



الشركة الكويتية السورية للاحتفاظ  
Kuwait Syrian Holding

**Kuwait Syrian Holding Company – K.S.C.P.**  
**Holding Company**  
And its subsidiaries  
State of Kuwait

**Interim Condensed Consolidated Financial Information (Unaudited)**  
**For the six months ended 30 June 2018**  
**And review report**



**Kuwait Syrian Holding Company – K.S.C.P.**  
**Holding Company**  
And its subsidiaries  
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)  
For the six months ended 30 June 2018  
And review report

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**Kuwait Syrian Holding Company - K.S.C.P.**

**Holding Company**

State of Kuwait

**Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors**

*Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Syrian Holding Company - K.S.C.P. Holding Company "the Parent Company" and its subsidiaries (collectively referred to as "the Group") as at 30 June 2018 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

*Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim condensed consolidated 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

*Emphasis of Matter*

We draw attention to Note (13) to this interim condensed consolidated financial information which discloses that the Group's assets amounting to KD 16.9 Million as at 30 June 2018 which represents approximately 71% of total Group's assets are located in Syria, and that the Group has assessed that the current political and economic events is unlikely to have any material effect on carrying value of these assets.

Our conclusion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its executive regulation, as amended, or of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the six-month period ended 30 June 2018, that might have had a material effect on the business of the Group or on its consolidated financial position, except of owning properties by the Parent Company.



**Talal Yousef Al-Muzaini**

Licence No. 209A

Deloitte & Touche - Al Wazzan & Co.

Kuwait, 2 August 2018

Interim Condensed Consolidated Statement of Financial Position as of 30 June 2018  
(Unaudited)

(All amounts in Kuwaiti Dinars)

|  | Note | 30 June<br>2018   | 31 December<br>2017<br>(Audited) | 30 June<br>2017   |
|--|------|-------------------|----------------------------------|-------------------|
| <b>Assets</b>  |      |                   |                                  |                   |
| <b>Non-current assets</b>  |      |                   |                                  |                   |
| Investment properties  | 5    | 10,972,572        | 10,972,572                       | 10,990,726        |
| Other financial assets   | 6    | 2,850,971         | 3,352,820                        | 1,853,267         |
|  |      | <u>13,823,543</u> | <u>14,325,392</u>                | <u>12,843,993</u> |
| <b>Current assets</b>  |      |                   |                                  |                   |
| Properties held for trading  |      | 4,177,906         | 4,177,906                        | 4,177,906         |
| Trade and other receivables  | 5.6  | 3,076,934         | 2,602,237                        | 1,881,085         |
| Investments at fair value through profit or loss                           | 7    | 1,188,917         | 923,127                          | 530,519           |
| Cash at financial institutions   | 8    | 1,356,021         | 2,525,344                        | 3,650,334         |
|  |      | <u>9,799,778</u>  | <u>10,228,614</u>                | <u>10,239,844</u> |
| <b>Total assets</b>  |      | <u>23,623,321</u> | <u>24,554,006</u>                | <u>23,083,837</u> |
| <b>Equity and Liabilities</b>  |      |                   |                                  |                   |
| <b>Equity</b>  |      |                   |                                  |                   |
| Share capital  |      | 17,627,690        | 17,627,690                       | 17,627,690        |
| Statutory reserve  |      | 139,253           | 139,253                          | 78,508            |
| Investments revaluation reserve  |      | 1,091,798         | 1,593,647                        | 94,094            |
| (Accumulated losses)/ retained earnings                                    |      | (88,967)          | 550,916                          | 679,667           |
| <b>Total equity attributable to the shareholders of the Parent Company</b> |      | <u>18,769,774</u> | <u>19,911,506</u>                | <u>18,479,959</u> |
| <b>Non-controlling interest</b>  |      | <u>4,439,727</u>  | <u>4,415,914</u>                 | <u>4,401,697</u>  |
| <b>Total equity</b>  |      | <u>23,209,501</u> | <u>24,327,420</u>                | <u>22,881,656</u> |
| <b>Non-current liabilities</b>   |      |                   |                                  |                   |
| End of service indemnity   |      | 129,579           | 119,109                          | 108,465           |
| <b>Current liabilities</b>   |      |                   |                                  |                   |
| Trade and other payables   |      | 284,241           | 107,477                          | 93,716            |
| <b>Total liabilities</b>   |      | <u>413,820</u>    | <u>226,586</u>                   | <u>202,181</u>    |
| <b>Total equity and liabilities</b>  |      | <u>23,623,321</u> | <u>24,554,006</u>                | <u>23,083,837</u> |

The accompanying notes form an integral part of this interim condensed consolidated financial information.

