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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2019

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 June 2019, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-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 six-month period ended 30 June 2019 that might have had a material effect on the business of the Parent Company or on its financial position.

ABDULKARIM AL SAMDAN
LICENCE NO. 208-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

24 July 2019
Kuwait

A member firm of Ernst & Young Global Limited

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 June 2019

		Three months ended 30 June		*Six months ended 30 June*	
		2019	*2018*	*2019*	*2018*
	Notes	*KD*	*KD*	*KD*	*KD*
Income					
Gain on sale of investment property		-	-	-	129,377
Rental income		**804,791**	757,380	**1,607,493**	1,520,122
Valuation losses from investment properties		**(321,864)**	(346,003)	**(643,729)**	(692,008)
Net investment income from financial assets		**28,583**	16,615	**40,743**	37,444
Share of results of associates		**(11,888)**	230,499	**(52,071)**	139,674
Net foreign exchange differences		**(15)**	(6)	**48**	81
Reversal of provisions no longer required	5	**1,374,569**	-	**1,586,456**	-
Other income		**24,627**	29,861	**116,257**	83,385
Total income		**1,898,803**	688,346	**2,655,197**	1,218,075
Expenses					
Staff costs		**(183,565)**	(163,588)	**(317,561)**	(325,189)
Administrative expenses		**(84,598)**	(60,177)	**(184,085)**	(167,263)
Real estate expense		**(91,455)**	(121,775)	**(169,240)**	(243,930)
Amortisation of leasehold prepayment		**(41,032)**	(41,032)	**(81,613)**	(81,613)
Finance costs		**(54,711)**	(119,908)	**(109,864)**	(169,069)
Depreciation		**(64,974)**	(1,234)	**(154,852)**	(2,518)
Total expenses		**(520,335)**	(507,714)	**(1,017,215)**	(989,582)
Profit for the year before tax		**1,378,468**	180,632	**1,637,982**	228,493
Taxation of overseas subsidiaries		**(2,853)**	(33,068)	**(2,853)**	(33,068)
Kuwait Foundation for Advancement of Sciences (KFAS)		**(12,291)**	(4,849)	**(16,436)**	(4,849)
National Labour Support Tax (NLST)		**(34,247)**	(4,444)	**(40,583)**	(5,541)
Zakat		**(13,786)**	(5,585)	**(18,378)**	(5,585)
Profit for the period		**1,315,291**	132,686	**1,559,732**	179,450
Attributable to:					
Equity holders of the Parent Company		**1,304,930**	128,727	**1,543,351**	172,604
Non-controlling interests		**10,361**	3,959	**16,381**	6,846
		1,315,291	132,686	**1,559,732**	179,450
Basic and diluted earnings per share attributable to Equity holders of the Parent Company	6	**7.27 fils**	0.72 fils	**8.60 fils**	0.96 fils

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2019

	Three months ended 30 June		*Six months ended 30 June*	
	2019	*2018*	***2019***	*2018*
	KD	*KD*	***KD***	*KD*
Profit for the period	**1,315,291**	132,686	**1,559,732**	179,450
Other comprehensive income (loss)				
Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	**(76,793)**	(186,877)	**311,097**	(187,040)
Net other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods	**(76,793)**	(186,877)	**311,097**	(187,040)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Net gain on equity instruments at fair value through other comprehensive income	**-**	-	**25,330**	-
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**-**	-	**25,330**	-
Other comprehensive (loss) income for the period	**(76,793)**	(186,877)	**336,427**	(187,040)
Total comprehensive income (loss) for the period	**1,238,498**	(54,191)	**1,896,159**	(7,590)
Attributable to:				
Equity holders of the Parent Company	**1,134,311**	(57,097)	**1,786,543**	(13,323)
Non-controlling interests	**104,187**	2,906	**109,616**	5,733
	1,238,498	(54,191)	**1,896,159**	(7,590)

