Mashaer Holding Company K.S.C.P.
and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2018

Building a better
working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO BOARD OF DIRECTORS OF MASHAER HOLDING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mashaer Holding Company K.S.C.P. ("the Parent Company") and its Subsidiaries (collectively "the Group") as at 30 September 2018, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month 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.

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 material violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, during the nine-month period ended 30 September 2018 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

4 November 2018
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 September 2018

		Three months ended 30 September		*Nine months ended 30 September*	
		2018	*2017*	***2018***	*2017*
	Notes	***KD***	*KD*	***KD***	*KD*
Income					
Net real estate income	4	**202,205**	397,629	**834,153**	931,862
Investment income from financial assets		**4,102**	17,604	**41,546**	31,541
Share of results of associates		**340,764**	458,043	**480,438**	1,120,295
Net foreign exchange differences		**3,950**	(1,200)	**4,031**	653
Other income		**19,517**	61,956	**102,902**	214,653
Total income		**570,538**	934,032	**1,463,070**	2,299,004
Expenses					
Staff costs		**(138,188)**	(289,151)	**(463,377)**	(632,831)
Administrative expenses		**(52,645)**	(79,235)	**(219,908)**	(239,132)
Finance costs		**(72,360)**	(119,736)	**(241,429)**	(361,542)
Depreciation		**(1,129)**	(1,389)	**(3,647)**	(5,807)
Total expenses		**(264,322)**	(489,511)	**(928,361)**	(1,239,312)
Profit for the period before tax		**306,216**	444,521	**534,709**	1,059,692
Tax claim provision	5	**(1,027,845)**	(1,030,769)	**(1,027,845)**	(1,030,769)
Taxation of overseas subsidiaries		**158**	(21,047)	**(32,910)**	(21,047)
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		**2,969**	1,133	**(1,880)**	(6,932)
National Labor Support Tax (NLST)		**5,541**	14,649	**-**	(432)
Zakat		**3,157**	1,049	**(2,428)**	(8,156)
Loss for the period		**(709,804)**	(590,464)	**(530,354)**	(7,644)
Attributable to:					
Equity holders of the Parent Company		**(708,324)**	(590,185)	**(535,720)**	(19,282)
Non-controlling interests		**(1,480)**	(279)	**5,366**	11,638
		(709,804)	(590,464)	**(530,354)**	(7,644)
Basic and diluted earnings per share attributable to Equity holders of the Parent Company	6	**(3.94) fils**	(3.29) fils	**(2.98) fils**	(0.11) fils

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2018

	Three months ended 30 September		*Nine months ended 30 September*	
	2018	*2017*	***2018***	*2017*
	KD	*KD*	***KD***	*KD*
Loss for the period	**(709,804)**	(590,464)	**(530,354)**	(7,644)
Other comprehensive income:				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation adjustments	**163,875**	113,143	**(23,165)**	132,801
Other comprehensive income (loss) for the period	**163,875**	113,143	**(23,165)**	132,801
Total comprehensive (loss) income for the period	**(545,929)**	(477,321)	**(553,519)**	125,157
Attributable to:				
Equity holders of the Parent Company	**(544,449)**	(477,044)	**(557,772)**	113,170
Non-controlling interests	**(1,480)**	(277)	**4,253**	11,987
	(545,929)	(477,321)	**(553,519)**	125,157