  
Fawzan Mohammed Al-Faris  
Chairman

  
Marzouk Nasser Al-Kharafi  
Vice Chairman



**Interim Condensed Consolidated Statement of Income for the six months ended 30 June 2018**  
**(Unaudited)**

(All amounts in Kuwaiti Dinars)

|   | Note | Three months ended |                | Six months ended |                 |
|---|------|--------------------|----------------|------------------|-----------------|
|   |      | 30 June            |                | 30 June          |                 |
|   |      | 2018               | 2017           | 2018             | 2017            |
| <b>Continuing operations</b>  |      |                    |                |                  |                 |
| <b>Revenue</b>  |      |                    |                |                  |                 |
| Net properties rents revenue  |      | 40,691             | 74,028         | 102,318          | 129,610         |
| Net (losses)/ gains from investments  | 9    | (4,758)            | 42,880         | (10,327)         | 72,802          |
| Foreign currency gains/ (losses)  |      | 23,445             | (6,426)        | 8,451            | (11,066)        |
| Interest income   |      | 4,377              | 13,549         | 12,441           | 18,166          |
|   |      | <u>63,755</u>      | <u>124,031</u> | <u>112,883</u>   | <u>209,512</u>  |
| <b>Expenses and other charges</b>   |      |                    |                |                  |                 |
| Staff cost  |      | 83,384             | 52,952         | 135,725          | 183,935         |
| Administration expenses   |      | 25,088             | 25,226         | 64,397           | 60,704          |
| Total expenses and other charges  |      | <u>108,472</u>     | <u>78,178</u>  | <u>200,122</u>   | <u>244,639</u>  |
| Net (loss)/ profit for the period before deductions   |      | <u>(44,717)</u>    | <u>45,853</u>  | <u>(87,239)</u>  | <u>(35,127)</u> |
| Contribution to Kuwait Foundation for the Advancement of Science  |      | -                  | (254)          | -                | (6,104)         |
| Zakat   |      | -                  | (282)          | -                | (6,782)         |
| National Labour Support Tax   |      | -                  | (706)          | -                | (16,955)        |
| Net (loss)/ profit for the period from continuing operations  |      | <u>(44,717)</u>    | <u>44,611</u>  | <u>(87,239)</u>  | <u>(64,968)</u> |
| <b>Discontinued operations:</b>   |      |                    |                |                  |                 |
| Net profit from discontinued operations   |      | -                  | -              | -                | 743,104         |
| <b>Net (loss)/ profit for the period</b>  |      | <u>(44,717)</u>    | <u>44,611</u>  | <u>(87,239)</u>  | <u>678,136</u>  |
| Attributable to:  |      |                    |                |                  |                 |
| Shareholders of the Parent Company  |      | (54,710)           | 26,982         | (111,052)        | 648,366         |
| Non-controlling interest  |      | 9,993              | 17,629         | 23,813           | 29,770          |
|   |      | <u>(44,717)</u>    | <u>44,611</u>  | <u>(87,239)</u>  | <u>678,136</u>  |
| <b>(Loss)/ earnings per share from continuing operations attributable to the Shareholders of the Parent Company (fils)</b>                  | 10   | <u>(0.31)</u>      | <u>0.15</u>    | <u>(0.63)</u>    | <u>(0.54)</u>   |
| <b>(Loss)/ earnings per share from continuing and discontinued operations attributable to the Shareholders of the Parent Company (fils)</b> | 10   | <u>(0.31)</u>      | <u>0.15</u>    | <u>(0.63)</u>    | <u>3.68</u>     |

The accompanying notes form an integral part of this interim condensed consolidated financial information.



**Interim Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2018  
 (Unaudited)**

(All amounts in Kuwaiti Dinars)

|   | Three months ended |               | Six months ended |                |
|---|--------------------|---------------|------------------|----------------|
|   | 30 June            |               | 30 June          |                |
|   | 2018               | 2017          | 2018             | 2017           |
| <b>Net (loss)/ profit for the period</b>  | <u>(44,717)</u>    | <u>44,611</u> | <u>(87,239)</u>  | <u>678,136</u> |
| <b>Other comprehensive income items:</b>  |                    |               |                  |                |
| <i>Items that will not be reclassified subsequently to statement of income:</i> |                    |               |                  |                |
| Net fair value loss resulted from equity investments designated at FVTOCI       | <u>(402,433)</u>   | <u>-</u>      | <u>(501,849)</u> | <u>-</u>       |
| <b>Total comprehensive (loss)/ income for the period</b>                        | <u>(447,150)</u>   | <u>44,611</u> | <u>(589,088)</u> | <u>678,136</u> |
| Attributable to:  |                    |               |                  |                |
| Shareholders of the Parent Company  | <u>(457,143)</u>   | <u>26,982</u> | <u>(612,901)</u> | <u>648,366</u> |
| Non-controlling interest  | <u>9,993</u>       | <u>17,629</u> | <u>23,813</u>    | <u>29,770</u>  |
|   | <u>(447,150)</u>   | <u>44,611</u> | <u>(589,088)</u> | <u>678,136</u> |