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2019

	Notes	*30 June 2019 KD*	*(Audited) 31 December 2018 KD*	*30 June 2018 KD*
Assets				
Non-current assets				
Property and equipment		**810,949**	6,986	5,320
Investment properties	7	**20,487,085**	15,673,094	18,696,530
Investment in associates		**5,539,625**	8,904,801	8,911,073
Financial assets at fair value through other comprehensive income		**1,090,796**	1,155,685	1,499,420
Accounts receivable and other assets		**621,066**	787,000	-
		28,549,521	26,527,566	29,112,343
Current assets				
Amounts due from related parties	10	**5,118**	337,012	335,053
Accounts receivable and other assets		**2,002,961**	2,036,971	3,658,726
Investment deposits		**1,380,279**	804,000	119,000
Cash and bank balances		**360,627**	406,889	1,268,641
		3,748,985	3,584,872	5,381,420
TOTAL ASSETS		**32,298,506**	30,112,438	34,493,763
Equity and liabilities				
Equity				
Share capital		**17,942,989**	17,942,989	17,942,989
Share premium	9	**10,239,344**	14,334,621	14,334,621
Foreign currency translation reserve		**(6,261,859)**	(6,479,721)	(6,503,823)
Treasury shares	8	**(13,008)**	(13,008)	(13,008)
Treasury shares reserve		**2,761**	2,761	2,761
Fair value reserve		**(580,122)**	(605,452)	(264,486)
Retained earnings (accumulated losses)		**1,543,351**	(4,095,277)	172,604
Equity attributable to equity holder of the Parent Company		**22,873,456**	21,086,913	25,671,658
Non-controlling interests		**2,203,720**	347,799	373,505
Total equity		**25,077,176**	21,434,712	26,045,163
Liabilities				
Non-current liabilities				
Tawarruq and murabaha facilities		**1,272,730**	1,376,866	2,477,801
Employees' end of service benefits		**302,262**	281,864	243,865
		1,574,992	1,658,730	2,721,666
Current liabilities				
Tawarruq and murabaha facilities		**2,205,219**	1,499,733	3,106,539
Amounts due to related parties	10	**263,626**	216,937	191,705
Accounts payable and other liabilities		**3,177,493**	5,302,326	2,428,690
		5,646,338	7,018,996	5,726,934
Total liabilities		**7,221,330**	8,677,726	8,448,600
TOTAL EQUITY AND LIABILITIES		**32,298,506**	30,112,438	34,493,763

Fahad Abdullah Al-Saleh
Chairman

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2019

	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 reserves KD*	*Retained earnings KD*	*Sub total KD*	*Non-controlling interests KD*	*Total KD*
As at 1 January 2019	17,942,989	14,334,621	-	(6,479,721)	(13,008)	2,761	(605,452)	(4,095,277)	21,086,913	347,799	21,434,712
Profit for the period	-	-	-	-	-	-	-	1,543,351	1,543,351	16,381	1,559,732
Other comprehensive income for the period	-	-	-	217,862	-	-	25,330	-	243,192	93,235	336,427
Total comprehensive income for the period	-	-	-	217,862	-	-	25,330	1,543,351	1,786,543	109,616	1,896,159
NCI arising on business combination (Note 4)	-	-	-	-	-	-	-	-	-	1,746,305	1,746,305
Extinguishment of accumulated losses (Note 9)	-	(4,095,277)	-	-	-	-	-	4,095,277	-	-	-
As at 30 June 2019	**17,942,989**	**10,239,344**	**-**	**(6,261,859)**	**(13,008)**	**2,761**	**(580,122)**	**1,543,351**	**22,873,456**	**2,203,720**	**25,077,176**
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	-	-	-	-	-	-	(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
Profit for the period	-	-	-	-	-	-	-	172,604	172,604	6,846	179,450
Other comprehensive (loss) income for the period	-	-	-	(185,927)	-	-	-	-	(185,927)	(1,113)	(187,040)
Total comprehensive (loss) income for the period	-	-	-	(185,927)	-	-	-	172,604	(13,323)	5,733	(7,590)
Extinguishment of accumulated losses	-	(5,819,835)	(443,293)	-	-	-	-	6,263,128	-	-	-
Balance as at 30 June 2018	17,942,989	14,334,621	-	(6,503,823)	(13,008)	2,761	(264,486)	172,604	25,671,658	373,505	26,045,163