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2018

	Notes	30 September 2018 KD	(Audited) 31 December 2017 KD	30 September 2017 KD
Assets				
Non-current assets				
Furniture and equipment		**5,535**	7,622	8,840
Investment properties	7	**18,350,525**	19,603,350	22,346,692
Investment in associates		**9,415,614**	9,588,762	14,208,336
Financial assets at fair value through other comprehensive income		**1,499,420**	-	
Available-for-sale financial assets		-	1,763,906	1,763,906
Accounts receivable and other assets		-	-	262,220
		29,271,094	30,963,640	38,589,994
Current assets				
Amounts due from related parties	10	**325,852**	428,683	491,139
Accounts receivable and other assets		**2,792,618**	3,579,371	3,267,603
Investment deposits		**722,750**	685,708	335,365
Cash and bank balances		**341,535**	512,072	1,130,561
		4,182,755	5,205,834	5,224,668
TOTAL ASSETS		**33,453,849**	36,169,474	43,814,662
Equity and liabilities				
Equity				
Share capital		**17,942,989**	17,942,989	17,942,989
Share premium	9	**14,334,621**	20,154,456	20,154,456
Statutory reserve	9	-	443,293	443,293
Foreign currency translation reserve		**(6,339,948)**	(6,317,896)	(6,432,344)
Treasury shares	8	**(13,008)**	(13,008)	(13,008)
Treasury shares reserve		**2,761**	2,761	2,761
Fair value reserve	2	**(264,486)**	-	
Accumulated losses (retained earnings)		**(535,720)**	(6,263,128)	796,052
Equity attributable to Equity holder of the Parent Company		**25,127,209**	25,949,467	32,894,199
Non-controlling interests		**372,025**	367,772	420,201
Total equity		**25,499,234**	26,317,239	33,314,400
Liabilities				
Non-current liabilities				
Employees' end of service benefits		**235,920**	306,844	296,472
Tawarruq and murabaha payables		**2,427,727**	3,575,632	5,623,414
		2,663,647	3,882,476	5,919,886
Current liabilities				
Accounts payable and other liabilities		**2,903,440**	3,557,858	2,256,235
Amounts due to related parties	10	**191,705**	235,445	332,613
Tawarruq and murabaha payables		**2,195,823**	2,176,456	1,991,528
		5,290,968	5,969,759	4,580,376
Total liabilities		**7,954,615**	9,852,235	10,500,262
TOTAL EQUITY AND LIABILITIES		**33,453,849**	36,169,474	43,814,662

Fahad Abdullah Al-Saleh
Chairman

Abdulaziz Zaid Alsubaie
Chief Executive Officer

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2018

	Equity attributable to the equity holders 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*	*Fair value reserve KD*	*Accumulated losses (retained earnings) KD*	*Sub total KD*	*Non-controlling interests KD*	*Total KD*
Balance as at 1 January 2018 before the adoption of IFRS 9 (Audited)	17,942,989	20,154,456	443,293	(6,317,896)	(13,008)	2,761	-	(6,263,128)	25,949,467	367,772	26,317,239
Transition adjustment on adoption of IFRS 9 at 1 January 2018 (Note 2)	-	-	-	-	-	-	(264,486)	-	(264,486)	-	(264,486)
Balance as at 1 January 2018	17,942,989	20,154,456	443,293	(6,317,896)	(13,008)	2,761	(264,486)	(6,263,128)	25,684,981	367,772	26,052,753
(Loss) / profit for the period	-	-	-	-	-	-	-	(535,720)	(535,720)	5,366	(530,354)
Other comprehensive loss for the period	-	-	-	(22,052)	-	-	-	-	(22,052)	(1,113)	(23,165)
Total comprehensive (loss) income for the period	-	-	-	(22,052)	-	-	-	(535,720)	(557,772)	4,253	(553,519)
Extinguishment of accumulated losses (Note 9)	-	(5,819,835)	(443,293)	-	-	-	-	6,263,128	-	-	-
Balance as at 30 September 2018	**17,492,989**	**14,334,621**	-	**(6,339,948)**	**(13,008)**	**2,761**	**(264,486)**	**(535,720)**	**25,127,209**	**372,025**	**25,499,234**
Balance as at 1 January 2017	17,942,989	20,154,456	443,293	(6,564,796)	(13,008)	2,761	-	2,160,660	34,126,355	408,214	34,534,569
(Loss) / profit for the period	-	-	-	-	-	-	-	(19,282)	(19,282)	11,638	(7,644)
Other comprehensive income for the period	-	-	-	132,452	-	-	-	-	132,452	349	132,801
Total comprehensive income (loss) for the period	-	-	-	132,452	-	-	-	(19,282)	113,170	11,987	125,157
Cash dividend (Note 9)	-	-	-	-	-	-	-	(1,345,326)	(1,345,326)	-	(1,345,326)
Balance as at 30 September 2017	17,942,989	20,154,456	443,293	(6,432,344)	(13,008)	2,761	-	796,052	32,894,199	420,201	33,314,400

