

**Kuwait Pillars for Financial Investment K.S.C.C**

And its subsidiaries

State of Kuwait

**Interim Condensed Consolidated Financial Information**

**And Review Report for the six-months period ended 30 June 2019**

**(Unaudited)**

**Kuwait Pillars for Financial Investment K.S.C.C**

And its subsidiaries

State of Kuwait

Interim Condensed Consolidated Financial Information  
And Review Report for the six-months period ended 30 June 2019  
(Unaudited)

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## **Kuwait Pillars for Financial Investment K.S.C.C**

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 Pillars For Financial Investment – K.S.C.C (the "Parent Company") and its subsidiaries (the "Group") as at 30 June 2019, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-months 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 basis of preparation as disclosed in (Note 2). 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 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 basis of preparation as disclosed in (Note 2).

### **Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the extent of information made available to us, we have not become aware of any violations of the Companies Law No. 1 of 2016, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the six-months period ended 30 June 2019 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968 as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business and its related regulations or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the six-months period ended 30 June 2019, that might had a material effect on the business of Group or its consolidated financial position.

**Talal Yousef Al-Muzaini**

Licence No. 209 A

Deloitte & Touche – Al-Wazzan & Co.

Kuwait, 1 August 2019

**Kuwait Pillars for Financial Investment (K.S.C.C)**  
And its subsidiaries  
State of Kuwait

**Interim Condensed Consolidated Statement of Financial Position as at 30 June 2019  
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Note	30 June 2019	31 December 2018 (Audited)	30 June 2018
<b>Assets</b>				
Cash and cash equivalents	5	334,334	2,454,547	487,164
Financial assets at fair value through profit or loss	6	44,117	42,314	282,613
Financial assets at fair value through OCI	6	3,622,962	4,108,238	4,327,931
Investments at amortized cost	7	1,689,244	1,689,244	1,689,244
Receivables and other debit balances		341,807	332,397	111,128
Finance receivables	8	6,077,579	6,086,587	5,660,240
Investment in an associate and joint venture	9	23,495,103	22,676,827	22,756,381
Investment properties		3,284,577	2,775,981	2,492,750
Other assets		21,046	26,434	21,300
<b>Total assets</b>		<b>38,910,769</b>	<b>40,192,569</b>	<b>37,828,751</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Payables and other credit balances		723,978	881,962	627,069
Due to banks	10	2,113,700	4,748,900	2,152,050
		<b>2,837,678</b>	<b>5,630,862</b>	<b>2,779,119</b>
<b>Equity</b>				
Share capital		30,000,000	30,000,000	30,000,000
Share premium		697,235	697,235	697,235
Statutory reserve		565,398	565,398	558,308
Voluntary reserve		56,538	56,538	55,829
Foreign currency translation reserve		13,297	13,088	13,722
Change in fair value reserve		(39,589)	64,992	(46,094)
Group's share of an associate's reserves		(2,091,103)	(2,091,802)	(2,072,858)
Treasury shares		(117)	-	-
Gain from sale of treasury shares		146,663	146,663	146,663
Retained earnings		6,724,769	5,109,595	5,696,827
<b>Total equity</b>		<b>36,073,091</b>	<b>34,561,707</b>	<b>35,049,632</b>
<b>Total liabilities and equity</b>		<b>38,910,769</b>	<b>40,192,569</b>	<b>37,828,751</b>

