	599,467	-	401,777	-	1,517,121
Operating and general expenses (including maintenance costs)	119,279	8,992	547,389	-	-	-	675,660
Depreciation (Note 6)	3,128	681	33,126	-	-	-	36,935
Total operating and general expenses (including maintenance costs)	122,407	9,673	580,515	-	-	-	712,595
Unallocated expenses	-	-	-	-	-	4,581	4,581
Total expenses	122,407	9,673	580,515	-	-	4,581	717,176
Segment profits/(losses)	333,918	49,879	18,952	-	401,777	(4,581)	799,945
Reportable segment assets	315,558	2,462,289	231,937	-	10,394,550	-	13,404,334
Reportable segment liabilities	1,613	9,093	438,362	-	-	-	449,068
Other segment information							
Minimum operating lease commitment (Note 27)	240,000	-	-	-	-	-	240,000

Geographical segments - secondary reporting segment

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The Company's operations are restricted to the Kingdom of Bahrain; therefore no geographical segmental information has been presented.

6 Property, plant and equipment

	Freehold land	Building on leasehold land	Car park and other equipment	Office furniture and equipment	Total
Cost					
At 31 December 2016	2,487,226	8,138,413	15,525	62,869	10,704,033
Additions during the year	-	-	158,824	33,447	192,271
At 31 December 2017	2,487,226	8,138,413	174,349	96,316	10,896,304
Additions during the year	-	-	14,682	7,770	22,452
At 31 December 2018	2,487,226	8,138,413	189,031	104,086	10,918,756
Accumulated depreciation					
At 31 December 2016	32,696	7,844,825	898	46,345	7,924,764
Charge for the year (Note 21)	-	18,352	9,160	9,423	36,935
At 31 December 2017	32,696	7,863,177	10,058	55,768	7,961,699
Charge for the year (Note 21)	-	18,352	29,807	15,081	63,240
At 31 December 2018	32,696	7,881,529	39,865	70,849	8,024,939
Net book amount					
At 31 December 2018	2,454,530	256,884	149,166	33,237	2,893,817
At 31 December 2017	2,454,530	275,236	164,291	40,548	2,934,605

The land on which the car park building is constructed has been leased from the Government of the Kingdom of Bahrain for a period of 50 years commencing from the year 1982 (Note 27).

7 Investments in fair value through other comprehensive income

	31 December 2018	31 December 2017
Reclassification from Financial assets at fair value through profit or loss on adoption of IFRS 9 (Note 8)	3,344,978	-
Unrealised fair value gain recognised in statement of other comprehensive income	3,514	-
Closing balance	3,348,492	-

The above investments are further classified as follows:

	31 December 2018	31 December 2017
Shares listed on the Bahrain Bourse	2,551,441	-
Unquoted equity shares	797,051	-
	3,348,492	-

The investment categorised as financial assets at fair value through other comprehensive income are denominated in the following currencies:

Currency	31 December 2018	31 December 2017
United States Dollar	721,575	-
Bahrain Dinar	2,626,917	-
	3,348,492	-

7 Investments in fair value through other comprehensive income (continued)

The fair value of quoted investments is based on published market prices. The fair value of the unquoted investments is based on the net assets taken from the latest available audited financial statements for the year ended 31 December 2017. Any changes in the net assets of the investee companies during 2018 would be reflected in Company's 2019 financial statements upon receipt of the most recent financial information.

8 Financial assets at fair value through profit or loss

	31 December 2018	31 December 2017
Opening balance	3,344,978	3,238,463
Transferred to Investments in fair value through other comprehensive income on adoption of IFRS 9 (Note 7)	(3,344,978)	-
Unrealised fair value gains for the year	-	106,515
Closing balance	-	3,344,978

9 Investments at amortised cost

	31 December 2018	31 December 2017
Reclassified from held-to-maturity investments on adoption of IFRS 9 (Note 10)	380,871	-

Amortised cost investments represent bonds (Ahli United Bank Perpetual Tier 1 Capital Securities) carrying coupon interest of 6.875%, having maturity period of 5 years and are denominated in United States Dollars.

10 Held-to-maturity investments

	31 December 2018	31 December 2017
Opening balance	380,871	380,871
Transferred to Investments at amortised cost on adoption of IFRS 9 (Note 9)	(380,871)	-
Closing balance	-	380,871

11 Investment properties

	31 December 2018	31 December 2017
Opening balance	481,360	481,360
Unrealised fair value gains for the year (Note 20)	10,684	-
Closing balance	492,044	481,360

During the year, the Company has carried out independent valuation from Apex Real Estate for the freehold lands and the fair value of the properties as per valuation report based on recent open market price, amounted to BD492,044. Accordingly, a fair value gain amounting to BD10,684 was recognised during the year.

12 Short-term fixed deposits

	31 December 2018	31 December 2017
Fixed deposit with banks maturing after 3 months but within 1 year	4,674,496	5,375,417

12 Short-term fixed deposits (continued)

Short-term fixed deposits held with the Company's bankers earn interest at rates ranging between 4.00% and 5.00% per annum (2017: between 1.95% and 4.00% per annum) for the short term deposits are denominated in Bahrain Dinars and have maturities ranging between three months to one year.

13 Trade and other receivables

	31 December 2018	31 December 2017
Rents receivable from tenants	198,700	106,821
Less: provision for impaired rents receivable from tenants	(46,633)	(46,633)
	152,067	60,188
Accrued interest	75,971	54,469
Advances paid to creditors	14,589	4,066
Staff advances	4,000	4,000
Prepayments and other receivables	14,857	3,052
	261,484	125,775

The Company's rent receivables are generally on 30 days credit terms and are primarily denominated in Bahrain Dinar.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables parties are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experienced over a year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP) and inflation rate as the key macroeconomic factors in the countries where the Company operates.

On that basis, the allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for trade receivables:

31 December 2018	30 days overdue	90 days overdue	180 days overdue	360 days overdue	Above 360 days overdue	Total
Expected loss rate	2%	5%	6%	17%	100.00%	
Trade receivables	31,148	80,734	4,314	32,936	49,569	198,701
Loss allowance	686	4,204	281	5,630	49,569	60,370

1 January 2018	30 days Overdue	90 days overdue	180 days overdue	360 days overdue	Above 360 days overdue	Total
Expected loss rate	0.19%	6.60%	36.79%	76.30%	100%	
Trade receivables	22,072	37,340	425	4,685	42,299	106,821
Loss allowance	42	2,464	156	3,575	42,299	48,536

The Company maintained their provision of BD46,633 as at 1 January and 31 December 2018 as the expected loss allowances of BD48,536 and BD60,370 respectively, is not materially different.

13 Trade and other receivables (continued)

The movement in provision for impaired rents receivables from tenants is as follows:

	31 December 2018	31 December 2017
At 31 December	46,633	46,633

Unimpaired rents receivable are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over rents receivable and these are all unsecured. In the opinion of the Company's management, the fair values of the trade and other receivables approximate to their carrying values.

14 Cash and bank balances

	31 December 2018	31 December 2017
Cash on hand	780	477
Current account balances with banks	1,605,779	755,698
	1,606,559	756,175

The current account balances with banks earn interest rate ranging from 0% to 2.5% per annum (2017: 0% to 2.5% per annum).

15 Share capital

	31 December 2018	31 December 2017
Authorised:		
100,000,000 ordinary shares of 100 fils each (2017: 100,000,000 ordinary shares of 100 fils each)	10,000,000	10,000,000
Issued and fully paid-up:		
70,317,230 ordinary shares of 100 fils each (2017: 70,317,230 ordinary shares of 100 fils each)	7,031,723	7,031,723
Less: Purchase of 1,014,559 treasury shares of 100 fils each (2017: 1,014,559 treasury shares of 100 fils each)	(101,456)	(101,456)
	6,930,267	6,930,267

15 Share capital (continued)

Additional information on shareholding pattern

(i) The names and nationalities of the major shareholders and the number of shares held which constitute an interest of 5% or more of the outstanding shares are as follows:

	At 31 December 2018		
	Nationality	Number of shares	Percentage of shareholding interest
Social Insurance Organisation	Bahraini	37,033,490	52.67%
Kuwait Commercial Real Estate Centre	Kuwaiti	15,000,000	21.33%

	At 31 December 2017		
	Nationality	Number of shares	Percentage of shareholding interest
Social Insurance Organisation	Bahraini	37,033,490	52.67%
Kuwait Commercial Real Estate Centre	Kuwaiti	15,000,000	21.33%

(ii) The Company has only one class of equity shares and the holders of the shares have equal voting rights.

(iii) The distribution schedule of equity shares, setting out the number of shareholders and percentages in the following categories, is as follows:

	At 31 December 2018		
	Number of shareholders	Number of shares	Percentage of total outstanding Shares
Less than 1%	1,326	10,762,283	15.30%
1% and up to less than 5%	4	7,521,457	10.70%
5% and above	2	52,033,490	74.00%
	1,332	70,317,230	100.00%

	At 31 December 2017		
	Number of shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	1,303	10,762,283	15.30%
1% and up to less than 5%	4	7,521,457	10.70%
5% and above	2	52,033,490	74.00%
	1,309	70,317,230	100.00%

(iv) The details of number of shares held by the Directors of the Company at 31 December is as follows:

	31 December 2018	31 December 2017
	Number of shares	Number of shares
Yusuf Abdulrahman Fakhro	100,000	100,000

16 Reserves

a) Statutory reserve

	31 December 2018	31 December 2017
Opening balance	2,949,540	2,869,545
Transferred during the year	72,203	79,995
Closing balance	3,021,743	2,949,540

In accordance with the provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2001, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the issued share capital is set aside. The reserve is not available for distribution except for dividend payment as permitted by Bahrain Commercial Companies Law.

b) Retained earnings

	31 December 2018	31 December 2017
Opening balance	3,070,559	2,707,123
Net profit and total comprehensive income for the year	722,034	799,945
Dividends declared (Note 24)	(346,514)	(346,514)
Transferred to statutory reserve	(72,203)	(79,995)
Charity reserve created during the year	(10,000)	(10,000)
Closing balance	3,363,876	3,070,559

17 Employees' terminal benefits

Local employees

The contributions made by the Company towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2018 amounted to BD18,465 (2017: BD19,749).

Expatriate employees

The movement in the leaving indemnity liability applicable to expatriate employees is as follows:

	31 December 2018	31 December 2017
Opening balance	22,765	24,171
Accruals for the year	5,215	5,460
Payments during the year	(2,511)	(6,866)
Closing balance	25,469	22,765
The number of staff employed by the Company	20	18

18 Other payables

	31 December 2018	31 December 2017
Other payables	196,769	339,980
Unclaimed dividends	91,386	74,718
Advances received from tenants	4,784	1,619
Provision for leave salary and air passage	16,132	9,986
	309,071	426,303

In the opinion of the management, the fair values of the other payables approximate to their carrying values.

19 Operating income

	Year ended 31 December 2018	Year ended 31 December 2017
Rental income	490,032	483,219
Main building car park income	524,806	456,325
Other car park income	70,752	56,255
Service charges income	134,576	116,248
	1,220,166	1,112,047

20 Net income from investments

	Year ended 31 December 2018	Year ended 31 December 2017
Interest on short-term fixed deposits	178,944	152,614
Dividend income	124,431	110,501
Interest income on investments at amortised cost	25,882	-
Interest income on held-to-maturity investments	-	25,922
Interest on current account balance with banks	13,331	6,225
Unrealised fair value gains on investment properties (Note 11)	10,684	-
Unrealised fair value gains on financial assets at fair value through profit or loss	-	106,515
	353,272	401,777

21 Operating, general and administrative expenses

	Year ended 31 December 2018	Year ended 31 December 2017
Staff costs	292,482	247,079
Electricity and water charges	128,817	136,229
Other operating, general and administrative expenses	116,749	72,659
Lease rent expenses (Note 27)	115,504	101,596
Maintenance costs	77,852	64,997
Depreciation (Note 6)	63,240	36,935
Directors' sitting fees	33,000	53,100
	827,644	712,595

22 Directors' remuneration

Accrued and expensed

An amount of BD37,343 has been accrued and expensed as directors remuneration in 2018, relating to the year ended 31 December 2017 (2017: BD4,581 for the year ended 31 December 2016). The payment was approved by the shareholders in the Annual General Meeting held on 22 March 2018 (2016: 22 March 2017). Directors' remuneration is only expensed in the statement of profit or loss in the year in which it is approved.

Proposed by the Board of Directors

The Board of Directors of the Company have proposed to pay a Directors' remuneration of BD30,332 for the year ended 31 December 2018 (2017: BD37,343) for the year 31 December 2017). Such proposed remuneration only becomes payable once it has been approved by the shareholders in the Annual General Meeting, and accordingly, has not been accounted for in these financial statements.

23 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares issued during the year.

	Year ended 31 December 2017	Year ended 31 December 2016
Net profit attributable to the shareholders	722,034	799,945
Weighted average number of ordinary shares (Note 15)	69,302,670	69,302,670
Basic and diluted earnings per share	10 fils	12 fils

The Company does not have any potentially dilutive ordinary shares, hence the diluted earnings per share and basic earnings per share are identical.

24 Dividends

Declared and paid

A dividend of BD346,514 representing 5% of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2017 (at 5 fils per share) (2017: BD346,514 for the year ended 31 December 2016 at 5 fils per share), was approved by the shareholders in the Annual General Meeting of the shareholders held on 22 March 2018 (2016: 22 March 2017), declared and subsequently paid.

Proposed by the Board of Directors

The Board of Directors of the Company have proposed a dividend of BD346,514 (2017: BD346,514) representing 5% of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2018 at 5 fils per share (2017: at 5 fils per share). The proposed dividend only becomes payable once it has been approved by the shareholders in the Annual General Meeting and accordingly, the proposed dividend has not been accounted for in these financial statements.

25 Contribution to charity

Proposed by the Board of Directors

The Board of Directors of the Company have proposed charity contributions of BD10,000 for the year ended 31 December 2018 (2017: BD10,000).

26 Transactions and balances with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the shareholders, directors, key management personnel and their close family members and such other companies over which the Company or its shareholders, directors, key management personnel and their close family members can exercise significant influence or can be significantly influenced by those parties. Transactions with the related parties are authorised by the management and are on arm's length basis.

The following is a summary of the significant transactions entered into with the related parties during the year ended 31 December:

	Year ended 31 December 2018	Year ended 31 December 2017
Directors' remuneration	37,343	4,581
Board of directors meeting attendance fee	33,000	53,100

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors of the Company.

27 Lease commitments

The annual rent for the land upon which the car park building is situated is revised every ten years; the amount payable being the higher of a fixed element increase or a percentage of the Company's gross operating profit. The current year's charge of BD115,504 (20% of the gross operating profit generated), is included under operating, general and administrative expenses (Note 21) (2017: BD101,596).

The minimum lease commitments under the mentioned non-cancellable operating leases are as follows:

	31 December 2018	31 December 2017
Less than 1 year	10,000	10,000
More than 1 year and less than 5 years	60,000	40,000
More than 5 years	160,000	190,000
	230,000	240,000

28 Capital commitments

The Company does not have any capital commitments as at 31 December 2018 (2017: BDNil).

29 Financial assets and liabilities and risk management

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, Short-term fixed deposits, financial assets at fair value through other comprehensive income, amortised cost investments, trade and other receivables excluding prepayments and other payables excluding employees' benefits. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Capital management

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services that commensurate with the level of risk.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2018 and 2017.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, other payables less cash and bank balances. Capital includes share capital and reserves attributable to the shareholders of the Company.

	31 December 2018	31 December 2017
Other payables	309,071	426,303
Less: cash and bank balances	(1,606,559)	(756,175)
Net surplus	(1,297,488)	(329,872)
Share capital, net of treasury shares	6,930,267	6,930,267
Statutory reserve	3,021,743	2,949,540
Charity reserve	12,400	4,900
Investment fair value reserve	3,514	-
Retained earnings	3,363,876	3,070,559
Total capital	13,331,800	12,955,266
Total capital and net surplus	12,034,312	12,625,394

The Company does not have any debt at 31 December 2018 and 2017 therefore the calculation of capital gearing ratio was not considered necessary.

Risk management is carried out by the Finance Department of the Company under policies approved by the Board of Directors. The Company's Finance Department evaluates financial risks in close co-operation with the Company's operating units. The Directors provide principles for overall risk management, as well as policies covering specific areas.

29 Financial assets and liabilities and risk management (continued)

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Financial assets at fair value through other comprehensive income
- Investments at amortised cost
- Trade and other receivables excluding prepayments
- Short-term fixed deposits
- Cash and bank balances
- Other payables excluding employee benefits

A summary of the financial instruments held by category is provided below as at 31 December 2018:

	Financial assets at fair value through OCI	*Financial assets at amortised cost*
Financial assets		
Financial assets at fair value through OCI	3,348,492	-
Investments at amortised cost	-	380,871
Trade and other receivables excluding Prepayments	-	236,976
Short-term fixed deposits	-	4,674,496
Cash and bank balances	-	1,606,559
Total financial assets	3,348,492	6,898,902

Financial liabilities	*Financial liabilities at amortised cost*
Other payables, excluding employee benefits	309,071
Total financial liabilities	309,071

A summary of the financial instruments held by category is provided below as at 31 December 2017:

	Loans and receivables	*Financial assets at fair value through profit or loss*	*Held to maturity investments*
Financial assets			
Financial assets at fair value through profit or loss	-	3,344,978	-
Held-to-maturity investments	-	-	380,871
Trade and other receivables excluding Prepayments	114,657	-	-
Short-term fixed deposits	5,375,417	-	-
Cash and bank balances	756,175	-	-
Total financial assets	6,246,249	3,344,978	380,871

Financial liabilities	*Financial liabilities at amortised cost*
Other payables, excluding employee benefits	426,303
Total financial liabilities	426,303

29 Financial assets and liabilities and risk management (continued)

Risk management (continued)

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, as well as credit exposures to customers, including outstanding receivables. The Company's bank balances and short-term fixed deposits are placed with national and multinational banks with good credit ratings. The Company's investments are placed with national banks which have good credit ratings and other companies listed in the stock exchanges. Concentration of credit risk with respect to rents receivable from tenants is limited due to the Company's large number of tenants. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Further, the entity's debt investments at amortised cost are considered to have low credit risk. Due to this factor, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables.

The Company does not enter into derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated. Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in Note 13 to these financial statements.

	At 31 December 2018	
Financial assets	*Carrying value*	*Maximum exposure*
Trade and other receivables excluding prepayments	236,976	236,976
Short-term fixed deposits	4,674,496	4,674,496
Cash and bank balances	1,606,559	1,605,779
Total financial assets	6,518,031	6,517,251

	At 31 December 2017	
Financial assets	*Carrying Value*	*Maximum exposure*
Trade and other receivables excluding prepayments	114,657	114,657
Short-term fixed deposits	5,375,417	5,375,417
Cash and bank balances	756,175	755,698
Total financial assets	6,246,249	6,245,772

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Amortised cost investments, Short-term fixed deposits and current account earn fixed rates of interest. The Company's other assets and liabilities, in the opinion of the Company's management, are not considered to be sensitive to interest rate risk. The hypothetical effect of 100 basis points interest rate increase or decrease on profits would be approximately BD16,066 (2017: BD7,562).

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity risk is managed by monitoring on a regular basis to help ensure that sufficient funds are available, to meet all liabilities as they fall due.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of non-derivative financial liabilities based on the earliest date on which the Company can be required to make payments.

