

**AWJ Holding Company K.S.C.P. (Formerly
“Mashaer Holding Company K.S.C.P.”) and its
Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 JUNE 2016 (UNAUDITED)



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Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18-21st Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena



Russell Bedford
Bader Al Abdaljader & Partners
Panasonic Tower, 18th Floor
Fahad Al Salem Street, Qibla
P.O. Box 5613, Safat 13057
Kuwait

T : +965 222 48717
F : +965 222 48715
E : info@russellbedford.com.kw
W : www.russellbedford.com

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AWJ HOLDING COMPANY K.S.C.P. (FORMERLY "MASHAER HOLDING COMPANY K.S.C.P.")

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of AWJ Holding Company K.S.C.P. (Formerly "Mashaer Holding Company K.S.C.P.") (the "Parent Company") and its subsidiaries (collectively the "Group") as at 30 June 2016 and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended, and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard (IAS): 34 Interim Financial Reporting ("IAS 34"). 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 IAS 34.



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AWJ HOLDING COMPANY K.S.C.P. (FORMERLY "MASHAER HOLDING COMPANY K.S.C.P.") (continued)

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 accounts of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, and its executive regulations, or of Memorandum of Incorporation and Articles of Association of the Parent Company during the six months period ended 30 June 2016 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

BADER A. AL-ABDULJADER
LICENSE NO. 207 A
OF RUSSELL BEDFORD - BADER AL
ABDULJADER & PARTNERS
MEMBER FIRM OF RUSSELL BEDFORD
INTERNATIONAL

11 August 2016
Kuwait

AWJ Holding Company K.S.C.P. (Formerly "Mashaer Holding Company K.S.C.P.")
and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 June 2016

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2016	2015	2016	2015
		KD	KD	KD	KD
Income					
Hajj and Umrah services revenue		68,933	1,123,748	417,928	2,493,938
Hajj and Umrah services expense		(58,075)	(1,137,932)	(364,742)	(2,552,859)
Net Hajj and Umrah services income		10,858	(14,184)	53,186	(58,921)
Net real estate income	3	339,739	344,874	682,892	1,092,835
Investment income		5,159	34,078	22,972	60,488
Share of results of associates		171,682	15,613	268,932	67,874
Foreign exchange loss		(357)	6,406	(16,511)	(2,629)
Other income		12,068	1,258	12,725	92,610
Total income		539,149	388,045	1,024,196	1,252,257
Expenses					
Staff costs		(199,599)	(257,762)	(428,945)	(505,244)
Administration expenses		(103,388)	(144,415)	(194,174)	(241,497)
Finance costs		(134,463)	(162,923)	(278,636)	(324,191)
Depreciation		(4,839)	(14,708)	(9,177)	(29,700)
Total expenses		(442,289)	(579,808)	(910,932)	(1,100,632)
Profit (loss) for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Board of directors' Remuneration					
		96,860	(191,763)	113,264	151,625
KFAS		(1,665)	(2,050)	(4,551)	(8,358)
NLST		(2,621)	4,860	(2,621)	(3,520)
Zakat		(2,022)	(2,282)	(5,263)	(9,335)
Board of director remuneration		(11,000)	-	(11,000)	-
Profit (loss) for the period		79,552	(191,235)	89,829	130,412
Attributable to:					
Shareholders of the Parent Company		75,132	(193,874)	81,396	119,600
Non-controlling interests		4,420	2,639	8,433	10,812
		79,552	(191,235)	89,829	130,412
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company					
	4	0.42 fils	(1.08) fils	0.45 fils	0.67 fils

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

AWJ Holding Company K.S.C.P. (Formerly “Mashaer Holding Company K.S.C.P.”)
and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

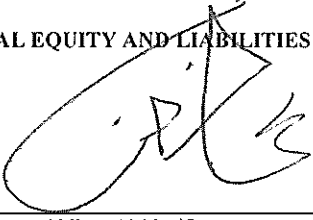
For the period ended 30 June 2016

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit (loss) for the period	79,552	(191,235)	89,829	130,412
Other comprehensive income (loss):				
<i>Items that may be reclassified subsequently to interim condensed consolidated statement of income:</i>				
Foreign currency translation adjustments	99	(901)	(1,295)	(901)
Other comprehensive income (loss) for the period	99	(901)	(1,295)	(901)
Total comprehensive income (loss) for the period	79,651	(192,136)	88,534	129,511
Attributable to:				
Shareholders of the Parent Company	75,231	(194,775)	80,101	118,699
Non-controlling interests	4,420	2,639	8433	10,812
	79,651	(192,136)	88,534	129,511

