ESTERAD INVESTMENT COMPANY BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2018

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Independent auditors' report on review of condensed consolidated interim financial information

The Board of Directors
Esterad Investment Company BSC
PO Box 1080
Seef District
Kingdom of Bahrain

17 July 2018

Introduction

We have reviewed the accompanying 30 June 2018 condensed consolidated interim financial information of Esterad Investment Company BSC (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2018;
- the condensed consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2018;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2018;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2018; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2018 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

Bahraini Dinars

	Note	**30 June 2018 (reviewed)**	31 December 2017 (audited)
Assets			
Cash and cash equivalents		4,265,624	5,650,536
Investment securities	7	40,061,325	39,115,788
Investment property		307,932	307,932
Other assets		876,527	1,204,439
Total assets		**45,511,408**	46,278,695
Liabilities			
Borrowings		9,236,500	9,236,500
Dividends payable		1,131,189	1,044,221
Other liabilities		536,640	692,911
Total liabilities		**10,904,329**	10,973,632
Total net assets		**34,607,079**	35,305,063
Equity			
Share capital		14,000,000	14,000,000
Share premium		7,966,301	7,966,301
Treasury shares		(93,961)	(93,961)
Reserves		10,015,807	10,015,807
Retained earnings		2,252,605	2,962,901
Total equity attributable to shareholders of the parent company		**34,140,752**	34,851,048
Non-controlling interest		466,327	454,015
Total equity		**34,607,079**	35,305,063

Husain Al Husaini
Chairman

Abdulrahman Jamsheer
Deputy Chairman

Faisal Yousif Janahi
Chief Executive Officer

The condensed consolidated interim financial information consisting of pages 2 to 15 were approved by the Board of Directors on 17 July 2018.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2018 Bahraini Dinars

	Note	Six months ended 30 June (reviewed)		Three months ended 30 June (reviewed)	
		2018	2017	**2018**	2017
Investment income	10	936,978	1,201,444	(215)	246,046
Income from investment property		25,619	25,620	12,810	12,810
Other income		17,090	23,000	2,275	-
Total income		**979,687**	1,250,064	**14,870**	258,856
General and administrative expenses		488,647	445,357	204,871	207,401
Interest on borrowings		126,674	77,376	63,760	41,625
Total expenses		**615,321**	522,733	**268,631**	249,026
Profit / (loss) for the period		**364,366**	727,331	**(253,761)**	9,830
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Net changes in fair value of equity investments classified as fair value through other comprehensive income		(125,326)	184,537	(336,155)	(333,815)
Total other comprehensive income for the period		**(125,326)**	184,537	**(336,155)**	(333,815)
Total comprehensive income for the period		**239,040**	911,868	**(589,916)**	(323,985)
Profit / (loss) for the period attributable to:					
Shareholders of the parent company		352,054	722,381	(259,618)	3,908
Non-controlling interest		12,312	4,950	5,857	5,922
		364,366	727,331	**(253,761)**	9,830
Total comprehensive income for the period attributable to:					
Shareholders of the parent company		226,728	906,918	(595,773)	(329,907)
Non-controlling interest		12,312	4,950	5,857	5,922
		239,040	911,868	**(589,916)**	(323,985)
Basic earnings per 100 fils share		**2.61 fils**	5.18 fils	**(1.82) fils**	0.03 fils

Husain Al Husaini
Chairman

Abdulrahman Jamsheer
Deputy Chairman

Faisal Yousif Janahi
Chief Executive Officer

The condensed consolidated interim financial information consisting of pages 2 to 15 were approved by the Board of Directors on 17 July 2018.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2018