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

  
**Ghazi Ahmed Al Osaimi**  
Chairman

  
**Mishal Nasser Habib**  
Vice chairman & CEO

**Kuwait Pillars for Financial Investment K.S.C.C**  
And its subsidiaries  
State of Kuwait

**Interim Condensed Consolidated Statement of Income for the six-months period ended 30 June 2019  
(Unaudited)**

*(All amounts are in Kuwaiti Dinar)*

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2019	2018	2019	2018
<b>Revenues</b>					
Management fees		6,537	17,550	17,060	31,589
Investments income	11	32,783	73,126	223,354	234,048
Group's share of associate's results	9	349,361	276,552	1,400,455	734,068
Interest income		116,857	108,681	238,319	203,729
Rent income		19,743	19,141	39,143	37,842
Other income		16,375	(67,563)	34,591	(29,188)
		<u>541,656</u>	<u>427,487</u>	<u>1,952,922</u>	<u>1,212,088</u>
<b>Expenses</b>					
Staff costs		179,146	156,325	333,470	294,750
General and administrative expenses		60,687	61,232	129,009	153,826
Depreciation		10,308	9,814	20,725	18,551
Interest expense		13,254	18,948	47,781	45,871
Provision		-	-	196	31,496
		<u>263,395</u>	<u>246,319</u>	<u>531,181</u>	<u>544,494</u>
Profit before deductions		278,261	181,168	1,421,741	667,594
Contribution to KFAS		635	260	(196)	-
Zakat		1,072	-	-	-
<b>Net profit for the period</b>		<u>279,968</u>	<u>181,428</u>	<u>1,421,545</u>	<u>667,594</u>

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

**Kuwait Pillars for Financial Investment K.S.C.C**  
And its subsidiaries  
State of Kuwait

**Interim Condensed Consolidated Statement of Comprehensive Income for the six-months ended 30 June 2019  
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
<b>Net profit for the period</b>	<u>279,968</u>	<u>181,428</u>	<u>1,421,545</u>	<u>667,594</u>
<b>Other comprehensive income items:</b>				
<i>Items that may be reclassified subsequently to the consolidated statement of income:</i>				
Foreign currency translation differences	1,469	(3,928)	209	(1,428)
Group's share of an associate's reserves	(40,999)	788,812	699	37,725
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of income:</i>				
Change in fair value of equity investments at fair value through other comprehensive income	<u>(62,524)</u>	<u>(280,481)</u>	<u>89,048</u>	<u>(257,234)</u>
<b>Total other comprehensive (loss)/ income items</b>	<u>(102,054)</u>	<u>504,403</u>	<u>89,956</u>	<u>(220,937)</u>
<b>Total comprehensive income for the period</b>	<u>177,914</u>	<u>685,831</u>	<u>1,511,501</u>	<u>446,657</u>

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

**Kuwait Pillars for Financial Investment K.S.C.C**  
And its subsidiaries  
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**Interim Condensed Consolidated Statement of Changes in Equity for the six-months ended 30 June 2019**  
**(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Change in fair value reserve	Group's share of an associate's reserves	Treasury shares	Gain on sale of treasury shares	Retained earnings	Total
<b>Balance as at 1 January 2018</b>	<b>30,000,000</b>	<b>697,235</b>	<b>558,308</b>	<b>55,829</b>	<b>15,150</b>	<b>211,140</b>	<b>(2,110,583)</b>	<b>(282,682)</b>	-	<b>5,029,233</b>	<b>34,173,630</b>
Net profit for the period	-	-	-	-	-	-	-	-	-	667,594	667,594
Other comprehensive income items	-	-	-	-	(1,428)	(257,234)	37,725	-	-	-	(220,937)
Total comprehensive income	-	-	-	-	(1,428)	(257,234)	37,725	-	-	667,594	446,957
Sale of treasury shares	-	-	-	-	-	-	-	282,682	146,663	-	429,345
<b>Balance as at 30 June 2018</b>	<b>30,000,000</b>	<b>697,235</b>	<b>558,308</b>	<b>55,829</b>	<b>13,722</b>	<b>(46,094)</b>	<b>(2,072,858)</b>	-	<b>146,663</b>	<b>5,696,827</b>	<b>35,049,632</b>
<b>Balance as at 1 January 2019</b>	<b>30,000,000</b>	<b>697,235</b>	<b>565,398</b>	<b>56,538</b>	<b>13,088</b>	<b>64,992</b>	<b>(2,091,802)</b>	-	<b>146,663</b>	<b>5,109,595</b>	<b>34,561,707</b>
Net profit for the period	-	-	-	-	-	-	-	-	-	1,421,545	1,421,545
Other comprehensive income items	-	-	-	-	209	89,048	699	-	-	-	89,956
Total comprehensive income	-	-	-	-	209	89,048	699	-	-	1,421,545	1,511,501
Profit on sale of investments	-	-	-	-	-	(193,629)	-	-	-	193,629	-
Purchase of treasury shares	-	-	-	-	-	-	-	(117)	-	-	(117)
<b>Balance as at 30 June 2019</b>	<b>30,000,000</b>	<b>697,235</b>	<b>565,398</b>	<b>56,538</b>	<b>13,297</b>	<b>(39,589)</b>	<b>(2,091,103)</b>	<b>(117)</b>	<b>146,663</b>	<b>6,724,769</b>	<b>36,073,091</b>