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

AWJ Holding Company (Formerly Mashaer Holding Company) K.S.C.P. and its Subsidiaries
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)**
As at 30 June 2016

			<i>(Audited)</i>		
	<i>Notes</i>	<i>30 June 2016 KD</i>	<i>31 December 2015 KD</i>	<i>30 June 2015 KD</i>	
Assets					
Non-current assets					
Furniture and equipment		58,428	25,264	23,121	
Investment properties	5	25,493,178	26,129,127	29,363,571	
Investment in associates		17,328,572	18,066,440	12,682,155	
Available for sale investments		1,815,906	1,815,906	1,815,906	
		<u>44,696,084</u>	<u>46,036,737</u>	<u>43,884,753</u>	
Current assets					
Amounts due from related parties	9	683,935	881,166	273,783	
Accounts receivable and other assets		4,367,404	5,108,590	5,807,125	
Investment deposits		240,000	240,000	1,240,000	
Cash and bank balances		1,539,190	3,417,101	2,563,652	
		<u>6,830,529</u>	<u>9,646,857</u>	<u>9,884,560</u>	
TOTAL ASSETS		<u><u>51,526,613</u></u>	<u><u>55,683,594</u></u>	<u><u>53,769,313</u></u>	
Equity and liabilities					
Equity					
Share capital		17,942,989	17,942,989	17,942,989	
Share premium		20,154,456	20,154,456	20,154,456	
Statutory reserve		252,230	252,230		
Foreign currency translation reserve		(129,636)	(128,341)	(343,530)	
Treasury shares	6	(13,008)	(13,008)	(13,008)	
Treasury shares reserve		2,761	2,761	2,761	
Retained earnings		857,467	2,121,397	119,600	
		<u>39,067,259</u>	<u>40,332,484</u>	<u>37,863,268</u>	
Equity attributable to shareholders of the Parent Company		469,944	461,524	444,860	
Non-controlling interests		<u>39,537,203</u>	<u>40,794,008</u>	<u>38,308,128</u>	
Total equity		<u>39,537,203</u>	<u>40,794,008</u>	<u>38,308,128</u>	
Non-current liabilities					
Employees' end of service benefits		135,700	183,845	198,124	
Tawarruq and murabaha facilities	8	5,851,447	7,227,119	8,621,480	
		<u>5,987,147</u>	<u>7,410,964</u>	<u>8,819,604</u>	
Current liabilities					
Accounts payable and other liabilities		2,181,433	3,499,479	1,942,006	
Amounts due to related parties	9	627,833	1,203,575	323,735	
Tawarruq and murabaha facilities	8	3,192,997	2,775,568	4,375,840	
		<u>6,002,263</u>	<u>7,478,622</u>	<u>6,641,581</u>	
Total liabilities		<u>11,989,410</u>	<u>14,889,586</u>	<u>15,461,185</u>	
TOTAL EQUITY AND LIABILITIES		<u><u>51,526,613</u></u>	<u><u>55,683,594</u></u>	<u><u>53,769,313</u></u>	


Mohammad Nizar Al-Nusif
Chairman

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

AWJ Holding Company K.S.C.P. (Formerly "Mashaer Holding Company K.S.C.P.") and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2016