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2018

	Notes	*Nine months ended 30 September* 2018 KD	2017 KD
OPERATING ACTIVITIES			
(Loss) / profit before tax		**(493,136)**	28,923
Adjustments to reconcile (loss) /profit before tax to net cash flows:			
Depreciation		**3,647**	5,807
Investment income from financial assets		**(41,546)**	(31,541)
Employees' end of service benefits		**52,769**	155,190
Amortization of leasehold prepayments	4	**123,096**	123,096
Share of results of associates		**(480,438)**	(1,120,295)
Net foreign exchange differences		**(4,031)**	(653)
Finance costs		**241,429**	361,542
Revaluation loss of investment properties	4,7	**1,038,012**	912,538
Gain on sale of investment properties	4	**(129,377)**	(97,545)
		310,425	337,062
Working capital adjustments:			
Accounts receivable and other assets		**663,657**	2,321,546
Amounts due from related parties		**102,831**	(85,176)
Accounts payable and other liabilities		**(687,605)**	(1,226,134)
Amounts due to related parties		**(43,740)**	851
Net cash flows from operations		**345,568**	1,348,149
Employees' end of service benefits paid		**(123,693)**	(30,750)
Net cash flows from operating activities		**221,875**	1,317,399
INVESTING ACTIVITIES			
Purchase of furniture and equipment		**(1,560)**	(686)
Proceeds from disposal of furniture and equipment		-	14,765
Additions in investment properties	6	**(10,325)**	(5,982)
Proceeds from sale of investment properties		**354,515**	333,012
Net movement in investment deposits		**(37,042)**	64,635
Dividends received from an associate		**642,048**	933,099
Proceeds from disposal of available-for-sale financial assets		-	52,000
Investment income received		**41,546**	31,541
Net cash flows from investing activities		**989,182**	1,422,384
FINANCING ACTIVITIES			
Finance costs paid		**(241,429)**	(361,542)
Dividends paid		-	(1,345,326)
Net repayment of tawarruq and murabaha payables		**(1,128,538)**	(1,023,525)
Cash flows used in financing activities		**(1,369,967)**	(2,730,393)
Net (decrease) increase in cash and bank balances		**(158,910)**	9,390
Foreign currency translation adjustments		**(11,627)**	(57,681)
Cash and bank balances at 1 January		**512,072**	1,178,852
Cash and bank balances at 30 September		**341,535**	1,130,561

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

1 INCORPORATION AND ACTIVITIES

Mashaer Holding Company K.S.C.P. (the "Parent Company") is a Kuwaiti public shareholding company registered and incorporated in the State of Kuwait on 12 June 2000 and whose shares are publically traded in the Kuwait Stock Exchange (Boursa Kuwait).

The interim condensed consolidated financial information of the the Parent Company and its subsidiaries (collectively, the "Group") for the nine-month period ended 30 September 2018 was authorized for issue in accordance with a resolution of the directors of the Parent Company on 4 November 2018.

The Group is principally engaged in investment and real estate activities. The principal activities of the Group are described in Note 10. All activities of the Group are conducted in accordance with Islamic Sharia'a as approved by the Sharia'a Board.

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

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*".

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD"), which is the functional currency of the Parent Company.

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 2017.

2.2 New standards and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard interpretations or amendment that has been issued but not yet effective.

The Group applied, for the first time, IFRS 15 *'Revenue from Contracts with Customers'* and IFRS 9 *'Financial Instruments'*. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial information.

IFRS 15 – Revenue from Contracts with 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. It established a new five-step model that will apply to revenue arising from contracts with customers. 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.

The Group's adoption of IFRS 15 under modified retrospective method had no material impact on this interim condensed consolidated financial information of the Group.

IFRS 9 – Financial Instruments
The Group has adopted *IFRS 9 - Financial Instruments* issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from *IAS 39 Financial Instruments: Recognition and Measurement*. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are in the following pages.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards and amendments adopted by the Group (continued)

Classification of financial assets and financial liabilities
To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cashflows are solely payments of principal and interest (SPPI test)
The Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Measurement categories of financial assets and liabilities
The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVTPL

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards and amendments adopted by the Group (continued)

Measurement categories of financial assets and liabilities (continued)
The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the profit or loss.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

Debt instruments at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets 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 (SPPI) on the principal amount outstanding.

