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

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2020

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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 2020, 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 2020 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

13 August 2020
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 June 2020

		Three months ended 30 June		*Six months ended 30 June*	
		2020	*2019*	***2020***	*2019*
	Note	***KD***	*KD*	***KD***	*KD*
Income					
Rental income		**221,957**	804,791	**900,918**	1,607,493
Valuation losses from investment properties		**(785,865)**	(321,864)	**(1,071,729)**	(643,729)
Net investment income from financial assets		**25,360**	28,583	**53,151**	40,743
Share of results of associates		**(879,721)**	(11,888)	**(816,235)**	(52,071)
Net foreign exchange differences		**-**	(15)	**121**	48
Reversal of provisions no longer required		**-**	1,374,569	**-**	1,586,456
Other income		**13,961**	24,627	**34,948**	116,257
Total income		**(1,404,308)**	1,898,803	**(898,826)**	2,655,197
Expenses					
Staff costs		**(127,237)**	(183,565)	**(269,363)**	(317,561)
Administrative expenses		**(52,629)**	(84,598)	**(132,250)**	(184,085)
Real estate expense		**(75,210)**	(91,455)	**(172,636)**	(169,240)
Amortization of leasehold prepayment		**(41,032)**	(41,032)	**(81,613)**	(81,613)
Finance costs		**(40,530)**	(54,711)	**(81,084)**	(109,864)
Allowance for expected credit losses		**(126,692)**	-	**(126,692)**	-
Depreciation expense		**(84,731)**	(64,974)	**(171,284)**	(154,852)
Total expenses		**(548,061)**	(520,335)	**(1,034,922)**	(1,017,215)
(Loss) profit before tax		**(1,952,369)**	1,378,468	**(1,933,748)**	1,637,982
Taxation of overseas subsidiaries		**2,790**	(2,853)	**(2,420)**	(2,853)
Contribution to Kuwait Foundation for Advancement of Sciences (“KFAS”)		**1,811**	(12,291)	**-**	(16,436)
National Labour Support Tax (“NLST”)		**475**	(34,247)	**-**	(40,583)
Zakat		**1,930**	(13,786)	**-**	(18,378)
(LOSS) PROFIT FOR THE PERIOD		**(1,945,363)**	1,315,291	**(1,936,168)**	1,559,732
Attributable to:					
Equity holders of the Parent Company		**(1,930,252)**	1,304,930	**(1,920,659)**	1,543,351
Non-controlling interests		**(15,111)**	10,361	**(15,509)**	16,381
		(1,945,363)	1,315,291	**(1,936,168)**	1,559,732
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4	**(10.95) fils**	7.27 fils	**(10.85) fils**	8.60 fils

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2020

	Three months ended 30 June		*Six months ended 30 June*	
	2020 KD	*2019 KD*	***2020 KD***	*2019 KD*
(Loss) profit for the period	**(1,945,363)**	1,315,291	**(1,936,168)**	1,559,732
Other comprehensive (loss) income				
Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	**(392,652)**	(76,793)	**301**	311,097
	(392,652)	(76,793)	**301**	311,097
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	**15,743**	-	**15,743**	25,330
	15,743	-	**15,743**	25,330
Other comprehensive (loss) income for the period	**(376,909)**	(76,793)	**16,044**	336,427
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	**(2,322,272)**	1,238,498	**(1,920,124)**	1,896,159
Attributable to:				
Equity holders of the Parent Company	**(2,201,372)**	1,134,311	**(2,006,931)**	1,786,543
Non-controlling interests	**(120,900)**	104,187	**86,807**	109,616
	(2,322,272)	1,238,498	**(1,920,124)**	1,896,159