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

**Kuwait Pillars for Financial Investment K.S.C.C**  
And its subsidiaries  
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**Interim Condensed Consolidated Statement of Cash Flows for the six-months ended 30 June 2019  
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from Operating activities</b>		
Net profit for the period	1,421,545	667,594
<i>Adjustments:</i>		
Depreciation	20,725	18,551
Investments income	(223,354)	(234,048)
Group's share of associate's results	(1,400,455)	(734,068)
Interest income	(238,319)	(203,729)
Interest expense	47,781	45,871
Provision	196	31,496
Operating losses before changes in working capital	(371,881)	(408,333)
Receivables and other debit balances	(9,410)	(2,215)
Finance receivables	8,812	(3,026,165)
Payables and other credit balances	(157,842)	(86,490)
Net cash used in operating activities	<u>(530,321)</u>	<u>(3,523,203)</u>
<b>Cash flows from investing activities</b>		
Paid for purchase of investments	(296,850)	(745,613)
Proceeds from sale of investments	870,947	-
Paid for purchase of additional shares in an associate	(104,722)	-
Dividends received from an associate	687,599	954,633
Paid for purchase of investment properties	(523,865)	(339,873)
Paid for purchase of property and equipment	-	(19,442)
Dividends received	221,778	240,066
Interest income received	238,319	199,312
Proceeds from sale of treasury shares	-	429,345
Paid for purchase of treasury shares	(117)	-
Net cash generated from investing activities	<u>1,093,089</u>	<u>718,428</u>
<b>Cash Flow from financing activities</b>		
Due to banks	(2,635,200)	2,152,050
Finance cost paid	(47,781)	(23,116)
Net cash generated from financing activities	<u>(2,682,981)</u>	<u>2,128,934</u>
<b>Decrease in cash and cash equivalents</b>	<b>(2,120,213)</b>	<b>(675,841)</b>
Cash and cash equivalents at the beginning of the period	<u>2,454,547</u>	<u>1,163,005</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><b>334,334</b></u>	<u><b>487,164</b></u>

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 2019 (Unaudited)**

*(All amounts are in Kuwaiti Dinar unless otherwise stated)*

**1. Incorporation and activities**

Kuwait Pillars for Financial Investment-KSCC, the "Parent Company" is a Kuwaiti Shareholding Company incorporated in Kuwait in 1998 and is regulated by the Central Bank of Kuwait and Capital Markets Authority. The Parent Company was listed in the Kuwait Stock Exchange on 3 December 2008. On 8 July 2016 based on the shareholders extraordinary General Assembly meeting, the Company has voluntarily elected to delist from Kuwait stock exchange effective from 1 March 2016. The Company has obtained the approval from CMA to delist on 31 August 2015.

The objectives of the Parent Company are:

Financial investment operations in all economic sectors by all legal means deemed appropriate for the Parent Company to achieve its objectives inside and outside Kuwait for its benefit or others, including:

- Sale and purchase of financial securities for the Company and others with no violation to provisions of law.
- Lending or borrowing and issuing bonds as per Law and financing the foreign trade operations.
- Carrying out financial brokerage operations and managing investments for others.
- Providing and preparing studies and technical, economic and revaluation consultancies, as well as studying the related investment projects and preparing the necessary studies for those institutions and companies (provided the necessary conditions should be met).
- Establishing or participating in the establishing of companies of all types, objectives and nationalities and deal in selling and purchasing of shares, bonds and financial rights of those companies.
- Managing financial and real estate portfolios for the company and for others and investing and developing its customers' funds through placing them in all aspects of local and global investment.
- Investing in real estate, industrial, agricultural and other economic sectors either directly or by contributing in the establishment of specialized companies or purchasing shares or bonds of those companies in different sectors.
- Establishing, managing and marketing investment funds of all types as per Law.
- Carrying out the function of bonds issuing manager, which are issued by companies and authorities, and investment custodian's functions.
- Dealing and trading in the foreign exchange market and precious metals market inside and outside Kuwait for the company's benefit only.
- Providing all services that assist developing and supporting the ability of the financial and monetary market in Kuwait within limits of Law and as per CBK's instructions and procedures through offering new trading financial instruments or providing consulting services to Kuwait Stock Exchange's management and other services.