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 June 2019

	Notes	*Six months ended 30 June* 2019 KD	2018 KD
OPERATING ACTIVITIES			
Profit before tax		**1,637,982**	228,493
Adjustments to reconcile profit before tax to net cash flows:			
Valuation loss from investment properties	7	**643,729**	692,008
Gain on sale of investment properties		**-**	(129,377)
Net investment income from financial assets		**(40,743)**	(37,444)
Share of results of associates		**52,071**	(139,674)
Net foreign exchange differences		**(48)**	(81)
Reversal of provision no longer required		**(1,586,456)**	-
Other income		**(52,285)**	-
Employees' end of service benefits		**20,398**	49,973
Amortisation of leasehold prepayments		**81,613**	81,613
Finance costs		**109,864**	169,069
Depreciation		**154,852**	2,518
		1,020,977	917,098
Working capital adjustments:			
Accounts receivable and other assets		**1,704,835**	(160,968)
Amounts due from related parties		**568,510**	93,630
Accounts payable and other liabilities		**(3,627,286)**	(1,178,130)
Amounts due to related parties		**46,689**	(43,740)
Net cash flows used in operations		**(286,275)**	(372,110)
Employees' end of service benefits paid		**-**	(112,953)
Net cash flows used in operating activities		**(286,275)**	(485,063)
INVESTING ACTIVITIES			
Purchase of furniture and equipment		**-**	(215)
Additions in investment properties	7	**(1,964)**	(10,326)
Proceeds from sale of investment properties		**-**	354,515
Acquisition of a subsidiary, net of cash acquired	4	**31,511**	-
Net movement in investment deposits		**(480,993)**	566,708
Dividends received from an associate		**-**	642,048
Proceeds from sale of equity investments at FVOCI		**142,504**	-
Net investment income received		**40,743**	37,444
Net cash flows (used in) from investing activities		**(268,199)**	1,590,174
FINANCING ACTIVITIES			
Finance costs paid		**(109,864)**	(169,069)
Net proceeds from (repayment) of tawarruq and murabaha payables		**601,350**	(167,748)
Cash flows from (used in) financing activities		**491,486**	(336,817)
Net increase in cash and bank balances		**(62,988)**	768,294
Foreign currency translation adjustments		**16,726**	(11,725)
Cash and bank balances at 1 January		**406,889**	512,072
Cash and bank balances at 30 June		**360,627**	1,268,641

The attached notes 1 to 11 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 is listed on 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 six-month period ended 30 June 2019 was authorized for issue in accordance with a resolution of the directors of the Parent Company on 24th July'2019.

The Group is principally engaged in investment and real estate activities. The principal activities of the Group are described in Note 12. 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 also 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 2018.

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 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 'Leases'. 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 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 16 'Leases'
IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

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 16 'Leases' (continued)
The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	KD
Assets	
Right-of-use assets (included under property and equipment)	930,683
Liabilities	
Lease liabilities (included under accounts payable and other liabilities)	930,683

a) Nature of the effect of adoption of IFRS 16
Before the adoption of IFRS 16, the Group classified its leases (as lessee) at the inception date as operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other assets and other liabilities, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously accounted for as operating leases
The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

b) Summary of new accounting policies
Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

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

b) Summary of new accounting policies (continued)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the borrowing rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of finance cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below KD 1,500). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional periods. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

c) Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

Depreciation charge for right-of-use assets for the period amounts to KD 147,774 and is included in 'depreciation of property and equipment' in the interim condensed consolidated statement of profit or loss. Rent expenses included in 'administrative expenses' is lower to the extent of KD 26,170 during the period as a result of applying IFRS 16.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2019 did not have any material impact on the accounting policies, financial position or performance of the Group.

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 June 2019, the Group has net current liabilities of KD 1,897,353 (31 December 2018: KD 3,434,124 and 30 June 2018: KD 345,514). The current liabilities include Tawarruq and murabaha payables of KD 2,205,219 (31 December 2018: KD 1,499,733 and 30 June 2018: KD 3,106,539), 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 profit of KD 1,559,732 for the six months ended 30 June 2019;
- 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 BUSINESS COMBINATIONS

The Parent Company holds 65% equity interest in Spot Real Estate Company E.S.C ("Spot"), an associate previously accounted for under the equity method since the Parent Company was precluded from exercising control over the investee due to contractual rights held by the other investors in the investee. On 9 January 2019 ("acquisition date"), the Group obtained control over Spot because the contractual and decision-making rights held by the other investors, that previously prevented the Parent Company from controlling the investee, have elapsed. The Parent Company accounted for the business combination using the acquisition method at the acquisition date.

