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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2020

Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE 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 2020, 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 2020 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations, during the nine-month period ended 30 September 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

10 November 2020
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 September 2020

		Three months ended 30 September		*Nine months ended 30 September*	
		2020	*2019*	***2020***	*2019*
	Notes	***KD***	*KD*	***KD***	*KD*
Income					
Rental income		**241,130**	822,222	**1,142,048**	2,429,715
Valuation losses from investment properties		**(285,864)**	(376,864)	**(1,357,593)**	(1,020,593)
Net investment income from financial assets		**13,656**	32,328	**66,807**	73,071
Share of results of associates		**(631,335)**	168,871	**(1,447,570)**	116,800
Net foreign exchange differences		**79**	(34)	**200**	14
Reversal of provisions no longer required		**-**	-	**-**	1,586,456
Other income	4	**19,298**	33,333	**54,246**	149,590
Total income		**(643,036)**	679,856	**(1,541,862)**	3,335,053
Expenses					
Staff costs		**(132,264)**	(154,003)	**(401,627)**	(471,564)
Administrative expenses		**(41,051)**	(107,463)	**(173,301)**	(291,548)
Real estate expense		**(78,889)**	(103,539)	**(251,525)**	(272,779)
Amortisation of leasehold prepayment		**(41,483)**	(41,483)	**(123,096)**	(123,096)
Finance costs		**(40,573)**	(29,700)	**(121,657)**	(139,564)
Allowance for expected credit losses		**-**	-	**(126,692)**	-
Depreciation expense		**(83,060)**	(122,771)	**(254,344)**	(277,623)
Total expenses		**(417,320)**	(558,959)	**(1,452,242)**	(1,576,174)
(LOSS) PROFIT BEFORE TAX		**(1,060,356)**	120,897	**(2,994,104)**	1,758,879
Taxation of overseas subsidiaries		**(3,102)**	(2,755)	**(5,522)**	(5,608)
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		**-**	(1,063)	**-**	(17,499)
National Labour Support Tax ("NLST")		**-**	(2,953)	**-**	(43,536)
Zakat		**-**	(1,292)	**-**	(19,670)
(LOSS) PROFIT FOR THE PERIOD		**(1,063,458)**	112,834	**(2,999,626)**	1,672,566
Attributable to:					
Equity holders of the Parent Company		**(1,059,559)**	109,673	**(2,980,218)**	1,653,024
Non-controlling interests		**(3,899)**	3,161	**(19,408)**	19,542
		(1,063,458)	112,834	**(2,999,626)**	1,672,566
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	5	**(6.01) fils**	0.61 fils	**(16.86) fils**	9.22 fils

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2020

	Three months ended 30 September		*Nine months ended 30 September*	
	2020 KD	*2019 KD*	***2020 KD***	*2019 KD*
(LOSS) PROFIT FOR THE PERIOD	**(1,063,458)**	112,834	**(2,999,626)**	1,672,566
Other comprehensive income				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	**374,922**	393,101	**375,223**	704,198
	374,922	393,101	**375,223**	704,198
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**	25,330
	-	-	**15,743**	25,330
Other comprehensive income for the period	**374,922**	393,101	**390,966**	729,528
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	**(688,536)**	505,935	**(2,608,660)**	2,402,094
Attributable to:				
Equity holders of the Parent Company	**(688,329)**	498,835	**(2,695,260)**	2,285,378
Non-controlling interests	**(207)**	7,100	**86,600**	116,716
	(688,536)	505,935	**(2,608,660)**	2,402,094