Balances with banks and deposits with financial institutions, account receivables amount due from related parties and certain other assets are classified as debt instruments at amortised cost. Debt instruments measured at amortised cost are subsequently measured at amortised cost using the effective yield method adjusted for impairment losses, if any

Equity instruments at FVOCI
Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to the profit or loss. Dividends are recognised in profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses are reclassified from fair value reserve to retained earnings within equity. The management classifies certain equity investments at FVOCI and are separately disclosed in the interim condensed consolidated statement of financial position.

The Group does not have any debt instruments at fair value through other comprehensive income (FVOCI) and financial assets at FVTPL

Reclassification of financial assets
The Group does not reclassify its financial assets subsequent to their initial recognition apart in the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

Impairment of financial assets
The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all debt financial assets not held at FVTPL. The Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience as adjusted for forward-looking factors.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards and amendments adopted by the Group (continued)

Financial liabilities
The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from Group's own credit risk relating to liabilities designated at fair value through profit or loss. Such movements are presented in other comprehensive income with no subsequent reclassification to profit or loss.

Hedge accounting
The Group did not have any impact resulting from the new guidance relating to hedge accounting included in IFRS 9, as the Group is not dealing in any derivative instruments.

IFRS 9 transition disclosures
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

a) Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2017.

b) The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

The impact of this change in accounting policy as at 1 January 2018 has resulted in negative fair value reserve of KD 264,486. However, there is no change in retained earnings as follows:

	Retained earnings KD	*Fair value reserve KD*
Closing balance under IAS 39 (31 December 2017)	(6,263,128)	-
Impact on reclassification and re-measurements:		
Investment securities (equity) from available-for-sale to FVOCI	-	(264,486)
Opening balance under IFRS 9 on date of initial application of 1 January 2018	**(6,263,128)**	**(264,486)**

Classification of financial assets on the date of initial application of IFRS 9
The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets as at 1 January 2018.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards and amendments adopted by the Group (continued)

IFRS 9 transition disclosures (continued)

	Original classification under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39 KD*	*Re-measurement KD*	*New carrying amount under IFRS 9 KD*
Financial assets					
Cash and balances with banks	Loans and receivables	Amortised cost	512,072	-	512,072
Investment deposits	Loans and receivables	Amortised cost	685,708	-	685,708
Accounts receivable and other assets (excluding prepayments)	Loans and receivables	Amortised cost	2,731,154	-	2,731,154
Amounts due from related parties	Loans and receivable	Amortised cost	428,683	-	428,683
Investment securities					
– Unquoted equity	AFS	FVOCI	1,763,906	(264,486)	1,499,420
Total financial assets			**6,121,523**	**(264,486)**	**5,857,037**

Adoption of IFRS 9 did not result in any change in classification or measurement of financial liabilities.

3 FUNDAMENTAL ACCOUNTING CONCEPT

The interim condensed consolidated financial information has been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the banking facilities.

As at 30 September 2018, the Group has net current liabilities of KD 1,108,213. The current liabilities include Tawarruq and murabaha payables of KD 2,195,823, which are contractually due within 12 months from the end of the reporting period.

Notwithstanding the above, management does not consider that these conditions indicate the existence of a material uncertainty regarding the Group's ability to continue as going concern. Accordingly, the interim consolidated condensed financial information has been prepared on a going concern basis taking into consideration the following assumptions:

- The Group has recognised a loss of KD 530,354 for the nine months ended 30 September 2018;
- Additional repayments required will be met out of operating cash flows; and
- The Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements;

As described above, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

4 NET REAL ESTATE INCOME

	Three months ended 30 September		*Nine months ended 30 September*	
	2018 KD	*2017 KD*	***2018 KD***	*2017 KD*
Rental income	**759,145**	760,870	**2,279,267**	2,267,500
Rental and real estate related expenses	**(169,453)**	(115,123)	**(413,383)**	(397,548)
Amortisation of leasehold prepayments	**(41,483)**	(41,484)	**(123,096)**	(123,097)
Net rental income	**548,209**	604,263	**1,742,788**	1,746,855
Gain on sale of investment properties	**-**	97,545	**129,377**	97,545
Revaluation loss of investment properties	**(346,004)**	(304,179)	**(1,038,012)**	(912,538)
	202,205	397,629	**834,153**	931,862

5 TAX CLAIM PROVISION

Tax claim provision represents capital gain tax and related penalties ("tax claim") based on the demand notice received by the Group from the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia during 2017. In addition, GAZT also claimed penalties at the rate of 1% for every thirty days delay on the settlement of capital gain tax calculated as of the due date and till the payment date. The tax claim covers the sale transaction of a property partly owned by the Group.