The fair values of the identifiable assets and liabilities of Spot as at the acquisition date were:

	Fair value recognised on acquisition KD
Assets	
Cash and bank balances	31,511
Investment deposits	95,286
Investment property	5,119,550
Other assets	236,616
Total assets	**5,482,963**
Liabilities	
Other liabilities	**(493,520)**
Equity	**4,989,443**
Non-controlling interest measured at fair value	(1,746,305)
Net assets acquired	**3,243,138**
Represented by:	
Fair value of previously held interest	3,243,138
Consideration transfered	-
	3,243,138
Analysis of cash flows on acquisition:	
Cash acquired on acquisition	31,511
Consideration paid	-
Net cash inflow on acquisition	**31,511**

Had this business combination taken place at the beginning of the period, net profit for the period would not be significantly different.

5 REVERSAL OF PROVISIONS NO LONGER REQUIRED

On 2 February 2016, the Group received a demand notice for SAR 25,105,040 from the General Authority of Zakat and Tax ("GAZT") – formerly known as the Department of Zakat and Income Tax ("DZIT"), in the Kingdom of Saudi Arabia ("KSA") claiming capital gains tax and delay penalties ("tax claim") for a sale transaction of a property partly owned by the Group. Accordingly, the management of the Group appointed a tax advisor in KSA to review the tax claim and filed an objection appeal with GAZT.

Based on the advice received from the tax advisor, the management of the Parent Company estimated and recorded a potential tax liability, including the aforementioned tax claim amounting to KD 2,058,614 in the consolidated statement of financial position as of the financial year ended 31 December 2018, representing the full amount of tax liability claimed by GAZT.

During the current period, the Group received an offer from GAZT to settle the tax claim (the "settlement offer") for an amount of SAR 8,450,000 (equivalent to KD 684,046). The board of directors of the Parent Company in their meeting on 9 May 2019 resolved based on the recommendation of the tax advisor, to accept the offer of the best interest of the Group. Accordingly, on 27 June 2019 the Group has settled the full amount of the tax claim as per GAZT settlement offer. Accordingly, the Group reversed the excess tax provision of SAR 16,655,040 (equivalent to KD 1,374,569) related to the tax claim in the statement of profit or loss during the period ended 30 June 2019.

6 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	Three months ended 30 June		*Six months ended 30 June*	
	2019	*2018*	*2019*	*2018*
Profit for the period attributable to equity holders of the Parent Company (KD)	**1,304,930**	128,727	**1,543,351**	172,604
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)	**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	**7.27 fils**	0.72 fils	**8.60 fils**	0.96 fils

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

7 INVESTMENT PROPERTIES

	30 June 2019 KD	*(Audited) 31 December 20178 KD*	*30 June 2018 KD*
At the beginning of the period/year	15,673,094	19,603,350	19,603,350
Capital expenditure on investment properties	1,964	-	10,326
Arising on business combination (Note 4)	5,119,550	-	-
Disposals	-	(214,811)	(225,138)
Change in fair value	(643,729)	(3,715,445)	(692,008)
Exchange difference	336,206	-	-
At the end of the period/year	20,487,085	15,673,094	18,696,530

a) The fair value of investment properties was independently determined at 31 December 2018 by accredited independent valuers who are specialised in valuing such type of properties using a mix of income capitalisation method, discounted cash flow method and the market comparison approach considering the nature usage of each property. The valuation of the Group's investment properties is mainly performed on an annual basis as management believes that the there are no significant circumstances that have arisen during the period, which may have a significant impact on fair value.

   During the six-month period ended 30 June 2019, management has reassessed the fair value of an investment property that was previously carried at an amount of KD 3,336,655 as at 31 December 2018 categorised within level 3 of the fair value hierarchy. The fair value is determined based on discounted cash flow method, using rental fixed cash flows for 3 years and a discount rate of 12.34 % (31 December 2018: 12.34 % and 31 March 2018: 10.34%). This reassessment resulted in a valuation loss of KD 643,729 recorded in the interim condensed consolidated statement of profit or loss for the period then ended (30 June 2018: KD 692,008).

b) Investment properties amounting to KD 9,750,000 (31 December 2018: KD 9,750,000 and 30 June 2018: KD 10,585,000) are pledged as security in order to fulfil the collateral requirements for certain tawarruq facilities.

8 TREASURY SHARES

	30 June 2019	*(Audited) 31 December 2018*	*30 June 2018*
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)	3,763	4,452	2,332
Weighted average market value per treasury share (fils)	71	84	44

Reserves equivalent to the cost of treasury shares is not available for distribution throughout the holding period of such treasury shares as per CMA regulations.