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2018  
(Unaudited)**

(All amounts in Kuwaiti Dinars)

|  | Equity attributable to the shareholders of the Parent Company |                      |                                       |  | Non-<br>controlling<br>interest | Total equity |
|--|---|----------------------|---------------------------------------|--|---------------------------------|--------------|
|  | Share<br>capital  | Statutory<br>reserve | Investments<br>revaluation<br>reserve | Retained<br>earnings/<br>(accumulated<br>losses) |                                 |              |
| <b>Balance at 1 January 2017</b>       | 17,627,690  | 78,508               | 94,094                                | 31,301   | 17,831,593                      | 22,203,520   |
| Net profit for the period              | -   | -                    | -                                     | 648,366  | 648,366                         | 678,136      |
| <b>Balance at 30 June 2017</b>         | 17,627,690  | 78,508               | 94,094                                | 679,667  | 18,479,959                      | 22,881,656   |
| <b>Balance at 1 January 2018</b>       | 17,627,690  | 139,253              | 1,593,647                             | 550,916  | 19,911,506                      | 24,327,420   |
| Net (loss)/ profit for the period      | -   | -                    | -                                     | (111,052)  | (111,052)                       | (87,239)     |
| Total other comprehensive income items | -   | -                    | (501,849)                             | -  | (501,849)                       | (501,849)    |
| Dividends (Note 15)                    | -   | -                    | -                                     | (528,831)  | (528,831)                       | (528,831)    |
| <b>Balance at 30 June 2018</b>         | 17,627,690  | 139,253              | 1,091,798                             | (88,967)   | 18,769,774                      | 23,209,501   |

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2018**  
**(Unaudited)**

(All amounts in Kuwaiti Dinars)

| Note  | Six months ended |             |
|---|------------------|-------------|
|   | 30 June          |             |
|   | 2018             | 2017        |
| <b>Cash flows from operating activities</b>                     |                  |             |
| Net (loss)/ profit for the period                               | (87,239)         | 678,136     |
| <i>Adjustments:</i>   |                  |             |
| Net losses/ (gains) from investments                            | 7,209            | (76,376)    |
| Net profit from discontinued operations                         | -                | (743,104)   |
| Interest income   | (12,441)         | (18,166)    |
| End of service indemnity provision                              | 10,470           | 36,107      |
| Operating losses before changes in working capital              | (82,001)         | (123,403)   |
| Trade and other receivables                                     | (474,697)        | (1,727,562) |
| Investments at fair value through profit or loss                | (272,999)        | 1,084,649   |
| Trade and other payables  | (40,141)         | (86,718)    |
| Net cash used in operating activities                           | (869,838)        | (853,034)   |
| <b>Cash flows from investing activities</b>                     |                  |             |
| Net proceeds from sale of assets held for sale                  | -                | 3,621,898   |
| Term deposits   | 309,965          | (2,843)     |
| Interest income received  | 12,441           | 18,166      |
| Dividends income received                                       | -                | 40,649      |
| Paid for develop investment properties                          | -                | (69,942)    |
| Net cash generated from investing activities                    | 322,406          | 3,607,928   |
| <b>Cash flows from financing activities</b>                     |                  |             |
| Payment of cash dividends                                       | (311,926)        | (13,814)    |
| Net cash used in financing activities                           | (311,926)        | (13,814)    |
| <b>Net change in cash and cash equivalents</b>                  | (859,358)        | 2,741,080   |
| <b>Cash and cash equivalents at the beginning of the period</b> | 2,215,379        | 602,255     |
| <b>Cash and cash equivalents at the end of the period</b>       | 8 1,356,021      | 3,343,335   |

The accompanying notes form an integral part of this interim condensed consolidated financial information.



**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2018**  
**(Unaudited)**

*(All amounts in Kuwaiti Dinars unless otherwise stated)*

**1. Incorporation of the Group**

Kuwait Syrian Holding Company "the Parent Company" is a Kuwaiti Public Shareholding Company incorporated in 28 July 2002.

The main activities of the Parent Company are:

- Owning stocks in Kuwaiti or Non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment, lending and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns shares, guaranteeing them with third parties where the holding company owns 20% or more of the capital of the borrowing company.
- Owning industrial rights such as patents, industrial trademarks, royalties, or any other related rights, and leasing to other companies to use it inside and outside state of Kuwait.
- Owning properties and moveable property to conduct its operations within the limits as stipulated by law.
- Utilizing the company's available surplus funds in financial portfolio managed by specialized entities.