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 2020

	Notes	30 September 2020 KD	(Audited) 31 December 2019 KD	30 September 2019 KD
ASSETS				
Non-current assets				
Property and equipment		**14,669**	22,512	25,842
Right-of-use assets		**300,512**	573,480	663,515
Investment properties	6	**18,921,534**	19,935,584	20,445,219
Investment in associates		**4,447,752**	6,016,339	5,708,496
Financial assets at fair value through other comprehensive income		**1,123,915**	1,108,172	1,090,796
Accounts receivable and other assets		**-**	340,981	482,399
		24,808,382	27,997,068	28,416,267
Current assets				
Amounts due from related parties	9	**-**	13,332	2,884
Accounts receivable and other assets		**1,627,194**	1,724,902	1,797,289
Term deposits		**2,035,070**	2,511,875	1,405,800
Cash and bank balances		**424,595**	1,130,269	519,747
		4,086,859	5,380,378	3,725,720
TOTAL ASSETS		**28,895,241**	33,377,446	32,141,987
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		**(5,603,081)**	(5,872,404)	(5,872,697)
Treasury shares	7	**(209,965)**	(74,944)	(56,866)
Treasury shares reserve		**2,761**	2,761	2,761
Fair value reserve		**(547,336)**	(562,971)	(580,122)
(Accumulated losses) / Retained earnings		**(2,563,582)**	1,298,000	1,653,024
Equity attributable to equity holders of the Parent Company		**19,621,716**	23,333,361	23,328,433
Non-controlling interests		**2,297,013**	2,210,413	2,210,820
Total equity		**21,918,729**	25,543,774	25,539,253
Liabilities				
Non-current liabilities				
Tawarruq and murabaha facilities		**2,150,217**	2,611,042	2,764,327
Employees' end of service benefits		**334,747**	321,397	311,610
Lease liabilities		**-**	12,556	352,756
		2,484,964	2,944,995	3,428,693
Current liabilities				
Tawarruq and murabaha facilities		**741,279**	602,576	595,462
Amounts due to related parties	9	**259,623**	270,430	275,496
Accounts payable and other liabilities		**3,146,246**	3,671,271	1,958,683
Lease liabilities		**344,400**	344,400	344,400
		4,491,548	4,888,677	3,174,041
Total liabilities		**6,976,512**	7,833,672	6,602,734
TOTAL EQUITY AND LIABILITIES		**28,895,241**	33,377,446	32,141,987

Fahad Abdullah Al-Saleh
Chairman

Abdulaziz Zaid Al-Subaie
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 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*	*Retained earnings / (Accumulated losses) 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 for the period	-	-	-	-	-	-	-	-	(2,980,218)	(2,980,218)	(19,408)	(2,999,626)
Other comprehensive income for the period	-	-	-	-	269,323	-	-	15,635	-	284,958	106,008	390,966
Total comprehensive income (loss) for the period	-	-	-	-	269,323	-	-	15,635	(2,980,218)	(2,695,260)	86,600	(2,608,660)
Purchase of treasury shares	-	-	-	-	-	(135,021)	-	-	-	(135,021)	-	(135,021)
Cash dividends (Note 8)	-	-	-	-	-	-	-	-	(881,364)	(881,364)	-	(881,364)
At 30 September 2020	**17,942,989**	**10,239,344**	**180,293**	**180,293**	**(5,603,081)**	**(209,965)**	**2,761**	**(547,336)**	**(2,563,582)**	**19,621,716**	**2,297,013**	**21,918,729**
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	-	-	-	-	-	-	-	-	1,653,024	1,653,024	19,542	1,672,566
Other comprehensive income for the period	-	-	-	-	607,024	-	-	25,330	-	632,354	97,174	729,528
Total comprehensive income for the period					607,024			25,330	1,653,024	2,285,378	116,716	2,402,094
NCI arising on business combination	-	-	-	-	-	-	-	-	-	-	1,746,305	1,746,305
Purchase of treasury shares	-	-	-	-	-	(43,858)	-	-	-	(43,858)	-	(43,858)
Extinguishment of accumulated losses	-	(4,095,277)	-	-	-	-	-	-	4,095,277	-	-	-
At 30 September 2019	17,942,989	10,239,344	-	-	(5,872,697)	(56,866)	2,761	(580,122)	1,653,024	23,328,433	2,210,820	25,539,253

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 2020

	Notes	*Nine months ended 30 September* 2020 KD	2019 KD
OPERATING ACTIVITIES			
(Loss) profit before tax		**(2,994,104)**	1,758,879
Adjustments to reconcile (loss) profit before tax to net cash flows:			
Net investment income from financial assets		**(66,807)**	(73,071)
Share of results of associates		**1,447,570**	(116,800)
Net foreign exchange differences		**(200)**	(14)
Reversal of provisions no longer required		-	(1,586,456)
Other income		-	(62,626)
Employees' end of service benefits		**31,987**	30,143
Amortisation of leasehold prepayments		**123,096**	123,096
Valuation losses from investment properties	6	**1,357,593**	1,020,593
Finance cost on lease liabilities		**106,931**	139,564
Finance cost on debts and borrowings		**14,726**	-
Allowances for expected credit losses		**126,692**	-
Depreciation of property and equipment		**8,473**	10,455
Depreciation of right-of-use assets		**245,871**	267,168
		401,828	1,510,931
Working capital adjustments:			
Accounts receivable and other assets		**181,211**	421,201
Amounts due from related parties		**13,332**	570,744
Accounts payable and other liabilities		**(442,640)**	(2,570,547)
Amounts due to related parties		**(10,807)**	58,559
Net cash flows (used in) from operations		**142,924**	(9,112)
Employees' end of service benefits paid		**(18,637)**	(397)
Taxes paid		**(60,810)**	-
Receipt of government grants		**7,890**	-
Net cash flows from (used in) operating activities		**71,367**	(9,509)
INVESTING ACTIVITIES			
Capital expenditure on investment properties	6	**(8,479)**	(3,941)
Acquisition of a subsidiary, net of cash acquired		-	31,511
Net movement in term deposits		**476,805**	(506,514)
Dividends received from an associate		**120,425**	-
Proceeds from sale of an associate		**592**	-
Proceeds from sale of equity investments at FVOCI		-	152,845
Net investment income received		**66,807**	73,071
Net cash flows from (used in) investing activities		**656,150**	(253,028)
FINANCING ACTIVITIES			
Finance costs paid		**(106,931)**	(139,564)
Net (repayment of) proceeds from tawarruq and murabaha payables		**(322,122)**	483,190
Purchase of treasury shares		**(135,021)**	(43,858)
Dividends paid to equity holders of the Parent Company		**(881,364)**	-
Payment of lease liabilities		**(14,726)**	-
Net cash flows (used in) from financing activities		**(1,460,164)**	299,768
NET (DECREASE) INCREASE IN CASH AND BANK BALANCES		**(732,647)**	37,231
Foreign currency translation adjustments		**26,973**	75,627
Cash and bank balances at 1 January		**1,130,269**	406,889
CASH AND BANK BALANCES AS AT 30 SEPTEMBER		**424,595**	519,747
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 13 form part of this interim condensed consolidated financial information.

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of the Mashaer Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the nine months ended 30 September 2020 was authorised for issue in accordance with a resolution of the directors of the Parent Company on 10 November 2020.

The consolidated financial statements of the Group for the year ended 31 December 2019 were approved by the shareholders at the AGM held on 22 June 2020. Dividends declared and paid by the Group for the year then ended are provided in Note 8.

The Parent Company is a Kuwaiti public shareholding company registered and incorporated in the State of Kuwait on 12 September 2000 and is listed on Boursa Kuwait.

The Group is principally engaged in investment and real estate activities. The principal activities of the Group are described in Note 11. All activities of the Group are conducted in accordance with the Islamic Sharīʿa as approved by by the Parent Company's Fatwa and Sharīʿa Supervisory Board.

The Parent Company head office is located at Gravity Tower 6th Floor, Ahmad Al Jaber Street, Sharq and its registered postal address 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 Summary of accounting policies for new transactions and events

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.3 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 information 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.

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

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

Amendments to IFRS 7, IFRS 9 and IAS 39: *Interest Rate Benchmark Reform*
The amendments to IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the interim condensed consolidated financial information of the Group as it does not have any interest rate hedge relationships.

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 interim condensed consolidated financial information of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the interim condensed consolidated financial information of the Group.

Amendments to IFRS 16 *COVID-19 Related Rent Concessions*
On 28 May 2020, the IASB issued *COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases*. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no material impact on the interim condensed consolidated financial information 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.

The Group incurred a net loss of KD 2,999,626 during the period ended 30 September 2020 and, as of that date, the Group's current liabilities exceeded its current assets by KD 404,689. The current liabilities include Tawarruq and murabaha payables of KD 741,279 (31 December 2019: KD 602,576 and 30 September 2019: KD 595,462), which are contractually due within 12 months from the end of the reporting period. Further, the Group's accumulated losses amounted to KD 2,563,582 as at the reporting date.

In addition to the above, the COVID-19 outbreak has developed rapidly in 2020. As explained in Note 13, measures taken by various governments to contain the virus could negatively impact the Group's financial performance, cash flows and financial position.

3 FUNDAMENTAL ACCOUNTING CONCEPT (continued)

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 71,367 for the period ended 30 September 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 GOVERNMENT GRANT

In an attempt to mitigate the impact of the COVID-19 pandemic, the Government of Kuwait has introduced measures to aid private entities. These measures include government assistance made towards national workforce in the private sector for a period of up to six months effective from April 2020.