Equity attributable to the shareholders of the Parent Company

	Share capital KD	Share premium KD	Statutory reserve KD	Foreign currency translation reserve KD	Treasury shares KD	Treasury shares reserve KD	Retained earnings KD	Sub total KD	Non- controlling interests KD	Total KD
Balance as at 1 January 2016	17,942,989	20,154,456	252,230	(128,341)	(13,008)	2,761	2,121,397	40,332,484	461,524	40,794,008
Profit for the period	-	-	-	-	-	-	81,396	81,396	8,433	89,829
Other comprehensive loss for the period	-	-	-	(1,295)	-	-	-	(1,295)	-	(1,295)
Total comprehensive (loss) income for the period	-	-	-	(1,295)	-	-	81,396	80,101	8,433	88,534
Change in effective holding in a subsidiary	-	-	-	-	-	-	-	-	(13)	(13)
Dividend distribution (Note 7)	-	-	-	-	-	-	(1,345,326)	(1,345,326)	-	(1,345,326)
Balance as at 30 June 2016	17,942,989	20,154,456	252,230	(129,636)	(13,008)	2,761	857,467	39,067,259	469,944	39,537,203
Balance as at 1 January 2015	17,942,989	23,555,390	1,146,651	(342,629)	(13,008)	2,761	(4,547,585)	37,744,569	455,229	38,199,798
Profit for the period	-	-	-	-	-	-	119,600	119,600	10,812	130,412
Other comprehensive loss for the period	-	-	-	(901)	-	-	-	(901)	-	(901)
Total comprehensive income for the period	-	-	-	(901)	-	-	119,600	118,699	10,812	129,511
Change in effective holding in a subsidiary	-	-	-	-	-	-	-	-	(21,181)	(21,181)
Accumulated losses written-off	-	(3,400,934)	(1,146,651)	-	-	-	4,547,585	-	-	-
Balance as at 30 June 2015	17,942,989	20,154,456	-	(343,530)	(13,008)	2,761	119,600	37,863,268	444,860	38,308,128

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

AWJ Holding Company K.S.C.P. (Formerly “Mashaer Holding Company K.S.C.P.”)
and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 June 2016

	Notes	Six months ended	
		30 June	
		2016 KD	2015 KD
OPERATING ACTIVITIES			
Profit for the period before contribution to KFAS, NLST and Zakat and after Board of directors' remuneration		102,264	151,625
Adjustments for:			
Depreciation		9,177	29,700
Investment income		(22,972)	(60,488)
Employees' end of service benefits		21,670	11,647
Amortization of leasehold prepayments		81,613	81,613
Share of results of associates		(268,932)	(67,874)
Foreign exchange loss		16,511	2,629
Finance costs		278,636	324,191
Unrealised loss on revaluation of investment properties	5	608,359	586,728
Gain on sale of investment properties	5	(4,976)	(155,141)
		<u>821,350</u>	<u>904,630</u>
Changes in operating assets and liabilities:			
Accounts receivable and other assets		659,573	249,717
Accounts payable and other liabilities		(1,348,287)	(2,695,174)
Amounts due from related parties		197,231	(169,309)
Amounts due to related parties		(575,742)	(550,119)
Cash flows used in operations		<u>(245,875)</u>	<u>(2,260,255)</u>
Employees' end of service benefits paid		(69,815)	-
Net cash flows used in operating activities		<u>(315,690)</u>	<u>(2,260,255)</u>
INVESTING ACTIVITIES			
Purchase of furniture and equipment		(42,341)	(3,103)
Additions in investment properties	5	(585)	(1,269,733)
Proceeds from sale of investment property		33,151	1,101,049
Proceeds from investment deposits		-	615,000
Dividend received from associate		1,006,800	20,229
Additional investment in subsidiary		(13)	(21,181)
Investment income received		22,972	60,488
Net cash flows from investing activities		<u>1,019,984</u>	<u>502,749</u>
FINANCING ACTIVITIES			
Dividend paid	7	(1,345,326)	-
Movement in tawarruq and murabaha facilities		(1,236,879)	(1,242,360)
Net cash flows used in financing activities		<u>(2,582,205)</u>	<u>(1,242,360)</u>
Net decrease in cash and bank balances		<u>(1,877,911)</u>	<u>(2,999,866)</u>
Cash and bank balances at beginning of the period		3,417,101	5,563,518
Cash and bank balances at end of the period		<u><u>1,539,190</u></u>	<u><u>2,563,652</u></u>

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

AWJ Holding Company K.S.C.P. (Formerly “Mashaer Holding Company K.S.C.P.”) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2016

1 INCORPORATION AND ACTIVITIES

AWJ Holding Company K.S.C.P. (Formerly “Mashaer Holding Company K.S.C.P.”) (the “Parent Company”) is a Kuwaiti closed shareholding company registered and incorporated (commercial registration # 1804962) in the State of Kuwait on 12 June 2000 and is listed on the Kuwait Stock Exchange.

The major shareholder of the Parent Company is A’ayan Leasing and Investment Company K.S.C.P.