In 2017, the management of the Parent Company believed that the tax claim did not reflect the correct application of tax laws in the Kingdom of Saudi Arabia and accordingly filed an objection against the tax assessment. However, in 2018, GAZT rejected the management's objection and upheld the tax claim. The management appointed a new tax consultant to review the tax claim and filed an appeal against the objection. Further, management revised the tax claim liability and recorded an additional provision of KD 1,027,845 calculated based on the original demand notice received by the Group from GAZT.

As of the authorization date of this condensed consolidated financial information there is a significant uncertainty as to the outcome of the tax claim. The provision recorded in the condensed consolidated financial information for the period ended 30 September 2018 represents the best estimate of the tax liability that may arise from the tax claim.

6 BASIC AND DILUTED EARNINGS PER SHARE

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

	Three months ended 30 September		*Nine months ended 30 September*	
	2018	*2017*	***2018***	*2017*
Loss for the period attributable to equity holders of the Parent Company (KD)	**(708,324)**	(590,185)	**(535,720)**	(19,282)
Weighted average number of ordinary shares outstanding during the period (shares)	**17,942,989**	179,429,890	**17,942,989**	17,942,989
Weighted average number of treasury shares	**(53,000)**	(53,000)	**(53,000)**	(53,000)
Weighted average number of shares outstanding (net of treasury shares)	**179,376,890**	179,376,890	**179,376,890**	179,376,890
Basic and diluted earnings per share attributable to equity holders of the Parent Company	**(3.94) fils**	(3.29) fils	**(2.98) fils**	(0.11) fils

7 INVESTMENT PROPERTIES

	30 September 2018 KD	*(Audited) 31 December 2017 KD*	*30 September 2017 KD*
At the beginning of the period/year	**19,603,350**	23,411,313	23,411,313
Additions	**10,325**	2,420	5,982
Disposals	**(225,138)**	(241,566)	(235,467)
Foreign currency translation adjustment	**-**	76,782	77,402
Remeasurement of investment properties	**(1,038,012)**	(3,645,599)	(912,538)
At the end of the period/year	**18,350,525**	19,603,350	22,346,692

Investment properties amounting to KD 10,585,000 (31 December 2017: KD 10,585,000 and 30 September 2017: KD 10,985,420) are pledged as collateral against tawarruq payables.

During the nine-month period ended 30 September 2018, management has reassessed the fair value of an investment property that was previously carried at an amount of KD 5,066,676 as at 31 December 2017 categorized with level 3 of the fair value hierarchy, using the income capitalization approach. The fair value is determined based on discounted cash flow method, using rental fixed cash flows for 3 years and a discount rate of 10.34% (31 December 2017: 10.34% and 30 September 2017: 10.34%). This reassessment resulted in a valuation loss of KD 1,038,012 recorded in the interim condensed consolidated statement of profit or loss (30 September 2017: 912,538).

8 TREASURY SHARES

	30 September 2018	*(Audited) 31 December 2017*	*30 September 2017*
Number of treasury shares	**53,000**	53,000	53,000
Percentage of treasury shares	**0.03%**	0.03%	0.03%
Cost of treasury shares (KD)	**13,008**	13,008	13,008
Market value of treasury shares (KD)	**2,173**	3,286	4,240
Weighted average market value per treasury share (fils)	**41**	62	80

Reserves equivalent to the cost of treasury shares is not available for distribution throughout the holding period of these treasury shares.

9 ANNUAL GENERAL ASSEMBLY (AGM)

The AGM of the Parent Company's shareholders held on 10 May 2018 approved the consolidated financial statements of the Group for the year ended 31 December 2017 and also approved the Board of Directors' proposal not to distribute cash dividends for the year then ended (2017: KD 1,345,326).

Further, the shareholders resolved to extinguish accumulated losses of KD 6,263,128 against share premium and statutory reserve of KD 5,819,835 and KD 443,293, respectively.