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

	Notes	*30 June 2020 KD*	*(Audited) 31 December 2019 KD*	*30 June 2019 KD*
ASSETS				
Non-current assets				
Property and equipment		**18,370**	22,512	28,040
Right-of-use assets		**382,469**	573,480	782,909
Investment properties	5	**18,869,079**	19,935,584	20,487,085
Investment in associates		**5,079,679**	6,016,339	5,539,625
Financial assets at fair value through other comprehensive income		**1,123,915**	1,108,172	1,090,796
Accounts receivable and other assets		**49,674**	340,981	621,066
		25,523,186	27,997,068	28,549,521
Current assets				
Amounts due from related parties	8	-	13,332	5,118
Accounts receivable and other assets		**1,691,796**	1,724,902	2,002,961
Investment deposits		**2,836,023**	2,511,875	1,380,279
Cash and bank balances		**501,075**	1,130,269	360,627
		5,028,894	5,380,378	3,748,985
TOTAL ASSETS		**30,552,080**	33,377,446	32,298,506
EQUITY AND LIABILITIES				
Equity				
Share capital		**17,942,989**	17,942,989	17,942,989
Share premium		**10,239,344**	10,239,344	10,239,344
Statutory reserve		**180,293**	180,293	-
Voluntary reserve		**180,293**	180,293	-
Foreign currency translation reserve		**(5,974,311)**	(5,872,404)	(6,261,859)
Treasury shares	6	**(209,965)**	(74,944)	(13,008)
Treasury shares reserve		**2,761**	2,761	2,761
Fair value reserve		**(547,336)**	(562,971)	(580,122)
(Accumulated losses) / retained earnings		**(1,504,023)**	1,298,000	1,543,351
Equity attributable to equity holders of the Parent Company		**20,310,045**	23,333,361	22,873,456
Non-controlling interests		**2,297,220**	2,210,413	2,203,720
Total equity		**22,607,265**	25,543,774	25,077,176
Liabilities				
Non-current liabilities				
Tawarruq and murabaha facilities		**2,379,055**	2,611,042	1,272,730
Employees' end of service benefits		**325,199**	321,397	302,262
Lease liabilities		-	12,556	344,400
		2,704,254	2,944,995	1,919,392
Current liabilities				
Tawarruq and murabaha facilities		**617,199**	602,576	2,205,219
Amounts due to related parties	8	**266,652**	270,430	263,626
Accounts payable and other liabilities		**4,017,291**	3,671,271	2,480,337
Lease liabilities		**339,419**	344,400	352,756
		5,240,561	4,888,677	5,301,938
Total liabilities		**7,944,815**	7,833,672	7,221,330
TOTAL EQUITY AND LIABILITIES		**30,552,080**	33,377,446	32,298,506

Fahad Abdullah Al-Saleh
Chairman

Abdulaziz Zaid Al-Subaie
Chief Executive Officer

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2020

	Equity attributable to the equity holders of the Parent Company											
	Share capital KD	*Share premium KD*	*Statutory reserve KD*	*Voluntary 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*
As at 1 January 2020	17,942,989	10,239,344	180,293	180,293	(5,872,404)	(74,944)	2,761	(562,971)	1,298,000	23,333,361	2,210,413	25,543,774
(Loss) profit for the period	-	-	-	-	-	-	-	-	(1,920,659)	(1,920,659)	(15,509)	(1,936,168)
Other comprehensive (loss) income for the period	-	-	-	-	(101,907)	-	-	15,635	-	(86,272)	102,316	16,044
Total comprehensive (loss) income for the period	-	-	-	-	(101,907)	-	-	15,635	(1,920,659)	(2,006,931)	86,807	(1,920,124)
Purchase of treasury shares	-	-	-	-	-	(135,021)	-	-	-	(135,021)	-	(135,021)
Cash dividends (Note 7)	-	-	-	-	-	-	-	-	(881,364)	(881,364)	-	(881,364)
As at 30 June 2020	**17,942,989**	**10,239,344**	**180,293**	**180,293**	**(5,974,311)**	**(209,965)**	**2,761**	**(547,336)**	**(1,504,023)**	**20,310,045**	**2,297,220**	**22,607,265**
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	-	-	-	-	-	-	-	-	-	-	1,746,305	1,746,305
Extinguishment of accumulated losses	-	(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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 June 2020