The Parent Company's main office is at Rakan Tower, 16th Floor, Fahad Al-Salem Street, Kuwait.

These interim condensed consolidated financial Information comprise the financial information of the Parent Company and its subsidiaries (Note 12), known collectively as "the Group".

These interim condensed consolidated financial information were authorized for issuance by the Board of Directors on 2 August 2018.

**2. Basis of presentation and significant accounting policies**

**2.1 Basis of presentation**

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards.

In the management's opinion, all necessary adjustments, including recurring accruals have been included in the interim condensed consolidated financial information for fair presentation. The operating results for the period ended 30 June 2018 are not necessarily indicative of results that may be expected for the year ending 31 December 2018. For further information, it is possible to refer to the consolidated financial statements and its related notes for the year ended 31 December 2017.

**2.2 Significant accounting policies**

The accounting policies used in preparing the interim condensed consolidated financial information similar to those used in the preparation of consolidated financial statements for the year ended 31 December 2017 except for the effect of application of new and revised International Financial Reporting Standards (IFRS) as the follows:

**2.2.1 Impact of application of IFRS 9 Financial Instruments**

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment for financial assets and
- 3) General hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in the standard starting on 1 January 2018.

In accordance with the transitional provision in IFRS 9, the Group chooses not to restate comparative information for prior periods, and then applied IAS 39 for the comparative period.

The key changes to the Group's accounting policies as well as impact on the Group's financial information are described below.

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2018**  
**(Unaudited)**

*(All amounts in Kuwaiti Dinars unless otherwise stated)*

**2.2.1.1 Accounting policy**

**Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through consolidated statement of income) are added to or deducted from the fair value of the financial assets or financial liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through consolidated statement of income are recognised immediately in consolidated statement of income.

**Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification of financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

By default, all other financial assets are subsequently measured at FVTPL.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

**Amortised cost**

Financial assets classified at amortized cost are subsequently measured at amortized cost using the effective interest method adjusted for impairment losses, if any.

Interest income is recognized in the consolidated statement of income.

**Equity instruments designated as at FVTOCI**

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

Investments in equity instruments designated as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to consolidated statement of income on disposal of these investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in consolidated statement of income when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2018**  
**(Unaudited)**

*(All amounts in Kuwaiti Dinars unless otherwise stated)*

***Financial assets at FVTPL***

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in consolidated statement of income to the extent they are not part of a designated hedging relationship.

The net gain or loss recognised in statement of income includes any dividend or interest earned on the financial assets. Fair value is determined in the manners described in Note 3.

***Foreign exchange gains and losses***

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For financial assets measured at amortised cost, exchange differences are recognised in consolidated statement of income.
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.
- For financial assets measured at FVTPL, exchange differences are recognised in consolidated statement of income.

***Impairment of financial assets***

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, receivables, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each financial reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12m ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood of risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

***Derecognition of financial assets***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of income. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to consolidated statement of income. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to consolidated statement of income, but is transferred to retained earnings.

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2018**  
**(Unaudited)**

*(All amounts in Kuwaiti Dinars unless otherwise stated)*

**Financial liabilities and equity instruments**

**Classification as debt or equity**

Debt and equity instruments issued by a entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

**Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

**Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in consolidated statement of income for financial liabilities that are not part of a designated hedging relationship.

**Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognized in consolidated statement of income.

**2.2.1.2 Disclosures in relation to the initial application of IFRS 9**

The table below illustrates the classification and measurement of financial assets and financial liabilities under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

|                                   | <b>Original measurement category under IAS 39</b>          | <b>New measurement category under IFRS 9</b>               | <b>Original carrying amount under IAS 39</b> | <b>Additional loss allowance recognised under IFRS 9</b> | <b>New carrying amount under IFRS 9</b> |
|-----------------------------------|--|--|--|--|---|
| Investments in equity instruments | Available-for-sale investments                             | Investments at FVTOCI                                      | 3,352,820                                    | -  | 3,352,820                               |
| Debt instruments                  | Financial instruments at fair value through profit or loss | Financial instruments at fair value through profit or loss | 923,127                                      | -  | 923,127                                 |
| Receivables and other receivables | Loans and receivables                                      | FA at amortised cost                                       | 2,602,237                                    | -  | 2,602,237                               |
| Cash and cash equivalents         | Loans and receivables                                      | FA at amortised cost                                       | 2,525,344                                    | -  | 2,525,344                               |
| Payables and other payables       | Financial liabilities at amortised cost                    | Financial liabilities at amortised cost                    | 107,477                                      | -  | 107,477                                 |

The Group's management has assessed that the impact of the application of IFRS 9 as of 1 January and 30 June 2018 has no material effect on the financial information and therefore, no adjustments were made to the financial assets, financial liabilities and retained earnings as of 1 January 2018 and profit for the period ended 30 June 2018.