The Parent Company may have an interest or participate in any way in any entity that conducts similar business or which may assist it to achieve its objectives inside and outside Kuwait and it may also purchase such entities or affiliate thereof to it.

The Parent Company's registered office is at Al Nassar Tower, Fahed Al Salem Street, P.O Box 1346, Kuwait.

The interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiaries, which are fully owned and mentioned below together referred to as "the Group".

<b>Company Name</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Equity interest (%)</b>
Strategia Investors Inc.	United States	Investment manager and advisor	100
Marquee Fund Management Limited	United Kingdom	Investment manager and advisory services	100
Strategia Investors Service Limited	Antigua and Burmuda	Investment manager and advisor to real estate funds	100
Strategia Private Equity Limited	Cayman Islands	Investments	100

On 23 April 2019, the General Assembly for Shareholders of the Parent Company approved the Financial Statement for the year ended 31 December 2018 and also approved the Board of Director's recommendation not to distribute dividends.

The interim condensed consolidated financial information for the six-months ended 30 June 2019 was authorized for issuance by the Parent Company Board of Directors on 1 August 2019.

**Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended 30 June 2019 (Unaudited)**

*(All amounts are in Kuwaiti Dinar unless otherwise stated)*

**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.

The annual consolidated financial statements for the year ended 31 December 2018 were prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait ("CBK") and the Capital market Authority "CMA" in the State of Kuwait. These regulations require expected credit loss ("ECL") to be measured at the higher of the ECL on credit facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). (Collectively referred to as IFRS, as adopted for use by the State of Kuwait).

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 2019 are not necessarily indicative of results that may be expected for the year ending 31 December 2019. For further information, it is possible to refer to the consolidated financial statements and its related notes for the year ended 31 December 2018.

**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 2018 except for the effect of application of new and revised International Financial Reporting Standards (IFRS) as the follows:

**2.2.1 New and amended standards adopted by the Group**

The Company has adopted the new and amended standards and interpretations that became effective in the current period, including IFRS 16 "Leases". The adoption of these standards and interpretations has no material impact on the Group's financial information of the Company.

**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:

Financial assets	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30/6/2019	31/12/2018	30/6/2018				
<b>Equity instruments designated as</b>							
<b>FVTPL</b>							
Quoted Shares	44,117	42,314	217,257	1	Last bid price	-	-
Funds	-	-	65,356	2	Net asset value	-	-
<b>Equity instruments designated as</b>							
<b>FVTOCI</b>							
Quoted Shares	2,336,482	2,821,466	3,042,134	1	Last bid price	-	-
Unquoted shares	1,286,480	1,286,772	1,285,797	3	Net book value	Book value adjusted with market risk	The higher market risk the lower the fair value

The fair values of other financial assets and financial liabilities which are not measured at fair value on ongoing basis equal approximately their carrying values.

**Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended 30 June 2019 (Unaudited)**

*(All amounts are in Kuwaiti Dinar unless otherwise stated)*

**4. Judgment and estimates**

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2018

**Judgements:**

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

*Classification of investments in equity instruments - IFRS 9*

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.

*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. Cash and cash equivalents**

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
Cash on hand and at banks	333,896	1,054,108	486,726
Time deposits ( <i>less than 3 months</i> )	-	1,400,000	-
Cash in investment portfolio	438	439	438
	<u>334,334</u>	<u>2,454,547</u>	<u>487,164</u>

**Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended 30 June 2019 (Unaudited)**

*(All amounts are in Kuwaiti Dinar unless otherwise stated)*

**6. Investments**

**Financial assets at fair value through profit or loss**

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
Quoted shares	44,117	42,314	217,257
Funds	-	-	65,356
	<u>44,117</u>	<u>42,314</u>	<u>282,613</u>

**Financial assets at fair value through OCI**

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
Quoted shares	2,336,482	2,821,466	3,042,134
Unquoted shares	1,286,480	1,286,772	1,285,797
	<u>3,622,962</u>	<u>4,108,238</u>	<u>4,327,931</u>

The Group has pledged unquoted through OCI securities with carrying amount of KD 1,919,693 against the credit facilities.