The interim condensed consolidated financial information of the the Parent Company and its subsidiaries (collectively the “Group”) for the six months period ended 30 June 2016 were authorized for issue in accordance with a resolution of the directors of the Parent Company on 11 August 2016.

The Parent Company is engaged in establishing companies in Kuwait and abroad, lending to subsidiaries and associates and investing excess cash flows in investments managed by specialized financial institutions. All activities of the Group are conducted in accordance with Islamic Sharia'a as approved by Sharia'a Board.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2015 were approved by the shareholders of the Parent Company on 18 April 2016.

The registered address of the Parent Company is P.O. Box 23110, Safat 13092, State of Kuwait.

During the period ended 30 June 2016, the name of the Parent Company changed to AWJ Holding Company with the approval of the shareholders of the Parent Company on 18 April 2016. This was approved by the Ministry of commerce on its letter dated 14 June 2016.

The new Companies Law No. 1 of 2016 issued on 24 January 2016 and published in the Official Gazette on 1 February 2016 cancelled the Companies Law No. 25 of 2012 and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 November 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016 which cancelled the Executive Regulations of Law No. 25 of 2012.

2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the Group has been prepared in compliance with International Accounting Standard (“IAS”) 34: Interim Financial Reporting.

The interim condensed consolidated financial information of the Group does not include all the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 31 December 2015. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the interim period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2015.

The consolidated financial statements are presented in Kuwaiti Dinars (KD), which is the parent company’s functional and presentation currency.

Significant accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2015. There are no new accounting standards or amendments effective for the annual periods beginning on or after 1 January 2016 applicable to the Group for the period ended 30 June 2016. Also, the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

AWJ Holding Company K.S.C.P. (Formerly “Mashaer Holding Company K.S.C.P.”)
and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 June 2016

3 NET REAL ESTATE INCOME

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Rental income	814,067	844,716	1,626,784	1,867,707
Rental and real estate related expenses	(129,116)	(131,267)	(258,896)	(261,672)
Amortization of leasehold prepayments	(41,032)	(41,032)	(81,613)	(81,613)
Net rental income	643,919	672,417	1,286,275	1,524,422
Gain on sale of investment properties (Note 5)	-	-	4,976	155,141
Unrealised loss on revaluation of investment properties (Note 5)	(304,180)	(327,543)	(608,359)	(586,728)
	<u>339,739</u>	<u>344,874</u>	<u>682,892</u>	<u>1,092,835</u>

4 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share amounts are calculated by dividing the profit (loss) for the period attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Profit (loss) for the period attributable to shareholders of the Parent Company (KD)	<u>75,132</u>	<u>(193,874)</u>	<u>81,396</u>	<u>119,600</u>
Weighted average number of ordinary shares outstanding during the period (shares)	179,429,890	179,429,890	179,429,890	179,429,890
Weighted average number of treasury shares	(53,000)	(53,000)	(53,000)	(53,000)
Weighted average number of shares outstanding (net of treasury shares)	<u>179,376,890</u>	<u>179,376,890</u>	<u>179,376,890</u>	<u>179,376,890</u>
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company	<u>0.42 fils</u>	<u>(1.08) fils</u>	<u>0.45 fils</u>	<u>0.67 fils</u>

As the parent company has no dilutive shares, the basic and diluted earnings (loss) per share are same.

AWJ Holding Company K.S.C.P. (Formerly “Mashaer Holding Company K.S.C.P.”)
and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 June 2016

5 INVESTMENT PROPERTIES

	<i>30 June</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>30 June</i> <i>2015</i> <i>KD</i>
At the beginning of the period/year	26,129,127	29,626,474	29,626,474
Additions	585	3,556,272	1,269,733
Transfer to associate	-	(5,532,935)	-
Disposals	(28,175)	(980,227)	(945,908)
Unrealized loss on the revaluation of investment properties	(608,359)	(540,457)	(586,728)
At the end of the period/year	<u>25,493,178</u>	<u>26,129,127</u>	<u>29,363,571</u>
<i>Comprising</i>			
Developed properties	25,493,178	26,129,127	24,601,012
Properties under development	-	-	4,762,559
	<u>25,493,178</u>	<u>26,129,127</u>	<u>29,363,571</u>

Investment properties amounting to KD 11,340,000 (31 December 2015: 11,340,000 and 30 June 2015: KD 11,150,000) are pledged as collateral against tawarruq payables (Note 8).