9 ANNUAL GENERAL ASSEMBLY (AGM)

The AGM of the Parent Company's shareholders held on 1 May 2019 approved the consolidated financial statements of the Group for the year ended 31 December 2018 and also approved the Board of Directors' proposal not to distribute cash dividends for the year then ended (2018: KD Nil).

Further, the shareholders of the Parent Company in the AGM resolved to extinguish accumulated losses as at 31 December 2018 amounting to KD 4,095,277.

10 RELATED PARTY DISCLOSURES

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.

The following table shows the aggregate value of transactions and outstanding balances with related parties

	30 June 2019 KD	*(Audited) 31 December 2018 KD*	*30 June 2018 KD*
Balances included in interim condensed consolidated statement of financial position:			
Receivables from related parties			
- Associates	5,118	337,012	335,053
Payables to related parties			
- Other related parties	263,626	216,937	191,705

The Group was not involved in any significant transactions with related parties during the three and six months ended 30 June 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 June		*Six months ended 30 June*	
	2019 KD	*2018 KD*	*2019 KD*	*2018 KD*
Key management compensation:				
Short term benefits	41,863	33,207	80,729	81,545
Employees' end of service benefits	5,232	3,941	10,493	9,825
	47,095	37,148	91,222	91,370

11 COMMITMENTS AND CONTINGENCIES

The Group has no capital expenditure commitments as at 30 June 2019 (31 December 2018: KD 688,800 and 30 June 2018: KD 1,033,200).

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:

	Real estate activities	***Hajj & Umrah services***	***Investment activities***	***Total***
	KD	***KD***	***KD***	***KD***
30 June 2019				
Segment revenue	**1,918,361**	**24**	**1,380,541**	**3,298,926**
Segment expenses	**(1,214,354)**	**(7,721)**	**(517,119)**	**(1,739,194)**
Segment results	**704,007**	**(7,697)**	**863,422**	**1,559,732**
Segment assets	**23,974,614**	**5,433**	**8,318,459**	**32,298,506**
Segment liabilities	**3,137,101**	**47,200**	**4,037,029**	**7,221,330**
31 December 2018				
Segment assets	19,857,712	13,332	10,241,394	30,112,438
Segment liabilities	4,295,221	47,944	4,334,561	8,677,726

	Real estate activities KD	***Hajj & Umrah services KD***	***Investment activities KD***	***Total KD***
30 June 2018				
Segment revenue	1,771,028	(1,874)	140,929	1,910,083
Segment expenses	(1,218,181)	(3,539)	(508,913)	(1,730,633)
Segment results	552,847	(5,413)	(367,984)	179,450
Segment assets	23,850,887	9,975	10,632,901	34,493,763
Segment liabilities	2,190,629	46,891	6,211,080	8,448,600

During the year 2016, 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 and discounted cashflow approach.

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 are disclosed in the consolidated financial statements for the year ended 31 December 2018.

Financial assets:
The fair value of unquoted investments at fair value through other comprehensive income at 30 June 2019 amounting to KD 1,090,796 (31 December 2018: KD 1,155,685 and 30 June 2019: KD 1,499,420) is categorised within level 3 of the fair value hierarchy.

Reconciliation of Level 3 fair values
The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	At 1 January KD	***Remeasurement recognised in OCI KD***	***Purchases / sales (net) KD***	***At 30 June KD***
30 June 2019				
FVOCI:				
Unquoted equity securities	**1,155,685**	**25,330**	**(90,219)**	**1,090,796**

	At 1 January KD	*Remeasurement recognised in OCI KD*	*Purchases / sales (net) KD*	*At 31 December KD*
31 December 2018				
FVOCI:				
Unquoted equity securities	1,499,420	(343,735)	-	1,155,685

	At 1 January KD	*Remeasurement recognised in OCI KD*	*Purchases / sales (net) KD*	*At 30 June KD*
30 June 2018				
FVOCI:				
Unquoted equity securities	1,499,420	-	-	1,499,420

14 FAIR VALUE MEASUREMENT (continued)

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:

	Valuation technique	***Significant unobservable inputs***	***Range (weighted average)***	***Sensitivity of the input to fair value***
FVOCI				
Unquoted securities	Market approach	Sector PBV multiple	0.66 - 0.99 (0.74)	10 % increase / (decrease) in the Sector PBV multiple would result in an increase / (decrease) in fair value by KD (155,950).
		DLOM	30%	10 % increase / (decrease) in the DLOM would result in an (decrease) / increase in fair value by KD 54,582.

* 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.