**7. Investments at amortized costs**

The effective interest rate on these bonds is 7.25% (5.85% - 31 December 2018). The bonds have maturity dates ranging between 4 to 9 years from the reporting period. The balance includes an amount of KD 839,753 represented in bonds which have been issued by related parties.

**8. Finance receivables**

This represents commercial loans granted to related parties.

	<b>30 June 2019</b>	<b>31 December 2018 (audited)</b>	<b>30 June 2018</b>
Gross balance of commercial loans	6,337,202	6,287,538	5,891,401
Less: deferred revenue	(193,456)	(134,980)	(170,170)
	6,143,746	6,152,558	5,721,231
Less: provision for credit losses - general	(66,167)	(65,971)	(60,991)
Balance as at the end of period/ year	<u>6,077,579</u>	<u>6,086,587</u>	<u>5,660,240</u>

The effective rates on these finance receivables is 6.41% during the period ended 30 June 2019 (6.63% - 31 December 2018, 6.25% - 30 June 2018). The fair value of the collaterals held against finance receivables is KD 9,083,219 as at 30 June 2019 (KD 5,521,723 - 31 December 2018, KD 4,989,677 - 30 June 2018).

**9. Investment in an associate and Joint Venture**

This represents the Group's investment in Kuwait Financial Center K.S.C.P by 28.87% as at 30 June 2019. This also includes investment in a joint venture amounted to KD 25,782 as at 30 June 2019 (KD 25,782 as at 30 June 2018).

The Group's share of the associate's results and reserves has been computed based on the reviewed financial information for the period ended 30 June 2019.

Movement of the investment in an associate during the period / year is as follows:

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
Balance as at 1 January	22,651,044	22,913,437	22,913,438
Additions during the period/ year	104,722	57,054	-
Cash dividends	(687,599)	(954,633)	(954,633)
Group's share of associate's results	1,400,455	616,405	734,068
Group's share of associate's reserves	699	18,781	37,724
	<u>23,469,321</u>	<u>22,651,044</u>	<u>22,730,597</u>
Group ownership (%)	<u>28.87</u>	<u>28.64</u>	<u>28.36</u>

The Group has pledged 95 Mio shares of its associate with carrying amount of KD 8,170,000 against the credit facilities.

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And its subsidiaries  
State of Kuwait

**Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended 30 June 2019 (Unaudited)**

*(All amounts are in Kuwaiti Dinar unless otherwise stated)*

**10. Due to banks**

The average interest rate on the credit facilities is 5.75% and the maturity date is 1 October 2019. The following assets are pledged against bank facilities as at 30 June 2019.

- 95,000,000 shares investments in associate for the Group.
- 4,516,924 shares of quoted investments through OCI for the Group.

**11. Investments income**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Cash dividends	34,454	97,951	221,778	240,066
Change in fair value	(1,671)	(24,825)	1,576	(6,018)
	<u>32,783</u>	<u>73,126</u>	<u>223,354</u>	<u>234,048</u>

**12. Related party transactions**

In the ordinary course of business, the Company has carried some transactions with related parties (i.e. shareholders, Board of Directors and key management personnel). The Company carried out transaction with related parties on term approved by management and are subject to approval of Annual General Meeting for shareholders. The balances and transactions with related parties are as follows:

<b>Transactions</b>	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2019</b>	<b>2018</b>
Salaries and other benefits	167,839	150,699
End of service indemnity	32,158	25,843
Interest income	202,028	173,769

<b>Balances</b>	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2018</b>	<b>2018</b>
		<b>(Audited)</b>	
Investments at amortized costs	839,753	839,753	839,753
Finance receivables	6,077,579	6,086,587	5,660,240
Payables and other credit balances	419,650	486,794	342,338

Related parties transactions are subject to approval of shareholders' general assembly.

**13. Segment information**

In the purpose of management, the Group organizes its operations in main two sectors of business. The following are the main activities and services that are underlined in such two sectors.

Investment activities: Investing in securities, funds, properties lending to corporate and individual customers and managing the Group's liquidity requirements.

Asset management and advisory services: Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related financial services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the return on investments. The Group does not have any significant inter-segment transactions.