During the six months period ended 30 June 2016, management has reassessed the fair value of an investment property that was carried previously at 31 December 2015 at an amount of KD 8,010,060 and fall under level 3 hierarchy, using the income capitalization approach. The fair value is determined based on discounted cash flow method, using rental fixed cash flows for 7 years and discount rate of 10.34%. This reassessment resulted in unrealized loss of KD 608,359 recorded in the interim condensed consolidated statement of income.

During the six months period ended 30 June 2016, Group has sold investment property with a carrying value of KD 28,175 (31 December 2015: KD 980,227, 30 June 2015: KD 945,908) for a gain of KD 4,976 (31 December 2015: KD 158,204, 30 June 2015: KD 155,141).

6 TREASURY SHARES

	<i>30 June</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>30 June</i> <i>2015</i> <i>KD</i>
Number of treasury shares	53,000	53,000	53,000
Percentage of treasury shares	0.03%	0.03%	0.03%
Cost of treasury shares	<u>13,008</u>	<u>13,008</u>	<u>13,008</u>
Market value of treasury shares	<u>3,975</u>	<u>5,618</u>	<u>6,572</u>
Weighted average market value per treasury share (fils)	<u>75</u>	<u>106</u>	<u>124</u>

7 ANNUAL GENERAL ASSEMBLY

The Annual General Meeting (AGM) of the Parent Company’s shareholders held on 18 April 2016 approved the consolidated financial statements of the Group for the year ended 31 December 2015 and also approved the Board of Directors’ proposal to distribute the cash dividend 7.5% to the shareholders KD 1,345,326 (2015: KD Nil).

AWJ Holding Company K.S.C.P. (Formerly “Mashaer Holding Company K.S.C.P.”)
and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 June 2016

8 TAWARRUQ AND MURABAHA FACILITIES

	<i>30 June</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>30 June</i> <i>2015</i> <i>KD</i>
Gross tawarruq and murabaha facilities	9,223,854	10,194,688	13,225,292
Less: deferred charges	(179,410)	(192,001)	(227,972)
	<u>9,044,444</u>	<u>10,002,687</u>	<u>12,997,320</u>
Current	3,192,997	2,775,568	4,375,840
Non-current	5,851,447	7,227,119	8,621,480
	<u>9,044,444</u>	<u>10,002,687</u>	<u>12,997,320</u>

Certain tawarruq and murabaha facilities aggregating to KD 9,044,444 (31 December 2015: KD 10,002,687 and 30 June 2015: KD 12,976,453) are secured against shares of a subsidiary, an associate and investment properties (Note 5).

9 RELATED PARTY TRANSACTIONS

Related parties represent i.e. associates, major shareholders, directors and key management personnel of the group, and companies of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Details of significant related party balances and transaction are as follows:

	<i>30 June</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>30 June</i> <i>2015</i> <i>KD</i>
Balances included in interim condensed consolidated statement of financial position:			
Due from related parties			
- Associates	683,935	881,166	273,873
Due to related parties			
- Associates	487,952	1,059,806	185,067
- Other related parties	139,881	143,769	138,668
	<u>627,833</u>	<u>1,203,575</u>	<u>323,735</u>
	<i>Three months ended</i> <i>30 June</i>	<i>Six months ended</i> <i>30 June</i>	
	<i>2016</i> <i>KD</i>	<i>2015</i> <i>KD</i>	<i>2016</i> <i>KD</i>
Key management compensation:			
Short term benefits	60,486	78,622	127,302
Employees' end of service benefits	2,847	3,264	5,693
	<u>63,333</u>	<u>81,886</u>	<u>132,995</u>
			<u>159,327</u>

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10 COMMITMENTS AND CONTINGENCIES

The Group has capital expenditure commitments amounting to KD 1,591,240 (31 December 2015: KD 831,370 and 30 June 2015: KD 1,387,441). At the reporting date, the Group had contingent liabilities in respect of outstanding letters of guarantee of KD 191,537 (31 December 2015: KD 191,537 and 30 June 2015: KD 191,537).