	Notes	*Six months ended 30 June* **2020** ***KD***	*2019* *KD*
OPERATING ACTIVITIES			
(Loss) profit before tax		**(1,933,748)**	1,637,982
Adjustments to reconcile (loss) profit before tax to net cash flows:			
Net investment income from financial assets		**(53,151)**	(40,743)
Share of results of associates		**816,235**	52,071
Net foreign exchange differences		**(121)**	(48)
Reversal of provisions no longer required		-	(1,586,456)
Other income		-	(52,285)
Employees' end of service benefits		**3,802**	20,398
Amortisation of leasehold prepayments		**81,613**	81,613
Valuation losses from investment properties	5	**1,071,729**	643,729
Finance cost on lease liabilities		**9,746**	-
Finance cost on debts and borrowings		**71,338**	109,864
Allowances for expected credit losses		**126,692**	-
Depreciation of property and equipment		**5,757**	7,078
Depreciation of right-of-use assets		**165,527**	147,774
		365,419	1,020,977
Working capital adjustments:			
Accounts receivable and other assets		**141,713**	1,704,835
Amounts due from related parties		**13,332**	568,510
Accounts payable and other liabilities		**343,600**	(3,627,286)
Amounts due to related parties		**(3,778)**	46,689
Net cash flows from (used in) operating activities		**860,286**	(286,275)
INVESTING ACTIVITIES			
Purchase of furniture and equipment		**(1,615)**	-
Capital expenditure on investment properties	5	**(5,224)**	(1,964)
Acquisition of a subsidiary, net of cash acquired		-	31,511
Net movement in investment deposits		**(324,148)**	(480,993)
Dividends received from an associate		**120,425**	-
Proceeds from sale of equity investments at FVOCI		-	142,504
Net investment income received		**53,151**	40,743
Net cash flows used in investing activities		**(157,411)**	(268,199)
FINANCING ACTIVITIES			
Finance costs paid		**(71,338)**	(109,864)
Net (repayment of) proceeds from tawarruq and murabaha payables		**(217,364)**	601,350
Purchase of treasury shares		**(135,021)**	-
Dividends paid to equity holders of the Parent Company		**(881,364)**	-
Payment of lease liabilities		**(27,283)**	-
Net cash flows (used in) from financing activities		**(1,332,370)**	491,486
NET DECREASE IN CASH AND BANK BALANCES		**(629,495)**	(62,988)
Foreign currency translation adjustments		**301**	16,726
Cash and bank balances at 1 January		**1,130,269**	406,889
CASH AND BANK BALANCES AS AT 30 JUNE		**501,075**	360,627
Non-cash items excluded from the statement of cash flows:			
Transitional adjustment to lease liabilities on adoption of IFRS 16		-	930,683
Transitional adjustment to right-of-use of assets on adoption of IFRS 16		-	(930,683)

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

1 CORPORATE INFORMATION

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 2020 was authorized for issue in accordance with a resolution of the directors of the Parent Company on 12 August 2020.

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 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 2019.

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 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

Amendments to IAS 1 and IAS 8: Definition of Material
The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2020 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 2020, the Group incurred a net loss of KD 1,936,168 (31 December 2019: net profit of KD 1,678,779 and 30 June 2019: net profit of KD 1,559,732) and the Group's current liabilities exceed its current assets by KD 211,667 (31 December 2019: net current assets of KD 491,701 and 30 June 2019: net current liabilities of KD 1,552,953). The current liabilities include Tawarruq and murabaha payables of KD 617,199 (31 December 2019: KD 602,576 and 30 June 2019: KD 2,205,219), which are contractually due within 12 months from the end of the reporting period. Further, the Group's accumulated losses amounted to KD 1,504,023 as at the reporting date.

In addition to the above, the COVID-19 outbreak has developed rapidly in 2020. As explained in Note 12, measures taken by various governments to contain the virus could negatively impact the Group's financial performance, cash flows and financial position.

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 taking into consideration the following assumptions:

- The Group had positive operating cash flows of KD 860,286 for the period ended 30 June 2020.
- The Group has access to a sufficient variety of sources of funding and has a reasonable expectation that debt maturing within 12 months can be rolled over with existing lenders.
- The Group maintains sufficient cash to meet liquidity needs in the event of an unforeseen interruption in cash flows.
- The Group has taken and will take a number of measures to monitor and prevent the effects of the COVID-19 virus through compensating cost saving measures and reductions to discretionary capital expenditure.

As described above, management has a reasonable expectation that the Group has taken measures and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the interim condensed consolidated financial information has been prepared on a going concern basis.

4 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the (loss) profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the (loss) 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 (loss) profit per share are identical.