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**2.2.2 Impact of application of IFRS 15 Revenue from Contract from Customers**

IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. 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. It established a new five-step model that will apply to revenue arising from contracts with customers as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group adopted IFRS 15 "Revenue from Contracts with Customers" resulting in no change in the revenue recognition policy of the Group in relation to its contracts with customers. Further, adoption of IFRS 15 had no impact on this interim condensed consolidated financial information of the Group.

**3. Fair value estimation**

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical assets or liabilities.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that is not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: valuation techniques that are not based on observable market data.

The table below gives information about how the fair values of the significant financial assets and liabilities are determined:

|  | Fair value as at |                  |              | Fair value hierarchy | Valuation technique(s) and Key input(s)                      |
|--|------------------|------------------|--------------|----------------------|--|
|  | 30 June 2018     | 31 December 2017 | 30 June 2017 |                      |  |
| <b>(Audited)</b>   |                  |                  |              |                      |  |
| <b>Financial investments at fair value through profit or loss:</b> |                  |                  |              |                      |  |
| Local quoted bonds   | 437,857          | 457,641          | 315,701      | Level 1              | Last bid price   |
| Foreign quoted bonds   | 351,060          | 365,486          | 214,818      | Level 1              | Last bid price   |
| Local unquoted bonds   | 400,000          | 100,000          | -            | Level 2              | Other valuation technique                                    |
| <b>Equity instruments designated at FVTOCI:</b>                    |                  |                  |              |                      |  |
| Foreign quoted shares  | 2,030,913        | -                | -            | Level 1              | Closing price<br>Comparative market price for similar assets |
| Local unquoted shares  | 175,463          | -                | -            | Level 2              | Other valuation technique                                    |
| Foreign unquoted shares  | 644,595          | -                | -            | Level 3              | Other valuation technique                                    |
| <b>Available for sale investments:</b>                             |                  |                  |              |                      |  |
| Foreign quoted shares  | -                | 2,529,053        | -            | Level 1              | Closing price<br>Comparative market price for similar assets |
| Local unquoted shares  | -                | 179,173          | 205,744      | Level 2              | Other valuation technique                                    |

The fair value of other financial assets and financial liabilities approximately equal its book value as at the financial information date.

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**4. Judgment and estimates**

In the application of the Group's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Judgements:**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the assets recognised in the financial information:

*Classification of investments in equity instruments - IFRS 9 (Effective from 1 January 2018)*

On acquisition of an investment, the Group decides whether it should be classified as "FVTPL" or "FVTOCI". The Group follows the guidance of IFRS 9 on classifying its investments.

The Group has designated all investments in equity instruments as at FVTOCI as these investments are strategic investments and are not held for trading.

*Impairment*

The Group has to assess whether credit risk on financial assets and other items has increased significantly since initial recognition in order to determine whether 12 months ECL or lifetime ECL should be recognized.

**Sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

*Valuation of financial instruments*

The Group's management determines the appropriate valuation techniques and input for fair value measurement. In estimating the fair value of an asset or a liability the Group uses market observable data to the extent it is available. Information about valuation techniques and input used in determining the fair value of various assets and liabilities are disclosed in Note (3).

*Impairment*

The Group uses of forward-looking information and assumptions about the probability of default and expected credit risk rates.

**5. Investment properties**

5.1 Investment properties represent lands under development in Syrian Arab Republic acquired for the purpose of investing in residential projects. Procedures of obtaining licenses for certain lands are under process.

5.2 The movement on investment properties during the period/ year is follows:

|  | <b>30 June<br/>2018</b> | <b>31 December<br/>2017<br/>(Audited)</b> | <b>30 June<br/>2017</b> |
|--|-------------------------|---|-------------------------|
| Balance at the beginning of the period/ year | 10,972,572              | 10,920,784                                | 10,920,784              |
| Additions                                    | -                       | 81,473                                    | 69,942                  |
| Change in fair value                         | -                       | (29,685)                                  | -                       |
| Balance at the end of the period/ year       | <u>10,972,572</u>       | <u>10,972,572</u>                         | <u>10,990,726</u>       |

5.3 During the prior years, the Group acquired investment properties and properties held for trading from disposed subsidiaries. The transferring of the ownership to the Group are in process during the subsequent period.