Bahraini Dinars

	Attributable to the shareholders of the parent company						Non-controlling interest	Total equity
2018 (reviewed)	Share Capital	Share premium	Treasury shares	Reserves	Retained earnings	**Total**		
Balance as at 31 December 2017 (previously reported)	14,000,000	7,966,301	(93,961)	10,015,807	2,962,901	34,851,048	454,015	35,305,063
Adjustment on initial application of IFRS 9 (note 3)	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Adjusted balance at 1 January 2018	**14,000,000**	**7,966,301**	**(93,961)**	**10,015,807**	**2,862,901**	**34,751,048**	**454,015**	**35,205,063**
Comprehensive income for the period:								
Profit for the period	-	-	-	-	352,054	352,054	12,312	364,366
Other comprehensive income								
Net changes in fair value of equity investments classified as fair value through other comprehensive income	-	-	-	-	(125,326)	(125,326)	-	(125,326)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**226,728**	**226,728**	**12,312**	**239,040**
Dividends declared for 2017	-	-	-	-	(837,024)	(837,024)	-	(837,024)
At 30 June 2018	**14,000,000**	**7,966,301**	**(93,961)**	**10,015,807**	**2,252,605**	**34,140,752**	**466,327**	**34,607,079**

The condensed consolidated interim financial information consists of pages 2 to 15.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2018 *(continued)*

Bahraini Dinars

	Attributable to the shareholders of the parent company						Non-controlling interest	Total equity
2017 (reviewed)	Share Capital	Share premium	Treasury shares	Reserves	Retained earnings	Total		
At 1 January 2017	14,000,000	7,966,301	(93,961)	10,003,690	2,269,373	34,145,403	446,799	34,592,202
Comprehensive income for the period:								
Profit for the period	-	-	-	-	722,381	722,381	4,950	727,331
Other comprehensive income								
Net changes in fair value of equity investments classified as fair value through other comprehensive income	-	-	-	-	184,537	184,537	-	184,537
Total comprehensive income for the period	-	-	-	-	906,918	906,918	4,950	911,868
Dividends declared for 2016	-	-	-	-	(697,521)	(697,521)	-	(697,521)
At 30 June 2017	14,000,000	7,966,301	(93,961)	10,003,690	2,478,770	34,354,800	451,749	34,806,549

The condensed consolidated interim financial information consists of pages 2 to 15.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2018

Bahraini Dinars

	Six months ended 30 June 2018 (reviewed)	Six months ended 30 June 2017 (reviewed)
Operating activities		
Dividends received	714,031	670,397
Interest received	573,416	301,879
Proceeds from sale of equity securities	2,414,184	6,830,178
Purchase of equity securities	(3,548,464)	(2,655,939)
Purchase of debt securities	-	(2,759,772)
Proceeds from derivative instruments	-	16,214
Custody fees and investment related expenses paid	(50,789)	(40,061)
Salaries and benefits paid	(376,943)	(278,647)
Payments for general and administrative expenses	(223,130)	(141,668)
Rent received and other income, net of expenses paid	18,048	-
Net cash (used in)/ generated from operating activities	**(479,647)**	1,942,581
Investing activities		
Acquisition of equipment	(13,989)	-
Net cash used in investing activities	**(13,989)**	**-**
Financing activities		
Funds borrowed, net	-	1,885,000
Interest paid	(135,917)	(67,373)
Distribution to non-controlling interest on liquidation of subsidiaries	-	(1,027)
Dividends paid	(750,056)	(653,119)
Net cash (used in) / generated from financing activities	**(885,973)**	1,163,481
Net (decrease) / increase in cash and cash equivalents during the period	**(1,379,609)**	3,106,062
Cash and cash equivalents as at 1 January	5,650,536	4,530,397
Cash and cash equivalents at 30 June*	**4,270,927**	7,636,459

*Cash and cash equivalents at 30 June 2018 include margin money of BD 31,138 on derivative positions (30 June 2017: BD 132,940) and is gross of the expected credit loss of BD 5,303.

1. Reporting entity

Esterad Investment Company BSC ('the Company') is a Bahraini public joint stock company, established in 1973 by Amiri Decree 9/1973 and the shares are listed in Bahrain Bourse. The principal activity of the Company is to invest in a wide ranging variety of investment assets in both local and international markets. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

2. Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting), which allows the condensed consolidated interim financial information to be prepared in condensed form. The condensed consolidated interim financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2017, except for the effects of adoption of IFRS 9: Financial Instruments guidance on impairment, hedge accounting and disclosures and IFRS 15 as described in note 3 to this condensed interim financial information.

3. Accounting policies

The condensed consolidated interim financial information for the six months ended 30 June 2018 have been prepared using the same accounting policies and methods of computation used by the Group in its audited consolidated financial statements for the year ended 31 December 2017 except for changes arising from adoption of IFRS 9: Financial Instruments, guidance on impairment, hedge accounting and disclosures and IFRS 15 Revenue from Contracts with Customers.

The Group had early adopted IFRS 9; Financial Instrument, guidance on classification and measurement as at 1 January 2013. The Group has adopted IFRS 9: Financial instruments, guidance on impairment, hedge accounting and disclosures with a transition date of 1 January 2018. As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings of the current period.

The adoption of IFRS 9 has resulted in changes in the accounting policies for impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

The Group has adopted IFRS 15 – Revenue from contracts with customers on 1 January 2018. The Group did not have a significant impact on its financial statements from adoption of this standard.

Set out below are the details of the specific IFRS 9 accounting policies applied in the current period and IFRS 9 transition impact disclosures for the Group.

The table below summaries the impact of transition to IFRS 9: Financial Instruments guidance on impairment, hedge accounting and disclosures on the opening balance of investment securities and retained earnings:

	Impact of adopting IFRS 9 on opening balance
Retained earnings as at 1 January 2018 (previously reported)	2,962,901
Less: Recognition of expected credit losses under IFRS 9	(100,000)
Adjusted retained earnings as 1 January 2018	**2,862,901**

3 Accounting policies (continued)

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements, as described further below

	Original carrying amount under IAS 39	ECL provision	New carrying amount under IFRS 9
Cash and cash equivalents	5,650,536	(5,303)	5,645,233
Debt securities	18,638,665	(94,697)	18,543,968

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of other receivables, cash and cash equivalents, and debt securities.

Under IFRS 9, loss allowances are measured on either of the following bases:

- *12-month ECLs:* these are ECLs that result from possible default events within the 12 months after the reporting date; and

- *lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

3 Accounting policies (continued)

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the new impairment model
For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance as follows.

As at 1 January 2018, all the financial assets in the scope of IFRS 9 impairment model, were classified as stage 1 and the impairment loss of BD 100,000 was allocated to investment in debt securities and cash and cash equivalents to the extent of BD 94,698 and BD 5,302 respectively. There was no additional charge and transfer between the stages for the ECL for the six months period ended 30 June 2018.

Transition
Changes in accounting policies resulting from the adoption of IFRS 9: Financial Instruments, guidance on impairment, hedge accounting and disclosures have been applied retrospectively, except as described below.

The Group has availed the exemption allowed under the standard and did not restate prior periods with respect to impairment requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9: Financial Instruments, guidance on impairment, hedge accounting and disclosures are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9's impairment requirements but rather those of IAS 39.

4. The condensed consolidated interim financial information is reviewed, not audited. The corresponding figures for the condensed consolidated statement of financial position have been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2017 and the corresponding figures for the condensed consolidated statements of comprehensive income, changes in equity and cash flows have been extracted from the Group's 30 June 2017 reviewed condensed consolidated interim financial information.

5. Estimate and Judgement

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017, except for new significant judgements and key sources of estimate uncertainty related to the application of IFRS 9: Financial Instruments, guidance on impairment, hedge accounting and disclosures which is described in note 3.

6. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2017.

7. Investment Securities

Investment securities comprise:

	30 June 2018	31 December 2017
Debt Securities		
At amortized cost	18,584,818	18,638,665
Less: Impairment loss	(94,698)	-
	18,490,120	18,638,665
Equity Securities		
- At FVTPL	12,928,405	11,853,110
- At FVTOCI	8,642,800	8,624,013
	21,571,205	20,477,123
	40,061,325	39,115,788

Equity securities at fair value comprise:

	30 June 2018	31 December 2017
Listed securities	11,722,352	10,549,119
Unquoted securities	7,366,587	7,478,947
Externally managed funds	2,482,266	2,449,057
	21,571,205	20,477,123

8. Commitments

At 30 June 2018, the Group had net outstanding commitments to invest in managed funds amounting to BD 896,956 (31 December 2017: BD 986,571).

9. Segment information

The Group divides its business activities into strategic equity holdings portfolio, fixed income portfolio, trading portfolio and properties & other income producing portfolios and the revenue information of these components are reported to the Chief Operating Decision Maker (CODM). However, expenses and results are reviewed at the Group level and therefore no operating segment disclosure is provided in these condensed consolidated interim financial information.

10. Investment income

	Six months ended 30 June	
	2018	2017
Income from equity securities		
Dividends received	714,030	760,608
Fair value (loss)/gains on FVTPL securities, net	(492,823)	54,183
Realised gain on sale of investments	75,369	139,198
	296,576	953,989
Income from debt securities		
Interest income	470,655	273,231
	470,655	273,231
Gains from derivative instruments held for risk management		
Realised gain	-	16,214
Fair value gains /(loss)	176,800	(24,777)
	176,800	(8,563)
Other investment income	**(7,053)**	(17,213)
Total investment income	**936,978**	1,201,444

Dividends received is cyclical in nature and is concentrated in the initial part of the financial year.

11. Appropriation

Subsequent to the year end, in the annual general meeting of the shareholders held on 19 March 2018, the shareholders approved cash dividend of BD 837,024 which has been effected during the period.

12. Transactions with related parties

Transactions with related parties are on normal commercial terms. The transactions and balances with related parties were as follows:

	30 June 2018	31 December 2017
Balances with related parties		
Receivable from associate companies	**43,185**	35,630
Loan to related party	**173,460**	173,460

	30 June 2018	30 June 2017
Transactions with related parties		
Remuneration to key management personnel	**74,778**	71,418
Dividend income from an associate	**175,500**	121,500
Fair value loss from an associate	**(85,145)**	(494,649)
Investment property income from an associate	**25,619**	25,620
Board remuneration and sitting fees	**21,250**	20,500

13. Fair value hierarchy and categories

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. as derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Equity investment unquoted at fair value	Market Comparison technique: The valuation model is based on market P/B multiple derived from quoted prices of companies comparable to the investee. The estimate is adjusted for the effect of the non-marketability of the equity securities.	Adjusted market multiple Non-marketability factor (20%) Average book value to price multiple (1.18x)	The estimated fair value would increase (decrease) if: - Non-marketability factor was lower (higher) - The adjusted market multiple were higher (lower)

13 Fair value hierarchy and categories (continued)

	Discounted cash flows technique: the valuation is based on the discounted cash flows which is estimated by management and use WACC to calculate the discounted cash flows. The estimate is adjusted for the effect if non-marketability of the equity securities.	Estimated cash flow WACC (15%) Non-marketability factor (30%)	The estimated fair value would increase (decrease) if: - The estimated cash flows were higher (lower) - WACC were lower (higher) - Non-marketability factor was lower (higher).
Other externally managed funds	Net Asset value as received from the investment manager	Net asset value	The estimated fair value would increase (decrease) if the net asset value increase / (decrease)
Futures and interest rate swaps	Market comparison technique: The fair value of the derivative is the equivalent to its prevailing market rates or is based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments	Not Applicable. Based on valuations provided by the counterparty.	Not Applicable

The table below analyses financial instruments, measured at fair value as at the end of the period/ year, by level in the fair value hierarchy into which the fair value measurement is categorized:

30 June 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment Securities:				
- At FVTPL	9,122,397	-	3,806,008	12,928,405
- At FVTOCI	2,599,955	-	6,042,845	8,642,800
Derivatives financial assets	-	243,172	-	243,172
	11,722,352	**243,172**	**9,848,853**	**21,814,377**

31 December 2017	Level 1	Level 2	Level 3	Total
Investment Securities:				
- At FVTPL	7,961,958	-	3,891,152	11,853,110
- At FVTOCI	2,587,161	-	6,036,852	8,624,013
Derivatives financial assets	-	83,886	-	83,886
	10,549,119	83,886	9,928,004	20,561,009
Derivatives financial liabilities	-	17,514	-	17,514

13 Fair value hierarchy and categories (continued)

The fair value of equity investment securities are based on quoted prices or valuation techniques. The fair value of debt securities are based on market prices. Quoted prices include prices obtained from fund manager, brokers and dealers. The Group determines fair values of investment securities that are not quoted in active markets by using well recognised valuation techniques comprising multiple-based approach, discounted cash flow techniques or other valuation methodologies.

Level 2 derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. The fair value of the derivative is the equivalent to its prevailing market rates or is based on broker quotes.

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the six months ended 30 June 2018.

The table below shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	30 June 2018	30 June 2017
Balance at 1 January	9,928,004	10,813,192
Total gains or losses:		
in profit or loss	(85,145)	(494,649)
in other comprehensive income	58,174	(268,999)
Sales/ adjustments	(52,180)	(94,005)
Balance at 30 June	**9,848,853**	9,955,539

For the fair value of investment securities in the Level 3 category, changing one or more of the significant unobservable inputs used to reasonably possible alternative assumptions would have an effect on the fair value of these investment securities. These effects have been calculated by recalibrating the values from the valuation technique using alternative estimates of unobservable inputs that might reasonably have been considered by a market participant to price these investment securities at as 30 June 2018. The potential effect of changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects:

	30 June 2018		30 June 2017	
	Profit or Loss	OCI	Profit or Loss	OCI
- WACC (1% increase)	(55,480)	-	(55,480)	-
- Non-marketability factor (10% increase)	(495,485)	-	(502,546)	-
- Average book value to price multiple (10% increase)	191,573	-	201,917	-
- Net asset value (10% increase)	195,903	609,971	201,917	608,938

	30 June 2018		30 June 2017	
	Profit or Loss	OCI	Profit or Loss	OCI
- WACC (1% decrease)	57,840	-	57,840	-
- Non-marketability factor (10% decrease)	495,485	-	502,547	-
- Average book value to price multiple (10% decrease)	(199,446)	-	(201,919)	-
- Net asset value (10% decrease)	(195,904)	(609,971)	(201,919)	(608,938)

13 Fair value hierarchy and categories (continued)

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values.

30 June 2018	At FVTPL	At FVTOCI	At amortised cost	Total carrying value	Fair value
Cash and cash equivalents	-	-	4,265,624	4,265,624	*
Investment Securities					
- Equity securities	12,928,405	8,642,800	-	21,571,205	21,571,205
- Debt securities	-	-	18,490,120	18,490,120	17,863,340
Derivatives held for risk management	243,172	-	-	243,172	243,172
Other assets	-	-	594,165	594,165	*
Total financial assets	**13,171,577**	**8,642,800**	**23,349,909**	**45,164,286**	
Borrowings	-	-	9,236,500	9,236,500	*
Dividends payable	-	-	1,131,189	1,131,189	*
Other liabilities	-	-	128,317	128,317	*
Total financial liabilities	**-**	**-**	**10,496,006**	**10,496,006**	

2017	At FVTPL	At FVTOCI	At amortised cost	Total carrying value	Fair value
Cash and cash equivalents	-	-	5,650,536	5,650,536	*
Investment Securities					
- Equity securities	11,853,110	8,624,013	-	20,477,123	20,477,123
- Debt securities	-	-	18,638,665	18,638,665	18,637,425
Derivatives held for risk management	83,886	-	-	83,886	83,886
Other assets	-	-	1,079,063	1,079,063	*
Total financial assets	11,936,996	8,624,013	25,368,264	45,929,273	
Borrowings	-	-	9,236,500	9,236,500	*
Unclaimed dividends	-	-	1,044,221	1,044,221	*
Derivatives held for risk management	17,514		-	17,514	17,514
Other liabilities	-	-	306,192	306,192	*
Total financial liabilities	17,514	-	10,586,913	10,604,427	

*The carrying values of cash and cash equivalents, other assets, borrowings, unclaimed dividend and other liabilities are a reasonable approximation of fair value due to their short term nature.

14. Comparative

Certain prior period amounts have been regrouped to conform to the presentation in the current period. Such regrouping did not affect previously reported profits, comprehensive income or equity.