	Three months ended 30 June		*Six months ended 30 June*	
	2020	*2019*	***2020***	*2019*
(Loss) profit for the period attributable to equity holders of the Parent Company (KD)	**(1,930,252)**	1,304,930	**(1,920,659)**	1,543,351
Weighted average number of shares outstanding (net of treasury shares)	**176,272,702**	179,376,890	**177,038,823**	179,376,890
Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company	**(10.95) fils**	7.27 fils	**(10.85) fils**	8.60 fils

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

5 INVESTMENT PROPERTIES

	30 June 2020 KD	*(Audited) 31 December 2019 KD*	*30 June 2019 KD*
At the beginning of the period/year	**19,935,584**	15,673,094	15,673,094
Capital expenditure on investment properties	**5,224**	8,550	1,964
Arising on business combination	**-**	5,119,550	5,119,550
Change in fair value	**(1,071,729)**	(1,534,837)	(643,729)
Exchange differences	-	669,227	336,206
At the end of the period/year	**18,869,079**	19,935,584	20,487,085

a) The fair value of investment properties was independently determined at 31 December 2019 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.

For the current period, as a result of the recent outbreak of COVID-19, management acknowledges that there is increased uncertainty to input factors on the fair value of investment properties, including capitalisation rates and discount rates, due to a lack of market transactions since early March 2020. Management has made general assumptions to sensitize cash flows based on expected scenarios which are anticipated to occur over the near- and mid-term period. The Group has assessed each of its property classes to determine the level of impact on cash flows after taking into account upcoming quarter rent collection rates, renewal percentages, and the credit quality of its tenant base. It is likely that there will be further cash flow and valuation metric changes in future periods as new information related to the pandemic are understood, including the continued impact on tenants as well as the evolution of government restrictions and travel limitations.

Management believes that the current period there is negatively impacted by COVID-19, as rent collections for subsequent months are tracking below-normal and the credit quality of tenants indicates the current assumptions in the Group's cash flows will vary based on best available information. Accordingly, this reassessment resulted in a valuation loss of KD 1,071,729 recorded in the interim condensed consolidated statement of profit or loss for the period then ended (31 December 2019: KD 1,534,837 and 30 June 2019: KD 643,729). The Group will continue to assess further the impact on cash flows as well as valuation inputs in the upcoming quarters as there is new information to consider.

b) Investment properties amounting to KD 9,250,000 (31 December 2019: KD 9,750,000 and 30 June 2019: KD 9,750,000) are pledged as security in order to fulfil the collateral requirements for certain tawarruq facilities.

6 TREASURY SHARES

	30 June 2020	*(Audited) 31 December 2019*	*30 June 2019*
Number of treasury shares	**3,157,188**	963,405	53,000
Percentage of issued shares	**1.75%**	0.54%	0.03%
Cost of treasury shares (KD)	**209,965**	74,944	13,008
Market value of treasury shares (KD)	**202,060**	74,760	3,763
Weighted average market value per treasury share (fils)	**64**	78	71

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.

7 ANNUAL GENERAL ASSEMBLY (AGM)

The AGM of the Parent Company's shareholders held on 22 June 2020 approved the consolidated financial statements of the Group for the year ended 31 December 2019 and also approved the Board of Directors' proposal to distribute cash dividends of 5 fils per share amounting to KD 881,364 (2018: Nil) and Parent Company's directors' remuneration of KD 40,000 (2018: Nil) for the year then ended.

8 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 2020 KD	*(Audited) 31 December 2019 KD*	*30 June 2019 KD*
Balances included in interim condensed consolidated statement of financial position:			
Receivables from related parties			
- Associates	-	13,332	5,118
Payables to related parties			
- Associates	**258,552**	262,330	255,526
- Other related parties	**8,100**	8,100	8,100
	266,652	270,430	263,626

The Group was not involved in any significant transactions with related parties during the six and three months ended 30 June 2020.

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*	
	2020 KD	*2019 KD*	***2020 KD***	*2019 KD*
Key management compensation:				
Short term benefits	**39,108**	41,863	**159,294**	80,729
Employees' end of service benefits	**5,916**	5,232	**14,093**	10,493
	45,024	47,095	**173,387**	91,222

9 COMMITMENTS AND CONTINGENCIES

The Group has no capital expenditure commitments as at 30 June 2020 (31 December 2019: Nil and 30 June 2019: Nil).