5.4 Investment properties of KD 534,716 as at 30 June 2018 (KD 532,896 as at 31 December 2017, KD 535,080 as at 30 June 2017) was mortgaged in favour of a bank in Syrian Arab Republic against credit facilities granted to one of the disposed subsidiaries and currently the Group are taking the necessary procedures to settle the situation.

5.5 Investment properties were evaluated based on the fair value as of 31 December 2017.

5.6 The Group had paid KD 1,687,545 for acquisition of lands and properties in Syrian Arab Republic. These amounts are presented in trade and other receivables till the completion of the acquisition procedures and registering these properties in the Group's name.

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**6. Other financial assets**

**Equity instruments designated at FVTOCI**

|                         | <b>30 June<br/>2018</b> | <b>31 December<br/>2017<br/>(Audited)</b> | <b>30 June<br/>2017</b> |
|-------------------------|-------------------------|---|-------------------------|
| Foreign quoted shares   | 2,030,913               | -   | -                       |
| Local unquoted shares   | 175,463                 | -   | -                       |
| Foreign unquoted shares | 644,595                 | -   | -                       |
|                         | <u>2,850,971</u>        | <u>-</u>                                  | <u>-</u>                |

**Available for sale investments**

|                         | <b>30 June<br/>2018</b> | <b>31 December<br/>2017<br/>(Audited)</b> | <b>30 June<br/>2017</b> |
|-------------------------|-------------------------|---|-------------------------|
| Foreign quoted shares   | -                       | 2,529,053                                 | -                       |
| Local unquoted shares   | -                       | 179,173                                   | 205,744                 |
| Foreign unquoted shares | -                       | 644,594                                   | 1,647,523               |
|                         | <u>-</u>                | <u>3,352,820</u>                          | <u>1,853,267</u>        |

6.1 Investments have been valued based on valuation basis mentioned in Note 3.

6.2 Investments in equity instruments which are not held for trading has been classified as at FVTOCI, for which the Group has made an irrevocable election at initial recognition to recognise its changes in fair value through OCI rather than statement of income as these are strategic investments and the Group considered this to be more relevant.

6.3 Investments in equity instruments designated as at FVTOCI are not subject to impairment, and their cumulated changes in fair value included in the investments revaluation reserve is not subsequently reclassified to statement of income.

**7. Investments at fair value through profit or loss**

|                      | <b>30 June<br/>2018</b> | <b>31 December<br/>2017<br/>(Audited)</b> | <b>30 June<br/>2017</b> |
|----------------------|-------------------------|---|-------------------------|
| Local quoted bonds   | 437,857                 | 457,641                                   | 315,701                 |
| Foreign quoted bonds | 351,060                 | 365,486                                   | 214,818                 |
| Local unquoted bonds | 400,000                 | 100,000                                   | -                       |
|                      | <u>1,188,917</u>        | <u>923,127</u>                            | <u>530,519</u>          |

Fair value of investments at fair value through profit or loss is determined based on valuation basis described in Note 3.

**8. Cash at financial institutions**

|   | <b>30 June<br/>2018</b> | <b>31 December<br/>2017<br/>(Audited)</b> | <b>30 June<br/>2017</b> |
|---|-------------------------|---|-------------------------|
| Cash at banks                                   | 955,491                 | 943,270                                   | 2,170,594               |
| Cash at investment portfolios                   | 207,526                 | 680,075                                   | 80,178                  |
| Term deposits                                   | 193,004                 | 901,999                                   | 1,399,562               |
|   | <u>1,356,021</u>        | <u>2,525,344</u>                          | <u>3,650,334</u>        |
| Less: deposits for more than three months       | -                       | (309,965)                                 | (306,999)               |
| Cash and cash equivalent for cash flow purposes | <u>1,356,021</u>        | <u>2,215,379</u>                          | <u>3,343,335</u>        |

As at 30 June 2018, the interest rate on term deposits is 2% (1.7% as at 31 December 2017, 1.3% - 1.9% as at 30 June 2017) annually.



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|   | Three months ended<br>30 June |                    | Six months ended<br>30 June |                    |
|---|-------------------------------|--------------------|-----------------------------|--------------------|
|   | 2018                          | 2017               | 2018                        | 2017               |
| <b>9. Net (losses)/ gains from investments</b>  |                               |                    |                             |                    |
| <i>Investment at fair value through profit or loss:</i>   |                               |                    |                             |                    |
| Gains from selling investments  | -                             | -                  | -                           | 20,000             |
| (Losses)/ gains from changes in fair value  | (3,250)                       | 3,130              | (7,209)                     | 15,727             |
| Investments portfolio management fees   | (1,508)                       | (899)              | (3,118)                     | (3,574)            |
|   | <u>(4,758)</u>                | <u>2,231</u>       | <u>(10,327)</u>             | <u>32,153</u>      |
| <i>Available for sale investments:</i>  |                               |                    |                             |                    |
| Cash dividends  | -                             | 40,649             | -                           | 40,649             |
|   | <u>-</u>                      | <u>42,880</u>      | <u>-</u>                    | <u>72,802</u>      |
| <b>10. (Losses)/ earnings per share</b>   |                               |                    |                             |                    |
| (Losses)/ earnings per share is calculated on the basis of the net (loss)/ profit for the period and the weighted average number of ordinary shares outstanding during the period as follows: |                               |                    |                             |                    |
|   | Three months ended<br>30 June |                    | Six months ended<br>30 June |                    |
|   | 2018                          | 2017               | 2018                        | 2017               |
| Net (loss)/ profit for the period attributable to the shareholders of the Parent Company  | (54,710)                      | 26,982             | (111,052)                   | 648,366            |
| Net profit for the period from discontinued operations attributable to the shareholders of the Parent Company   | -                             | -                  | -                           | (743,104)          |
| Net (loss)/ profit for the period from continuing operation attributable to the shareholders of the Parent Company  | <u>(54,710)</u>               | <u>26,982</u>      | <u>(111,052)</u>            | <u>(94,738)</u>    |
|   | Three months ended<br>30 June |                    | Six months ended<br>30 June |                    |
|   | 2018                          | 2017               | 2018                        | 2017               |
| <b>Continuing operations:</b>   |                               |                    |                             |                    |
| Net (loss)/ profit for the period attributable to the shareholders of the Parent Company  | (54,710)                      | 26,982             | (111,052)                   | (94,738)           |
| Weighted average number of shares outstanding and paid (share)  | <u>176,276,900</u>            | <u>176,276,900</u> | <u>176,276,900</u>          | <u>176,276,900</u> |
| <b>(Loss)/ earnings per share from continuing operation attributable to the shareholders of the Parent Company (fils)</b>   | <u>(0.31)</u>                 | <u>0.15</u>        | <u>(0.63)</u>               | <u>(0.54)</u>      |
|   | Three months ended<br>30 June |                    | Six months ended<br>30 June |                    |
|   | 2018                          | 2017               | 2018                        | 2017               |
| <b>Discontinued operations:</b>   |                               |                    |                             |                    |
| Net profit for the period attributable to the shareholders of the Parent Company  | -                             | -                  | -                           | 743,104            |
| Weighted average number of shares outstanding and paid (share)  | <u>176,276,900</u>            | <u>176,276,900</u> | <u>176,276,900</u>          | <u>176,276,900</u> |
| <b>Earnings per share from discontinued operations attributable to the shareholders of the Parent Company (fils)</b>  | <u>-</u>                      | <u>-</u>           | <u>-</u>                    | <u>4.22</u>        |
| <b>(Loss)/ earnings per share from continuing and discontinued operations attributable to the shareholders of the Parent Company (fils)</b>   | <u>(0.31)</u>                 | <u>0.15</u>        | <u>(0.63)</u>               | <u>3.68</u>        |



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**11. Related parties' transactions**

Related parties represent shareholders who have representatives in the Boards of Directors, members of the Boards of Directors, Senior Management and the companies who controlled by the major shareholders. In the ordinary course of business, the Group entered into transactions with related parties during the six months ended 30 June 2018. The following are the transactions and balances resulted from these transactions:

| Transaction                          | Three months ended<br>30 June |                         | Six months ended<br>30 June               |                         |
|--------------------------------------|-------------------------------|-------------------------|---|-------------------------|
|                                      | 2018                          | 2017                    | 2018                                      | 2017                    |
| Key management benefits              | 72,094                        | 53,204                  | 112,077                                   | 152,417                 |
| Investment portfolio management fees | -                             | -                       | -   | 1,785                   |
|                                      |                               | <b>30 June<br/>2018</b> | <b>31 December<br/>2017<br/>(Audited)</b> | <b>30 June<br/>2017</b> |
| <b>Balances</b>                      |                               |                         |   |                         |
| Key management benefits              |                               | 88,616                  | 80,611                                    | 72,462                  |

Properties held for trading registered in a related party name.

All transactions with related parties are subject to the approval of the shareholders in the annual General Assembly Meeting.

**12. Subsidiaries**

**Structure of the Group:**

The following financial information of the subsidiaries has been consolidated when preparing the interim condensed consolidated financial information.

| Company name                         | Legal entity | Ownership percentage<br>(direct & indirect) (%) |                                  |                 | Activity    | Country of corporation |
|--------------------------------------|--------------|---|----------------------------------|-----------------|-------------|------------------------|
|                                      |              | 30 June<br>2018                                 | 31 December<br>2017<br>(Audited) | 30 June<br>2017 |             |                        |
| Kuwait Syrian Real Estate Company    | W.L.L        | 100   | 100                              | 100             | Real Estate | Kuwait                 |
| Al-Naser Gardens Holding Company     | Holding      | 60.98   | 60.98                            | 60.98           | Holding     | Kuwait                 |
| Al-Naser Gardens Real Estate Company | W.L.L        | 99  | 99                               | 99              | Real Estate | Kuwait                 |

The financial information of the subsidiaries has been consolidated based on interim condensed financial information (unaudited) as at 30 June 2018.

Subsidiaries total assets amounted to KD 14,318,474 as at 30 June 2018 (KD 16,556,953 as at 31 December 2017, KD 16,508,407 as at 30 June 2017) and its profit amounted to KD 62,966 during the period ended 30 June 2018 (KD 788,521 for the period ended 30 June 2017).

**13. Segment distribution**

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The following summary describes the operations in each of the Group's reportable segments:

- Investment: Includes the Group's securities trading and investment activities.
- Tourism and transportation: Include hotels management and operating vehicles services.
- Real-estates: Includes trading, development and management of real-estates.

|                     | Six month ended 30 June 2017 |                               |             |            |
|---------------------|------------------------------|-------------------------------|-------------|------------|
|                     | Investment                   | Tourism and<br>transportation | Real-estate | Total      |
| Segment revenue     | 104,217                      | 763,553                       | 84,846      | 952,616    |
| Segment expenses    | (184,761)                    | (51,325)                      | (8,553)     | (244,639)  |
| Segment results     | (80,544)                     | 712,228                       | 76,293      | 707,977    |
| Segment assets      | 6,905,430                    | 2,107,871                     | 14,070,536  | 23,083,837 |
| Segment liabilities | 198,860                      | 750                           | 2,571       | 202,181    |



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|                     | Six month ended 30 June 2018 |                            |             |            |
|---------------------|------------------------------|----------------------------|-------------|------------|
|                     | Investment                   | Tourism and transportation | Real-estate | Total      |
| Segment revenue     | 40,671                       | 2,711                      | 69,501      | 112,883    |
| Segment expenses    | (190,876)                    | (772)                      | (8,474)     | (200,122)  |
| Segment results     | (150,205)                    | 1,939                      | 61,027      | (87,239)   |
| Segment assets      | 9,304,847                    | 149,306                    | 14,169,168  | 23,623,321 |
| Segment liabilities | 410,154                      | 750                        | 2,916       | 413,820    |

Geographical distribution of assets and liabilities:

|             | 30 June 2017 |            |            |
|-------------|--------------|------------|------------|
|             | Kuwait       | Syria      | Total      |
| Assets      | 8,370,052    | 14,713,785 | 23,083,837 |
| Liabilities | 202,181      | -          | 202,181    |

|             | 31 December 2017<br>(Audited) |            |            |
|-------------|-------------------------------|------------|------------|
|             | Kuwait                        | Syria      | Total      |
| Assets      | 7,730,706                     | 16,823,300 | 24,554,006 |
| Liabilities | 226,586                       | -          | 226,586    |

|             | 30 June 2018 |            |            |
|-------------|--------------|------------|------------|
|             | Kuwait       | Syria      | Total      |
| Assets      | 6,754,569    | 16,868,752 | 23,623,321 |
| Liabilities | 413,820      | -          | 413,820    |

The Group's assets located in Syria amounting to KD 16.9 Million as at 30 June 2018 represents approximately 71% from the Group's assets (KD 16.8 Million as at 31 December 2017 represents approximately 69% from the Group's assets). The Group has assessed that the current political and economic events is unlikely to have any material effect on the carrying value of these assets, taking into consideration that these assets are recorded at its fair values or less than its fair value which reflect the impact of the current circumstances. In addition, there are no restrictions on the use of these assets.

14. Contingent liabilities and capital commitments

The Group have the following liabilities:

|                                  | 30 June 2018 | 31 December 2017<br>(Audited) | 30 June 2017 |
|----------------------------------|--------------|-------------------------------|--------------|
| <b>Capital commitments</b>       |              |                               |              |
| Projects in progress commitments | 477,830      | -                             | -            |

15. Dividends

On 13 May 2018, the general assembly for the shareholders of the Parent Company approved the audited consolidated financial statements for the year ended 31 December 2017, also approved the followings:

- Distribute cash dividends to the shareholders of 3 fils per share for year 2017 amounted to KD 528,831.
- Not to distribute Board of Directors remuneration.