10 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:

10 RELATED PARTY TRANSACTIONS (CONTINUED)

	30 September 2018 KD	*(Audited) 31 December 2017 KD*	*30 September 2017 KD*
Balances included in interim condensed consolidated statement of financial position:			
Receivables from related parties			
- Associates	**325,852**	428,683	491,139
Payables to related parties			
- Associates	**183,605**	225,475	324,513
- Other related parties	**8,100**	9,970	8,100
	191,705	235,445	332,613

The Group was not involved in any significant transactions with related parties during the three and nine months ended 30 September 2018.

Key management personnel
Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions related to key management personnel were as follows:

	Three months ended 30 September		*Nine months ended 30 September*	
	2018 KD	*2017 KD*	***2018 KD***	*2017 KD*
Key management compensation:				
Short term benefits	**55,328**	51,274	**136,873**	144,612
Employees' end of service benefits	**4,678**	75,077	**14,503**	83,001
	60,006	126,351	**151,376**	227,613

11 COMMITMENTS AND CONTINGENCIES

The Group has capital expenditure commitments amounting to KD 688,800 (31 December 2017: KD 1,033,200 and 30 September 2017: KD 4,697,158). At the reporting date, the Group had contingent liabilities in respect of outstanding letters of guarantee of KD Nil (31 December 2017: KD Nil and 30 September 2017: KD 8,122).

12 SEGMENT 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 aboard, 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:

12 SEGMENT INFORMATION (CONTINUED)

	Real estate activities KD	*Hajj & Umrah services KD*	*Investment activities KD*	*Total KD*
30 September 2018				
Segment revenue	**2,557,741**	**(1,874)**	**481,694**	**3,037,561**
Segment expenses	**(2,292,536)**	**(5,318)**	**(1,270,061)**	**(3,567,915)**
Segment results	**265,205**	**(7,192)**	**(788,367)**	**(530,354)**
Segment assets	**22,329,884**	**10,902**	**11,113,063**	**33,453,849**
Segment liabilities	**2,067,915**	**46,141**	**5,840,559**	**7,954,615**
31 December 2017				
Segment assets	4,360,755	166,994	31,641,725	36,169,474
Segment liabilities	3,362,787	110,770	6,378,678	9,852,235
30 September 2017				
Segment revenue	2,594,116	10,141	1,127,929	3,732,186
Segment expenses	(2,238,573)	(10,039)	(1,491,218)	(3,739,830)
Segment results	355,543	102	(363,289)	(7,644)
Segment assets	26,841,896	148,447	16,824,319	43,814,662
Segment liabilities	1,768,927	61,277	8,670,058	10,500,262

During the year ended 31 December 2017, the shareholders of Hajj & Umrah Services Consortium – Mashaer K.S.C. (Closed), a subsidiary, have decided to temporarily suspend the business operations, until further notice due to unfavourable market conditions.

13 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 (unadjusted) market prices in active markets for identical assets and liabilities;
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable ; and
Level 3: valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

Non-financial instruments:
Investment properties are fair valued and are categorized within Level 2 and Level 3 of the fair value hierarchy.

The fair value of investment properties categorised within Level 2 of fair value hierarchy, hierarchy were determined using the market comparable approach, whereas the fair value of an investment property categorised within Level 3 of the fair value hierarchy was determined using the income approach.

13 FAIR VALUE MEASUREMENT

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 2017.

Financial assets:
The fair value of unquoted investments at fair value through other comprehensive income at 30 September 2018 amounting to KD 1,499,420 is categorised within level 3 of the fair value hierarchy.

At 31 December 2017 and 30 September 2017, fair value of these unquoted investments could not be measured reliably as they did not have a quoted price in an active market and were therefore accounted at cost (in accordance with IAS 39).

During the period, there has not been any sales/purchases or re-measurement recognised in OCI relating to unquoted securities categorised within Level 3 of the fair value hierarchy.

Description of significant unobservable inputs to valuation of financial assets:
The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are as shown below:

FVOCI	***Valuation technique***	***Significant unobservable inputs***	***Range (weighted average)***	***Sensitivity of the input to fair value***
Unquoted securities	Market approach	Sector PBV multiple	0.710 - 0.785 (0.748)	5% increase / (decrease) in the Sector PBV multiple would result in an increase / (decrease) in fair value by KD 8,606.
		DLOM	10% - 20%	5% increase / (decrease) in the DLOM would result in an (decrease) / increase in fair value by KD 88,201.

* Discount for lack of marketability ("DLOM") represents the amounts that the Group has determined that market participants would take into account when pricing the investments.