29 Financial assets and liabilities and risk management (continued)

Liquidity risk (continued)

At 31 December 2018	Less than 1 year	Total
Non-interest bearing instruments	288,155	288,155

At 31 December 2017	Less than 1 year	Total
Non-interest bearing instruments	414,698	414,698

Price risk is the risk that the Company is exposed to listed securities price risk because of investments held by the Company and classified in the statement of financial position as financial assets through other comprehensive income. To manage its price risk arising from investments in listed securities, the Company diversifies its portfolio. Diversification of the portfolio is achieved in accordance with the limits set by the Company.

Investment fair value sensitivity analysis is as follows:

		Impact on equity	
Description	Change	31 December 2018	31 December 2017
Quoted financial assets through OCI	+/-5%	+/- 127,572	+/- 143,611

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rate, currency rate, and equity price risk. The Company closely monitors the market forces and suitably revises the strategy to minimize the market risk.

Currency rate risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's financial assets at fair value through other comprehensive income are primarily in United States Dollars and Bahrain Dinar. The Bahrain Dinar is effectively pegged to the United States Dollar. Accordingly management assesses the Company's exposure to currency rate risk as insignificant.

Operational risk is the exposure to loss resulting from inadequate or failed internal processes, people and systems or external events. The Company seeks to minimise this risk by continuous framing policies and procedures to identify, control and manage these risks.

Fair value measurement

Fair value is the amount 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.

Financial instruments not measured at fair value on recurring basis include trade and other receivables excluding prepayments, cash and bank balances, Short-term fixed deposits and other payables excluding employees' benefits. In the opinion of the management, due to the short-term nature of these financial instruments, the fair value of these financial instruments is not significantly different from their carrying amounts as at 31 December 2018.

The following table sets out the fair value hierarchy of financial instruments measured at fair value on recurring basis along with valuation techniques and significant unobservable inputs used in determining the fair value measurement of financial instruments as well as the inter-relationship between unobservable inputs and fair value:

29 Financial assets and liabilities and risk management (continued)

Fair value measurement (continued)

	Fair value at 31 December	Level of hierarchy	Valuation technique used and key inputs	Significant unobservable Inputs	Inter-relationship between unobservable inputs and fair value
Non-financial assets					
Investment properties	492,044 (2017: 481,360)	L2	Independent valuation report	Current market rates	Positive correlation between market rates and fair values
Financial assets					
Quoted investments	2,551,441 (2017: 2,872,221)	L1	Quoted prices from stock exchanges	Not applicable	Not applicable
Unquoted investments	797,051 (2017: 472,757)	L3	Net assets of the investee companies based on 2017 audited financial information.	Expected revenue and profit growth rates taking into account management knowledge and experience of market conditions similar to industry trends	The higher the revenue growth rate, the higher the fair value

There are no transfers between levels during the year.

The reconciliation of the opening and closing fair value balance of level 3 financial instruments is provided below:

	Unquoted investments	
	31 December 2018	31 December 2017
Closing balance	797,051	472,757

29 Financial assets and liabilities and risk management (continued)

Investment risk is defined as the uncertainty about the future benefits to be realised from an investment. The Company has well-defined policies for managing investment risk. These policies cover investment authority limits and investment assessment practices. The Finance Department study the impact of transactions on the Company's statement of financial position and monitor the investment portfolio on a continuous basis. Every investment application is reviewed by a designated body depending on the size and the nature of the transaction. Fair valuation is generally conducted on a quarterly basis.

Legal risk includes the risk of unexpected losses from transactions and/or contracts not being enforceable under applicable laws or from unsound documentation. The Company deals with external law firm to support it in managing the legal risk.

Reputation risk is the risk that negative perception regarding the Company's business practices or internal controls, whether true or not, will cause a decline in the Company's investor base and lead to costly litigations which could have an adverse impact on the liquidity of the Company. The Board of Directors examines the issues that are considered to have reputation repercussions for the Company and issues directives to address these.

30 Subsequent events

There were no significant events subsequent to 31 December 2018 and occurring before the date of signing of the financial statements that would have a significant impact on these financial statements.