During the period, the Parent Company has received financial support amounting to KD 7,890, which is accounted for in accordance with IAS 20 ‘*Accounting for Government Grants and Disclosures of Government Assistance*’ and is recognised in profit or loss as ‘other income’ on a systematic basis over the periods in which the Group recognises expenses for the related staff costs.

5 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) per share are identical.

	Three months ended 30 September		*Nine months ended 30 September*	
	2020	*2019*	***2020***	*2019*
(Loss) profit for the period attributable to equity holders of the Parent Company (KD)	**(1,059,559)**	109,673	**(2,980,218)**	1,653,024
Weighted average number of shares outstanding (net of treasury shares)	**176,272,702**	179,089,264	**176,781,564**	179,279,961
Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company	**(6.01) fils**	0.61 fils	**(16.86) fils**	9.22 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.

6 INVESTMENT PROPERTIES

	30 September 2020 KD	*(Audited) 31 December 2019 KD*	*30 September 2019 KD*
At the beginning of the period/year	**19,935,584**	15,673,094	15,673,094
Capital expenditure on investment properties	**8,479**	8,550	3,941
Arising on business combination	**-**	5,119,550	5,119,550
Change in fair value	**(1,357,593)**	(1,534,837)	(1,020,593)
Exchange differences	**335,064**	669,227	669,227
At the end of the period/year	**18,921,534**	19,935,584	20,445,219

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 sensitise 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 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 1,357,593 recorded in the interim condensed consolidated statement of profit or loss for the period then ended. 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 September 2019: KD 9,750,000) are pledged as security in order to fulfil the collateral requirements for certain tawarruq facilities.

7 TREASURY SHARES

	30 September 2020	*(Audited) 31 December 2019*	*30 September 2019*
Number of treasury shares	**3,157,188**	963,405	698,405
Percentage of issued shares	**1.75%**	0.54%	0.38%
Cost of treasury shares (KD)	**209,965**	74,944	56,866
Market value of treasury shares (KD)	**179,960**	74,760	49,587
Weighted average market value per treasury share (fils)	**57**	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.

8 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 directors' remuneration of KD 40,000 (2018: Nil) for the year then ended.

9 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 September 2020 KD	*(Audited) 31 December 2019 KD*	*30 September 2019 KD*
Balances included in interim condensed consolidated statement of financial position:			
Receivables from related parties			
- Associates	-	13,332	2,884
Payables to related parties			
- Associates	**259,623**	262,330	267,396
- Other related parties	-	8,100	8,100
	259,623	270,430	275,496

The Group was not involved in any significant transactions with related parties during the nine and three months ended 30 September 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 September		*Nine months ended 30 September*	
	2020 KD	*2019 KD*	***2020 KD***	*2019 KD*
Key management compensation:				
Salaries and short-term benefits	**43,020**	37,901	**202,314**	118,630
Employees' end of service benefits	**5,942**	5,163	**20,035**	15,656
	48,962	43,064	**222,349**	134,286

10 COMMITMENTS AND CONTINGENCIES

The Group had no contingent liabilities or capital commitments as at the reporting date.

11 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 specialised financial institutions.

11 SEGMENT INFORMATION (continued)

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:

	Nine months ended 30 September 2020				*Nine months ended 30 September 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	**1,134,198**	**-**	**7,850**	**1,142,048**	2,421,689	-	8,026	2,429,715
Valuation losses from investment properties	**(1,357,593)**	**-**	**-**	**(1,357,593)**	(1,020,593)	-	-	(1,020,593)
Net investment income from financial assets	**57,276**	**-**	**9,531**	**66,807**	60,057	-	13,014	73,071
Share of results of associates	**(672,081)**	**-**	**(775,489)**	**(1,447,570)**	299,360	-	(182,560)	116,800
Net foreign exchange differences	**-**	**-**	**200**	**200**	-	-	14	14
Reversal of provisions no longer required	**-**	**-**	**-**	**-**	846,303	-	740,153	1,586,456
Other income	**48,426**	**-**	**5,820**	**54,246**	86,042	24	63,524	149,590
Total income	**(789,774)**	**-**	**(752,088)**	**(1,541,862)**	2,692,858	24	642,171	3,335,053
Staff costs	**(80,123)**	**-**	**(321,504)**	**(401,627)**	(71,255)	-	(400,309)	(471,564)
Administrative expenses	**(74,776)**	**(7,191)**	**(91,334)**	**(173,301)**	(127,410)	(9,008)	(155,130)	(291,548)
Real estate expense	**(251,525)**	**-**	**-**	**(251,525)**	(272,779)	-	-	(272,779)
Amortisation of leasehold prepayment	**(123,096)**	**-**	**-**	**(123,096)**	(123,096)	-	-	(123,096)
Finance costs	**(117,120)**	**-**	**(4,537)**	**(121,657)**	(45,364)	-	(94,200)	(139,564)
Allowance for expected credit losses	**(126,692)**	**-**	**-**	**(126,692)**	-	-	-	-
Depreciation expense	**(253,592)**	**-**	**(752)**	**(254,344)**	(276,582)	-	(1,041)	(277,623)
Taxation of overseas subsidiaries	**(5,522)**	**-**	**-**	**(5,522)**	(5,608)	-	-	(5,608)
KFAS, NLST and Zakat	**-**	**-**	**-**	**-**	(27,791)	-	(52,914)	(80,705)
Total expenses and other charges	**(1,032,446)**	**(7,191)**	**(418,127)**	**(1,457,764)**	(949,885)	(9,008)	(703,594)	(1,662,487)
(LOSS) PROFIT FOR THE PERIOD	**(1,822,220)**	**(7,191)**	**(1,170,215)**	**(2,999,626)**	1,742,973	(8,984)	(61,423)	1,672,566

11 SEGMENT INFORMATION (continued)

	Real estate activities KD	*Hajj & Umrah services KD*	*Investment activities KD*	*Total KD*
30 September 2020				
Segment assets	**22,692,165**	**9,476**	**6,193,600**	**28,895,241**
Segment liabilities	**5,879,870**	**54,522**	**1,042,120**	**6,976,512**
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 September 2019				
Segment assets	23,686,431	7,403	8,448,153	32,141,987
Segment liabilities	5,479,891	48,220	1,074,623	6,602,734

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.

12 FAIR VALUE MEASUREMENT

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

Fair value hierarchy
All financial and non-financial assets for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group’s valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Set out below that are a summary of financial instruments and non-financial assets measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

12 FAIR VALUE MEASUREMENT (continued)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) KD	*Significant observable inputs (Level 2) KD*	*Significant unobservable inputs (Level 3) KD*	*Total KD*
As at 30 September 2020				
Financial assets at FVOCI	**-**	**-**	**1,123,915**	**1,123,915**
Investment properties	**-**	**17,949,929**	**971,605**	**18,921,534**
As at 31 December 2019 (Audited)				
Financial assets at FVOCI	-	-	1,108,172	1,108,172
Investment properties	-	18,106,386	1,829,198	19,935,584
As at 30 September 2019				
Financial assets at FVOCI	-	-	1,090,796	1,090,796
Investment properties	-	18,129,157	2,316,062	20,445,219

There were no transfers between different levels of the fair value hierarchy during the period / year.

Reconciliation of Level 3 fair values

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

	Non-listed equity shares		
	30 September 2020 KD	*31 December 2019 KD*	*30 September 2019 KD*
At the beginning of the period /year	**1,108,172**	1,155,685	1,155,685
Re-measurement recognised in OCI	**15,743**	42,706	25,330
Purchase / sales (net)	**-**	(90,219)	(90,219)
At the end of the period/year	**1,123,915**	1,108,172	1,090,796

Management assessed that the carrying value of financial instruments at amortised cost is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in profit rates.

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***
Non-listed equity investments	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.

13 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 nine months of 2020 compared to the same period in 2019 by 53% 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 7% due to decline in transactions, customer confidence and prevailing uncertainty in the real estate sector.
- A decline in the share of result of associates by KD 1,447,570 due to decline in activity and Saudi government measures taken to temporarily close Hajj & Umrah service operations.
- Impairment of trade receivables in the first nine 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 September 2020.

13.1 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 September 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.

13.1.1 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.

13.1.2 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.

13 IMPACT OF COVID-19 (continued)

13.2 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:

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.

13.3 Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital, and liquidity. The impact of COVID-19 may continue to evolve, but at the present time, the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, the interim condensed consolidated financial information has been appropriately prepared on a going concern basis.

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