10 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:

10 SEGMENT INFORMATION (continued)

	Six months ended 30 June 2020				*Six months ended 30 June 2019*			
	Real estate activities KD	***Hajj & Umrah services KD***	***Investment activities KD***	***Total KD***	*Real estate activities KD*	*Hajj & Umrah services KD*	*Investment activities KD*	*Total KD*
Rental income	**893,069**	**-**	**7,849**	**900,918**	1,599,467	-	8,026	1,607,493
Valuation losses from investment properties	**(1,071,729)**	**-**	**-**	**(1,071,729)**	(643,729)	-	-	(643,729)
Net investment income from financial assets	**45,075**	**-**	**8,076**	**53,151**	35,891	-	4,852	40,743
Share of results of associates	**(386,412)**	**-**	**(429,823)**	**(816,235)**	130,489	-	(182,560)	(52,071)
Net foreign exchange differences	**-**	**-**	**121**	**121**	-	-	48	48
Reverse of provisions no longer required	-	-	-	-	846,303	-	740,153	1,586,456
Other income	**34,948**	**-**	**-**	**34,948**	63,090	24	53,143	116,257
Total income	**(485,049)**	**-**	**(413,777)**	**(898,826)**	2,031,511	24	623,662	2,655,197
Staff costs	**(53,880)**	**-**	**(215,483)**	**(269,363)**	(46,765)	-	(270,796)	(317,561)
Administrative expenses	**(61,929)**	**(5,121)**	**(65,200)**	**(132,250)**	(73,623)	(7,721)	(102,741)	(184,085)
Real estate expense	**(172,636)**	**-**	**-**	**(172,636)**	(169,240)	-	-	(169,240)
Amortisation of leasehold prepayment	**(81,613)**	**-**	**-**	**(81,613)**	(81,613)	-	-	(81,613)
Finance costs	**(78,070)**	**-**	**(3,014)**	**(81,084)**	(16,753)	-	(93,111)	(109,864)
Allowance for expected credit losses	**(126,692)**	**-**	**-**	**(126,692)**	-	-	-	-
Depreciation expense	**(170,841)**	**-**	**(443)**	**(171,284)**	(154,073)	-	(779)	(154,852)
Taxation of overseas subsidiaries	**(2,420)**	**-**	**-**	**(2,420)**	(2,853)	-	-	(2,853)
KFAS, NLST and Zakat	-	-	-	-	(25,705)	-	(49,692)	(75,397)
Total expenses and other charges	**(748,081)**	**(5,121)**	**(284,140)**	**(1,037,342)**	(570,625)	(7,721)	(517,119)	(1,095,465)
(Loss) profit for the period	**(1,233,130)**	**(5,121)**	**(697,917)**	**(1,936,168)**	1,460,886	(7,697)	106,543	1,559,732

10 SEGMENT INFORMATION (continued)

	Real estate activities KD	***Hajj & Umrah services KD***	***Investment activities KD***	***Total KD***
30 June 2020				
Segment assets	**23,741,297**	**11,056**	**6,799,727**	**30,552,080**
Segment liabilities	**5,969,240**	**54,147**	**1,921,428**	**7,944,815**
31 December 2019				
Segment assets	25,701,695	7,629	7,668,122	33,377,446
Segment liabilities	6,649,143	48,470	1,136,059	7,833,672
30 June 2019				
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

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.

11 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 2019.

Financial assets:
The fair value of unquoted investments at fair value through other comprehensive income at 30 June 2020 amounting to KD 1,123,915 (31 December 2019: KD 1,108,172 and 30 June 2019: KD 1,090,796) is categorised within level 3 of the fair value hierarchy.

11 FAIR VALUE MEASUREMENT (continued)

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:

30 June 2020	***Financial assets at FVOCI*** ***KD***
As at 1 January 2020	**1,108,172**
Remeasurement recognised in OCI	**15,743**
As at 30 June 2020	**1,123,915**

31 December 2019	*Financial assets at FVOCI* *KD*
As at 1 January 2019	1,155,685
Remeasurement recognised in OCI	42,706
Purchases / sales (net)	(90,219)
As at 31 December 2019	1,108,172

30 June 2019	*Financial assets at FVOCI* *KD*
As at 1 January 2019	1,155,685
Remeasurement recognised in OCI	25,330
Purchases / sales (net)	(90,219)
As at 30 June 2019	1,090,796

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	0.66 - 0.99 (0.74)	10 % increase / (decrease) in the Sector PBV multiple would result in an increase / (decrease) in fair value by KD (160,681).
		DLOM	30%	10 % increase / (decrease) in the DLOM would result in an (decrease) / increase in fair value by KD 56,238.

* 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.

12 IMPACT OF COVID-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity and the Group's business in various significant ways.