11 SEGMENTAL INFORMATION

The Group’s primary basis for segmental reporting is by business segments which is subject to risks and rewards that are different from those of other segments. The business segments comprises of:

Real estate activities – Investments in real estate properties either by way of purchase, sale, development and renting of residential and commercial properties (including land and land development) in various geographical locations.

Hajj and Umrah services – Ticketing, hotel accommodation, travel and logistic services relating to Hajj and Umrah.

Investment activities - Establishing companies in Kuwait and abroad, lending to subsidiaries and associates and investing excess cash flows in investments managed by specialized financial institutions.

The Board of Directors monitors the operating results of each business segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Accordingly, management analyses the segmental information based on their business segments as follows:

	<i>Real estate activities KD</i>	<i>Hajj and Umrah services KD</i>	<i>Investment activities KD</i>	<i>Total KD</i>
30 June 2016				
Segment revenue	1,644,273	421,746	288,298	2,354,317
Segment expenses	(1,152,905)	(458,355)	(653,228)	(2,264,488)
Segment results	491,368	(36,609)	(364,930)	89,829
Segment assets	29,990,698	517,870	21,018,045	51,526,613
Segment liabilities	2,471,197	169,794	9,348,419	11,989,410
	<i>Real estate activities KD</i>	<i>Hajj & Umrah services KD</i>	<i>Investment activities KD</i>	<i>Total KD</i>
30 June 2015				
Segment revenue	2,057,157	2,495,991	184,610	4,737,758
Segment expenses	(1,147,609)	(2,805,415)	(654,322)	(4,607,346)
Segment results	909,548	(309,424)	(469,712)	130,412
Segment assets	35,772,575	1,029,307	16,967,431	53,769,313
Segment liabilities	2,259,442	469,988	12,731,755	15,461,185

During the period ended 30 June 2016, the Shareholders of Hajj & Umrah Services Consortium – Mashaer K.S.C. (Closed), a subsidiary, have decided to temporarily suspend the business operations, until the market condition of Hajj & Umrah Services become favourable.

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12 FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: quoted prices in active market for the same instrument;

Level 2: quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data ; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

Financial instruments:

Financial instruments comprise financial assets and financial liabilities

For financial instruments where there is no active market, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The methodologies and assumptions used to determine fair values of assets is described in fair value section of Significant Accounting Policies in the consolidated financial statements for the year ended 31 December 2015.

The Group’s available for sale investments are carried at cost less impairment.

For other financial assets and financial liabilities carried at amortized cost, the carrying value is not significantly different from their fair values as most of these assets and liabilities are of short term maturity or re-priced immediately based on market movement in profit rates.

Non-financial instruments:

Description of significant unobservable inputs to valuation of non-financial assets:

Investment properties (excluding the investment property under development) are fair valued and are classified under level 2 and level 3 fair value hierarchies as given below:

	<i>Fair value measurement using</i>		
	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
30 June 2016			
Investment properties (developed properties)	18,091,477	7,401,701	25,493,178
31 December 2015			
Investment properties (developed properties)	18,119,067	8,010,060	26,129,127
30 June 2015			
Investment properties (developed properties)	16,289,025	8,311,987	24,601,012

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12 FAIR VALUE MEASUREMENT (continued)

The following table shows a reconciliation of the opening and closing amount of level 3 of non- financial assets which are recorded at fair value:

	<i>Balance at the beginning of the period/year KD</i>	<i>Loss recorded in the interim condensed consolidated statement of income KD</i>	<i>Loss recorded in interim condensed consolidated statement of comprehensive income KD</i>	<i>Net purchases, sales and settlements KD</i>	<i>Balance at the closing of the period/year KD</i>
30 June 2016					
Investment properties	8,010,060	(608,359)	-	-	7,401,701
31 December 2015					
Investment properties	8,898,715	(888,655)	-	-	8,010,060
30 June 2015					
Investment properties	8,898,715	(586,728)	-	-	8,311,987

Level 2 hierarchy

The fair value of investment properties under the Level 2 hierarchy were determined using the market comparable approach, conducted by valuers considering recent transaction prices of the property and similar properties. Market price per square meter and annual income are the significant observable market inputs to the valuation.

Level 3 hierarchy

The fair value of the investment property under the Level 3 hierarchy was determined using the income approach. The fair value is determined based on discounted cash flow method, using rental fixed cash flows for 7 years and discount rate of 10.34%.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.