الكويتية السورية القابضة
Kuwait Syrian Holding

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

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

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Deloitte.

Deloitte & Touche
Al-Wazzan & Co.

Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174, Safat 13062
Kuwait

Tel : +965 22408844, 22438060
Fax : +965 22408855, 22452080
www.deloitte.com

Kuwait Syrian Holding Company - K.S.C.P.
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. "the Parent Company" and its subsidiaries (collectively referred to as "the Group") as at 30 September 2018 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-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 17.5 Million as at 30 September 2018 which represents approximately 74% 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 nine-month period ended 30 September 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, 1 November 2018

الكويتية السورية القابضة
Kuwait Syrian Holding

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

(All amounts in Kuwaiti Dinars)

	Note	30 September 2018	31 December 2017 (Audited)	30 September 2017
Assets				
Non-current assets				
Investment properties	5	10,972,572	10,972,572	11,002,257
Other financial assets	6	3,033,732	3,352,820	1,853,267
		14,006,304	14,325,392	12,855,524
Current assets				
Properties held for trading		4,177,906	4,177,906	4,177,906
Trade and other receivables	5.6	3,860,925	2,602,237	2,215,904
Investments at fair value through profit or loss	7	614,772	923,127	524,250
Cash at financial institutions	8	1,024,927	2,525,344	3,327,582
		9,678,530	10,228,614	10,245,642
Total assets		23,684,834	24,554,006	23,101,166
Equity and Liabilities				
Equity				
Share capital		17,627,690	17,627,690	17,627,690
Statutory reserve		139,253	139,253	78,508
Investments revaluation reserve		1,274,559	1,593,647	94,094
(Accumulated losses)/ retained earnings		(85,848)	550,916	680,651
Total equity attributable to the shareholders of the Parent Company		18,955,654	19,911,506	18,480,943
Non-controlling interest		4,454,756	4,415,914	4,415,222
Total equity		23,410,410	24,327,420	22,896,165
Non-current liabilities				
End of service indemnity		134,902	119,109	113,787
Current liabilities				
Trade and other payables		139,522	107,477	91,214
Total liabilities		274,424	226,586	205,001
Total equity and liabilities		23,684,834	24,554,006	23,101,166

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 nine months ended 30 September 2018 (Unaudited)

(All amounts in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2018	2017	2018	2017
Continuing operations					
Revenue					
Net properties rents revenue		54,054	56,385	156,372	185,995
Net investments income	9	71,660	30,393	61,333	103,195
Interest income		3,516	9,681	15,957	27,847
		129,230	96,459	233,662	317,037
Expenses and other charges					
Staff cost		52,921	51,948	188,646	235,883
Administration expenses		29,018	25,618	93,415	86,322
Foreign currency losses		29,143	4,339	20,692	15,405
Total expenses and other charges		111,082	81,905	302,753	337,610
Net profit/ (loss) for the period before deductions		18,148	14,554	(69,091)	(20,573)
Contribution to Kuwait Foundation for the Advancement of Science		-	(9)	-	(6,113)
Zakat		-	(10)	-	(6,792)
National Labour Support Tax		-	(26)	-	(16,981)
Net profit/ (loss) for the period from continuing operations		18,148	14,509	(69,091)	(50,459)
Discontinued operations:					
Net profit from discontinued operations		-	-	-	743,104
Net profit/ (loss) for the period		18,148	14,509	(69,091)	692,645
Attributable to:					
Shareholders of the Parent Company		3,119	984	(107,933)	649,350
Non-controlling interest		15,029	13,525	38,842	43,295
		18,148	14,509	(69,091)	692,645
Earnings/ (loss) per share from continuing operations attributable to the Shareholders of the Parent Company (fils)	10	0.02	0.01	(0.61)	(0.53)
Earnings/(loss) per share from continuing and discontinued operations attributable to the Shareholders of the Parent Company (fils)	10	0.02	0.01	(0.61)	3.69

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

Interim Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2018
(Unaudited)

(All amounts in Kuwaiti Dinars)

	Three months ended 30 September		Nine months ended 30 September	
	2018	**2017**	**2018**	**2017**
Net profit/ (loss) for the period	18,148	14,509	(69,091)	692,645
Other comprehensive income items:				
Items that will not be reclassified subsequently to statement of income:				
Changes the fair value of investments in equity instruments at fair value through other comprehensive income	182,761	-	(319,088)	-
Total comprehensive income/ (loss) for the period	200,909	14,509	(388,179)	692,645
Attributable to:				
Shareholders of the Parent Company	185,880	984	(427,021)	649,350
Non-controlling interest	15,029	13,525	38,842	43,295
	200,909	14,509	(388,179)	692,645

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

الكويتية السورية القابضة
Kuwait Syrian Holding

Interim Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2018 (Unaudited)

(All amounts in Kuwaiti Dinars)

	Equity attributable to the shareholders of the Parent Company					Non-controlling interest	Total equity
	Share capital	Statutory reserve	Investments revaluation reserve	Retained earnings/ (accumulated losses)	Total		
Balance at 1 January 2017	17,627,690	78,508	94,094	31,301	17,831,593	4,371,927	22,203,520
Net profit for the period	-	-	-	649,350	649,350	43,295	692,645
Balance at 30 September 2017	17,627,690	78,508	94,094	680,651	18,480,943	4,415,222	22,896,165
Balance at 1 January 2018	17,627,690	139,253	1,593,647	550,916	19,911,506	4,415,914	24,327,420
Dividends (Note 15)	-	-	-	(528,831)	(528,831)	-	(528,831)
Net (loss)/ profit for the period	-	-	-	(107,933)	(107,933)	38,842	(69,091)
Total other comprehensive income items	-	-	(319,088)	-	(319,088)	-	(319,088)
Balance at 30 September 2018	17,627,690	139,253	1,274,559	(85,848)	18,955,654	4,454,756	23,410,410

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

Interim Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2018 (Unaudited)

(All amounts in Kuwaiti Dinars)

	Note	Nine months ended 30 September 2018	Nine months ended 30 September 2017
Cash flows from operating activities			
Net (loss)/ profit for the period		(69,091)	692,645
Adjustments:			
Net investments income		(65,722)	(107,674)
Net profit from discontinued operations		-	(743,104)
Interest income		(15,957)	(27,847)
End of service indemnity provision		15,793	41,429
Operating losses before changes in working capital		(134,977)	(144,551)
Trade and other receivables		(1,258,688)	(2,035,407)
Investments at fair value through profit or loss		317,139	1,095,242
Trade and other payables		(40,671)	(85,888)
Net cash used in operating activities		(1,117,197)	(1,170,604)
Cash flows from investing activities			
Net proceeds from sale of assets held for sale		-	3,621,898
Term deposits		309,965	(5,809)
Interest income received		15,957	27,847
Dividends income received		56,938	40,649
Paid for develop investment properties		-	(81,473)
Net cash generated from investing activities		382,860	3,603,112
Cash flows from financing activities			
Payment of cash dividends		(456,115)	(17,146)
Net cash used in financing activities		(456,115)	(17,146)
Net change in cash and cash equivalents		(1,190,452)	2,415,362
Cash and cash equivalents at the beginning of the period		2,215,379	602,255
Cash and cash equivalents at the end of the period	8	1,024,927	3,017,617

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

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 1 November 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 September 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.

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 aforegoing, 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.

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.

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.

	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39	Additional loss allowance recognised under IFRS 9	New carrying amount under IFRS 9
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 debit balances	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 credit balances	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 September 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 loss for the period ended 30 September 2018.

2.2.2 Impact of application of IFRS 15 Revenue form 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 September 2018	31 December 2017 (Audited)	30 September 2017		
Financial investments at fair value through profit or loss:					
Local quoted bonds	142,331	457,641	310,542	Level 1	Last bid price
Foreign quoted bonds	72,441	365,486	213,708	Level 1	Last bid price
Local unquoted bonds	400,000	100,000	-	Level 2	Other valuation technique
Equity instruments designated at FVTOCI:					
Foreign quoted shares	2,216,948	-	-	Level 1	Closing price
Local unquoted shares	172,189	-	-	Level 2	Comparative market price for similar assets
Foreign unquoted shares	644,595	-	-	Level 3	Other valuation technique
Available for sale investments:					
Foreign quoted shares	-	2,529,053	-	Level 1	Closing price
Local unquoted shares	-	179,173	205,744	Level 2	Comparative market price for similar assets

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

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:

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Balance at the beginning of the period/ year	10,972,572	10,920,784	10,920,784
Additions	-	81,473	81,473
Change in fair value	-	(29,685)	-
Balance at the end of the period/ year	10,972,572	10,972,572	11,002,257

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 535,262 as at 30 September 2018 (KD 532,896 as at 31 December 2017, KD 533,624 as at 30 September 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 During the prior year, 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.

6. Other financial assets

Equity instruments designated at FVTOCI

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Foreign quoted shares	2,216,948	-	-
Local unquoted shares	172,189	-	-
Foreign unquoted shares	644,595	-	-
	3,033,732	-	-

Available for sale investments

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Foreign quoted shares	-	2,529,053	-
Local unquoted shares	-	179,173	205,744
Foreign unquoted shares	-	644,594	1,647,523
	-	3,352,820	1,853,267

6.1 Investments have been valuated 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

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Local quoted bonds	142,331	457,641	310,542
Foreign quoted bonds	72,441	365,486	213,708
Local unquoted bonds	400,000	100,000	-
	614,772	923,127	524,250

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

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Cash at banks	318,416	943,270	1,828,704
Cash at investment portfolios	512,403	680,075	97,233
Term deposits	194,108	901,999	1,401,645
	1,024,927	2,525,344	3,327,582
Less: deposits for more than three months	-	(309,965)	(309,965)
Cash and cash equivalent for cash flow purposes	1,024,927	2,215,379	3,017,617

As at 30 September 2018, the interest rate on term deposits is 2.25% (1.7% as at 31 December 2017, 1.5% - 1.8% as at 30 September 2017) annually.

9. Net investments income

	Three months ended 30 September		Nine months ended 30 September	
	2018	**2017**	**2018**	**2017**
Investment at fair value through profit or loss:				
(Losses)/ gains from selling investments	(25,325)	-	(25,325)	20,000
Gains from changes in fair value	41,318	4,324	34,109	20,051
Investments portfolio management fees	(1,271)	(905)	(4,389)	(4,479)
	14,722	3,419	4,395	35,572
Other financial assets				
Cash dividends	56,938	-	56,938	-
Available for sale investments				
Cash dividends	-	26,974	-	67,623
	71,660	30,393	61,333	103,195

10. Earnings/ (loss) per share

Earnings/ (loss) per share is calculated on the basis of the net profit/ (loss) for the period and the weighted average number of ordinary shares outstanding during the period as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2018	**2017**	**2018**	**2017**
Continuing operations:				
Net profit/ (loss) for the period attributable to the shareholders of the Parent Company	3,119	984	(107,933)	(93,754)
Weighted average number of shares outstanding and paid (share)	176,276,900	176,276,900	176,276,900	176,276,900
Earnings/ (loss) per share from continuing operation attributable to the shareholders of the Parent Company (fils)	0.02	0.01	(0.61)	(0.53)

	Three months ended 30 September		Nine months ended 30 September	
	2018	**2017**	**2018**	**2017**
Discontinued operations:				
Net profit for the period attributable to the shareholders of the Parent Company	-	-	-	743,104
Weighted average number of shares outstanding and paid (share)	176,276,900	176,276,900	176,276,900	176,276,900
Earnings per share from discontinued operations attributable to the shareholders of the Parent Company (fils)	-	-	-	4.22
Earnings/ (loss) per share from continuing and discontinued operations attributable to the shareholders of the Parent Company (fils)	0.02	0.01	(0.61)	3.69

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 nine months ended 30 September 2018. The following are the transactions and balances resulted from these transactions:

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
Transaction				
Key management benefits	40,005	40,005	152,082	192,422
Investment portfolio management fees	-	-	-	1,785

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Balances			
Key management benefits	92,687	80,611	-

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 (direct & indirect) (%)			Activity	Country of corporation
		30 September 2018	31 December 2017 (Audited)	30 September 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 September 2018.

Subsidiaries total assets amounted to KD 14,179,791 as at 30 September 2018 (KD 16,556,953 as at 31 December 2017, KD 16,551,687 as at 30 September 2017) and its profit amounted to KD 101,421 during the period ended 30 September 2018 (KD 828,448 for the period ended 30 September 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.

	Nine month ended 30 September 2017			
	Investment	Tourism and transportation	Real-estate	Total
Segment revenue	165,322	762,256	132,563	1,060,141
Segment expenses	(271,239)	(44,763)	(21,608)	(337,610)
Segment results	(105,917)	717,493	110,955	722,531
Segment assets	6,879,479	2,113,510	14,108,177	23,101,166
Segment liabilities	200,205	1,125	3,671	205,001

	Nine month ended 30 September 2018			
	Investment	Tourism and transportation	Real-estate	Total
Segment revenue	122,597	3,704	107,361	233,662
Segment expenses	(293,109)	(1,828)	(7,816)	(302,753)
Segment results	(170,512)	1,876	99,545	(69,091)
Segment assets	9,505,043	72,990	14,106,801	23,684,834
Segment liabilities	271,494	375	2,555	274,424

Geographical distribution of assets and liabilities:

	30 September 2017		
	Kuwait	Syria	Total
Assets	8,331,149	14,770,017	23,101,166
Liabilities	205,001	-	205,001

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

	30 September 2018		
	Kuwait	Syria	Total
Assets	6,198,706	17,486,128	23,684,834
Liabilities	274,424	-	274,424

The Group's assets amounting to KD 17.5 Million as at 30 September 2018 (74% from the Group's Assets) is in Syria (KD 16.8 Million as at 31 December 2017 (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 September 2018	31 December 2017 (Audited)	30 September 2017
Capital commitments			
Projects in progress commitments	100,237	-	-

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.