The currently known impact of COVID-19 on the Group are:

- A decline in rental income for the first six months of 2020 compared to the same period in 2019 by 44% due to rent concessions provided to lessees and government measures taken to temporarily close operations.
- A decline in the fair valuation of investment properties of 5% due to decline in transactions, customer confidence and prevailing uncertainty in the real estate sector.
- Impairment of trade receivables in the first six months of 2020 for an amount of KD 126,692 in total.

In addition to the already known effects of the COVID-19 outbreak and resulting government measures, the macroeconomic uncertainty causes disruption to economic activity, and it is unknown what the longer term impact on the Group's business may be. The COVID-19 virus can evolve in various directions. If society, and as a consequence business, is exposed to COVID-19 for a longer period of time, this may result in prolonged negative results and pressure on the Group's liquidity.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Group may experience further negative results, liquidity restraints and incur additional impairments on its assets in 2020. Given the ongoing economic uncertainty, the exact impact on the Group's activities in the remainder of 2020 and thereafter cannot be predicted at this stage.

This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at 30 June 2020.

12.1 Risk management

The management is monitoring and reassessing the risk management objectives and policies based on the current updates on COVID-19. For the period ended 30 June 2020, there were no significant changes to the risk management objectives and policies as compared to the audited consolidated financial statements as at 31 December 2019.

12.1.1 Credit risk

The Group has concluded that it is not significantly exposed to credit risk as a result of the outbreak as its financial assets constitute cash and cash equivalents and tenant receivables. While cash and cash equivalents are subject to the impairment requirements of IFRS 9, management determined that the identified impairment loss on cash and short-term deposits was immaterial as these balances are mostly held with counterparties with appropriate credit-ratings assigned by international credit-rating agencies. The Group's exposure to tenant credit risk is influenced mainly by the individual characteristics of each tenant. Tenant credit risk is managed by requiring tenants to pay rent advances therefore, substantially eliminating the Group's credit risk in this respect.

12.1.2 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

- Day to day funding is managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature.
- Maintaining rolling forecasts of the Group's overall liquidity position on the basis of expected cash flows.
- Monitoring liquidity ratios and net current assets against internal standards.
- Maintaining debt financing plans.

The Group expects a significantly adverse impact on its liquidity due to COVID-19 outbreak. Management has taken several steps in protecting cash flows through compensating cost saving measures and reductions to discretionary capital expenditure. Further, the Group aims to maintain the level of its cash and cash equivalents and other highly marketable investments at an amount in excess of expected cash outflows on financial liabilities.

12.2 Use of estimates and assumptions

The Group based its assumptions and estimates on parameters available when the interim condensed consolidated financial information is prepared. The COVID-19 outbreak has created uncertainty for revenue forecasts, sourcing and workforce availability, credit ratings, etc. but also volatility in stock prices, interest and currency exchange rates. Estimates based on such metrics may be subject to change due to market changes in the near term or circumstances arising that are beyond the control of the Group.

Information about key assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets in the next reporting period is described below:

12 IMPACT OF COVID-19 (continued)

Investment properties and investment in associates (non-financial assets)

As at the reporting date, the Group has considered the potential impact of the current economic volatility in the determination of the reported amounts of the Group's non-financial assets and the unobservable inputs are developed using the best available information about the assumptions that market participants would make in pricing these assets at the reporting date. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

The Group acknowledges that certain geographies and sectors in which these assets are located are negatively impacted, and as the situation continues to unfold, the Group will continuously monitor the market outlook and use relevant assumptions in reflecting the values of these non-financial assets as and when they occur.

Trade receivables

The Group uses the simplified model in calculation the ECL for trade receivables that do not contain a significant financing component by establishing a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, the segmentation applied in previous periods may no longer be appropriate and may need to be revised to reflect the different ways in which the COVID-19 outbreak affects different types of customers (e.g. by extending payment terms for trade receivables or by following specific guidance issued by the government in relation to the collection of lease or other payments).

The Group will continue to individually assess significant exposures as more reliable data becomes available and accordingly determine if any adjustment in the ECL is required in subsequent reporting periods.

12.3 Subsequent events

The implications of COVID-19 are ongoing and the ultimate outcome of this event is unknown and therefore the full impact on the Group for events and circumstances that arose after the reporting date cannot be reasonably quantified at the authorisation date of this interim condensed consolidated financial information. The effect of COVID-19 on the Group as and when known will be incorporated into the determination of the Group's estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities.