

**AL MAZAYA HOLDING COMPANY K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2020
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
Al Mazaya Holding Company K.S.C.P.
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Mazaya Holding Company K.S.C.P. "The Parent Company" and its subsidiaries (the Group) as of June 30, 2020 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended. 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 34, "Interim Financial Reporting". 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 condensed consolidated 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.

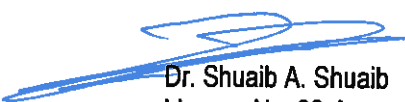
Conclusion

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 International Accounting Standard 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 account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the six months period ended June 30, 2020 that might have had a material effect on the Group's financial position or results of its operations.

State of Kuwait
August 12, 2020



Dr. Shuaib A. Shuaib
Licence No. 33-A
RSM Albazle & Co.

AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF JUNE 30, 2020
(All amounts are in Kuwaiti Dinars)

	Note	June 30, 2020	December 31, 2019 (Audited)	June 30, 2019
ASSETS				
Current assets:				
Cash and cash equivalent	3	17,162,699	9,902,507	7,346,194
Financial assets at fair value through profit or loss		743,610	826,000	971,669
Accounts receivable and other debit balances		13,068,180	14,607,937	10,422,675
Properties held for trading		8,223,420	17,079,258	40,065,465
Total current assets		39,197,909	42,415,702	58,806,003
Non-current assets:				
Financial assets at fair value through other comprehensive income		1,913,095	3,115,718	4,082,068
Investment in an associate		9,519,437	9,859,742	9,852,116
Investment in joint venture		-	-	1,778,816
Investment properties		172,372,806	171,152,381	150,503,862
Property and equipment		448,397	540,684	606,426
Goodwill		2,254,210	2,254,210	2,254,210
Total non-current assets		186,507,945	186,922,735	169,077,498
Total assets		225,705,854	229,338,437	227,883,501
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable and other credit balances		6,985,721	8,945,123	12,467,569
Advances from customers		488,535	668,820	5,004,301
Lease liabilities		1,138,654	1,027,062	-
Islamic bank facilities		8,235,163	5,314,744	8,529,716
Term loans		6,485,717	1,960,726	1,914,536
Total current liabilities		23,333,790	17,916,475	27,916,122
Non-current liabilities:				
Accounts payable and other credit balances		8,440,868	6,827,032	5,491,791
Lease liabilities		12,345,890	12,922,160	-
Islamic bank facilities		93,375,291	91,868,247	83,137,336
Term loans		-	5,404,019	5,914,872
Employees' end of service benefits		1,516,990	1,424,854	1,367,034
Total non-current liabilities		115,679,039	118,446,312	95,911,033
Total liabilities		139,012,829	136,362,787	123,827,155
Equity:				
Share capital		68,827,896	68,827,896	68,827,896
Share premium		21,655,393	21,655,393	21,655,393
Treasury shares	4	(19,288,845)	(19,288,845)	(19,288,845)
Statutory reserve		14,469,647	14,469,647	14,469,647
Fair value reserve		(4,438,317)	(3,293,389)	(2,330,565)
Employees' share option plan		248,413	237,109	188,169
Other reserves		731,986	731,986	731,986
Foreign currency translation reserve		(8,672,309)	(8,472,837)	(8,043,761)
Retained earnings		70,955	5,020,551	14,910,880
Equity attributable to shareholders of Parent Company		73,604,819	79,887,511	91,120,800
Non-controlling interests		13,088,206	13,088,139	12,935,546
Total equity		86,693,025	92,975,650	104,056,346
Total liabilities and equity		225,705,854	229,338,437	227,883,501

The accompanying notes (1) to (12) form an integral part of the interim condensed consolidated financial information.

Rasheed Y. Al Nafisi
Chairman

Ibrahim A. Al Soqabi
Chief Executive Officer

AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020
(All amounts are in Kuwaiti Dinars)

		For the three months ended June 30,		For the six months ended June 30,	
	Note	2020	2019	2020	2019
Revenue:					
Revenue from sale of properties held for trading		7,314,084	1,805,093	9,006,069	4,093,515
Rental income		2,174,063	2,005,556	4,661,666	4,044,265
Net management fees and commission income		18,208	487	179,658	17,808
Total revenue		9,506,355	3,811,136	13,847,393	8,155,588
Costs:					
Cost of sale of properties held for trading		(7,108,045)	(1,425,819)	(8,667,790)	(3,272,456)
Cost of rental		(443,685)	(375,225)	(904,412)	(733,439)
Total costs		(7,551,730)	(1,801,044)	(9,572,202)	(4,005,895)
Gross profit		1,954,625	2,010,092	4,275,191	4,149,693
Impairment loss for lands and properties held for trading		-	-	(280,997)	-
Change in fair value of investment properties		-	-	(2,068,356)	6,655
Share of results from an associate		(377,236)	(26,382)	(474,452)	33,904
Share of results from joint venture		-	548,160	-	587,869
Selling and marketing expenses		(21,972)	(129,734)	(72,372)	(257,395)
General and administrative expenses		(872,272)	(933,620)	(1,773,706)	(1,930,063)
Operating profit (loss)		683,145	1,468,516	(394,692)	2,590,663
Net profit (loss) of financial assets		64,302	(19,063)	54,620	521,989
Net other (expenses) income	5	(594,142)	(29,945)	(1,357,871)	686,424
Amortization of finance costs related to lease liabilities		(166,027)	-	(335,321)	-
Finance costs		(1,478,836)	(1,275,758)	(2,914,760)	(2,575,996)
(Loss) profit for the period before contribution National Labour Support Tax (NLST)		(1,491,558)	143,750	(4,948,024)	1,223,080
NLST		-	(4,995)	-	(7,859)
Net (loss) profit for the period		(1,491,558)	138,755	(4,948,024)	1,215,221
Attributable to:					
Shareholders of the Parent Company		(1,493,636)	109,407	(4,949,596)	1,121,742
Non-controlling interests		2,078	29,348	1,572	93,479
Net (loss) profit for the period		(1,491,558)	138,755	(4,948,024)	1,215,221
(Loss) earning per share:					
Basic- attributable to shareholders of the parent company – Fils	6	(2.38)	0.17	(7.89)	1.79
Diluted - attributable to shareholders of the parent company – Fils	6	(2.37)	0.17	(7.86)	1.78

The accompanying notes (1) to (12) form an integral part of the interim consolidated financial information.

AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020
(All amounts are in Kuwaiti Dinars)

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Net (loss) profit for the period	(1,491,558)	138,755	(4,948,024)	1,215,221
Other comprehensive loss:				
<u>Items that may be reclassified subsequently to interim condensed consolidated statement of profit or loss:</u>				
Share of foreign currency translation adjustments from associate	164,448	26,976	133,696	26,976
Foreign currency translation adjustments	(912,128)	(850,465)	(277,429)	(725,908)
<u>Items that would not be reclassified subsequently to interim condensed consolidated statement of profit or loss:</u>				
Share of change in fair value of financial assets through other comprehensive income from associate	505	40	451	(61,414)
Change in fair value of financial assets through other comprehensive income	-	(570,497)	(1,202,623)	(570,497)
Other comprehensive loss for the period	(747,175)	(1,393,946)	(1,345,905)	(1,330,843)
Total comprehensive loss for the period	(2,238,733)	(1,255,191)	(6,293,929)	(115,622)
Attributable to:				
Shareholders of the parent company	(2,173,609)	(1,201,723)	(6,293,996)	(216,140)
Non-controlling interests	(65,124)	(53,468)	67	100,518
	(2,238,733)	(1,255,191)	(6,293,929)	(115,622)

The accompanying notes (1) to (12) form an integral part of the interim consolidated financial information.

(All amounts are in Kuwaiti Dinars)

Total comprehensive (loss) income for the period
Transfer of voluntary reserve to retained earnings (Note 9)
Employees' share based payment
Employee share options exercised
Balance as at June 30, 2019

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AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020
(All amounts are in Kuwaiti Dinars)

	Notes	For the six months ended June 30	
		2020	2019
Cash flows from operating activities:			
(Loss) profit for the period before NLST		(4,948,024)	1,223,080
Adjustments for:			
Allowance for expected credit losses		1,976,104	158,600
Allowance for expected credit losses no longer required		(840)	(872,097)
Impairment loss on properties held for trading		280,997	-
Net profit of financial assets		(54,620)	(521,989)
Share of results from an associate		474,452	(33,904)
Share of results from a joint venture		-	(587,869)
Change in fair value of investment properties		2,068,356	(6,655)
Depreciation		92,287	123,382
Amortization of finance costs related to lease liabilities		335,322	-
Finance costs		2,914,760	2,575,996
Provision for employees' stock option plan		11,304	48,940
Provision for employees' end of service benefits		94,413	80,231
		<u>3,244,511</u>	<u>2,187,715</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(469,939)	485,863
Properties held for trading		5,494,483	(3,074,522)
Accounts payable and other credit balances		(2,336,070)	(356,091)
Advances from customers		(185,866)	3,815,813
Cash flows generated from operations		<u>5,747,119</u>	<u>3,058,778</u>
Employees' end of service benefits paid		(2,277)	(29,774)
Net cash flows generated from operating activities		<u>5,744,842</u>	<u>3,029,004</u>
Cash flows from investing activities:			
Net movement in restricted cash balances		(15,999)	2,984
Paid for investment properties		(251,651)	(600,291)
Dividend received		85,050	820,821
Net cash flows (used in) generated from investing activities		<u>(182,600)</u>	<u>223,514</u>
Cash flows from financing activities:			
Net movement in term loans		(568,000)	(246,389)
Net movement in Islamic bank facilities		4,358,979	79,512
Lease liabilities paid		(800,000)	-
Finance costs paid		(941,729)	(2,575,996)
Net cash flows generated from (used in) financing activities		<u>2,049,250</u>	<u>(2,742,873)</u>
Net increase in cash and cash equivalent		7,611,492	509,645
Foreign currency translation adjustments		(367,299)	(329,900)
Cash and cash equivalent at the beginning of the period	3	6,984,204	7,092,324
Cash and cash equivalent at the end of the period	3	<u>14,228,397</u>	<u>7,272,069</u>

The accompanying notes (1) to (12) form an integral part of the interim consolidated financial information.

AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2020
(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

Al Mazaya Holding Company "The Parent Company" is a Kuwaiti (Public) shareholding company listed on Kuwait Boursa and Dubai Financial Market and registered in the State of Kuwait, and was incorporated based on Memorandum of Incorporation under Ref. No. 3501 / Volume 1 dated November 7, 1998 and its subsequent amendments, the latest of which was notarized in the commercial registry No. 75203 pursuant to a memo issued from shareholding companies department under Ref. No. 219 dated April 2, 2014.

The Parent Company's main activities based on the Articles of Association are as follows:

Ownership of Kuwaiti and foreign shareholding companies, ownership of shares and portions of limited liability Kuwaiti and foreign companies or participating in the formation of those companies, as well as managing and guaranteeing those companies, granting loans to the companies in which it owns shares in and guaranteeing them towards others, provided that the percentage of participation of the holding company in the capital of the borrowing company is not less than 20%, ownership of industrial property rights including intellectual rights, trade marks, industrial marks, industrial fees or any other rights relating to such assets and leasing them to other companies to utilize them whether inside or outside the state of Kuwait, ownership of the movable assets and real properties needed to operate within the applicable laws, utilization of its available financial surpluses by investing them in financial real estate portfolios managed by specialized companies.

The Parent Company has the right to practice its aforementioned objectives inside the State of Kuwait and abroad for itself or as agent or representative to other, the Parent Company has the right as well to have interest or to participate with entities that practice similar operations or assist the Parent Company in achieving its objectives inside and outside Kuwait, and such it has the right to establish, form partnership, purchase or merge with those entities.

The Parent Company's registered address is P.O. Box 3546, Safat 13036, State of Kuwait.

The interim condensed consolidated financial information was authorized for issue by the Board of Directors on August 12, 2020.

2. Basis of presentation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual financial statements for the fiscal year ended December 31, 2019.

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective. 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.

The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the period ended June 30, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2019.

AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2020
(All amounts are in Kuwaiti Dinars)

6. Basic and diluted (loss) earnings per share

Basic (loss) earnings per share:

The information necessary to calculate basic (loss) earnings per share based on the weighted average number of shares outstanding during the period is as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
(Loss) profit for the period attributable to equity holders of the Parent Company	(1,493,636)	109,407	(4,949,596)	1,121,742
Number of shares outstanding:				
Number of issued shares at beginning of the period	688,278,956	688,278,956	688,278,956	688,278,956
Less: Weighted average number of treasury shares	(60,811,242)	(61,669,076)	(60,811,242)	(61,669,076)
Weighted average number of shares outstanding	627,467,714	626,609,880	627,467,714	626,609,880
Basic (loss) earnings per share (Fils)	(2.38)	0.17	(7.89)	1.79

Diluted (loss) earnings per share:

Diluted (loss) earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume allotment of all dilutive potential ordinary shares, and to adjust the net (loss) profit for the period with the assumed effect of those potential dilutive shares had they been issued.

The information necessary to calculate diluted (loss) earnings per share are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
(Loss) profit for the period attributable to equity holders of the Parent Company	(1,493,636)	109,407	(4,949,596)	1,121,742
Weighted average shares adjusted for dilution effect:				
Weighted average number of shares outstanding used in calculating basic earnings per share	627,467,714	626,609,880	627,467,714	626,609,880
Adjustment for share options	2,087,000	2,087,000	2,087,000	2,087,000
Weighted average number of shares for diluted earnings per share	629,554,714	628,696,880	629,554,714	628,696,880
Diluted (loss) earnings per share (Fils)	(2.37)	0.17	(7.86)	1.78

AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2020

(All amounts are in Kuwaiti Dinars)

7. Related party disclosures

The Group has entered into various transactions with related parties, i.e. key management personnel, joint venture, entities under common control and other related parties. Prices and terms of payment are to be approved by the Group's management. Significant related party transactions and balances are as follows:

Interim condensed consolidated statement of financial position:

	Key management personnel	June 30, 2020	December 31, 2019 (Audited)	June 30, 2019
Accounts receivable and other debit balances	1,929	1,929	-	331,485
Accounts payable and other credit balances	21,622	21,622	-	2,914
Lease liabilities	4,100,196	4,100,196	-	-

Amounts due from / to related parties are interest free and are receivable or payable on demand.

Transactions included in the interim condensed consolidated statement of profit or loss:

	Key management personnel	For the six months ended June 30, June 30, 2020	June 30, 2019
Amortization of finance costs related to lease liabilities	102,260	102,260	-

During the period ended June 30, 2020, a property accounted for by the Group as a leased property under IFRS 16 has been acquired by a board member from its previous owner. Based on that, the Group's lease liability towards that property will be reassigned towards the new owner under the same terms and conditions of the original contractual lease terms with the old owner for the remaining lease term which ends on August 2029. The amounts recognized for this lease liability as of June 30, 2020 that compose part of the Groups' consolidated lease liabilities can be presented as follows:

	June 30, 2020
Lease liability within one year	540,000
Remaining liability till end of lease term	4,563,000
Total lease liability	5,103,000
Less: Unamortized future finance charge	(1,002,804)
Present value of minimum lease payments	4,100,196

Compensation to key management personnel:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Short term benefits	155,898	104,806	311,798	271,157
Terminal benefits	16,251	10,637	32,502	26,943
	172,149	115,443	344,300	298,100

During the period ended June 30, 2020, the Parent Company has recognized an expense amounting to KD 11,304 (June 30, 2019 - KD 48,940) relating to equity-settled share-based payment transactions to its employees.

AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2020
(All amounts are in Kuwaiti Dinars)

8. Segment information

For management purposes, the Group is divided into geographical segments that are: State of Kuwait, United Arab Emirates (UAE), Kingdom of Saudi Arabia (KSA), Turkey and others, where the Group performs its main activities in the real estate segment. There is no income generating transactions between the Group's segments.

	Six month period ended June 30, 2020						Six month period ended June 30, 2019					
	As at June 30, 2020						As at June 30, 2019					
	Kuwait	UAE	KSA	Turkey	Others	Total	Kuwait	UAE	KSA	Turkey	Others	Total
Segment revenue	2,771,017	8,925,212	459,047	1,328,172	363,945	13,847,393	2,203,658	4,529,112	447,371	490,246	485,201	8,155,588
Segment profit (loss)	(3,024,944)	(420,797)	(189,959)	(900,901)	(411,423)	(4,948,024)	1,531,986	(248,333)	181,822	(244,408)	(5,846)	1,215,221
Total segment assets	100,715,541	78,057,777	15,823,544	11,967,415	19,141,577	225,705,854	82,496,968	94,850,895	15,692,366	15,283,200	19,560,072	227,883,501
Total segment liabilities	114,234,567	10,386,767	284,507	6,900,510	7,206,478	139,012,829	71,751,824	36,050,980	277,385	8,689,078	7,057,888	123,827,155
As at December 31, 2019 (Audited)												
Total segment assets	97,354,640	82,815,310	15,803,922	14,053,919	19,310,646	229,338,437						
Total segment liabilities	108,545,643	12,592,755	288,640	7,836,710	7,099,039	136,362,787						

AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2020
 (All amounts are in Kuwaiti Dinars)

9. Annual General Assembly

The Annual General Meeting of the Shareholders held on February 20, 2020, has approved the consolidated financial statements of the Group for the year ended December 31, 2019, and not to distribute cash dividend or bonus share and not to pay Board of Directors remuneration for the year ended December 31, 2019.

The Annual General Meeting of the Shareholders held on April 8, 2019, has approved the consolidated financial statements of the Group for the year ended December 31, 2018, and not to distribute cash dividend for the year ended December 31, 2018. They also agreed to transfer the voluntary reserve balance amounted to KD 11,010,499 to retained earnings.

10. Capital commitments

Capital commitments contracted for as at the interim condensed consolidated financial information date but not yet incurred are as follows:

	June 30, 2020	December 31, 2019 (Audited)	June 30, 2019
Properties held for trading under construction	-	-	1,133,847

11. Fair value measurement

The details of fair value measurement hierarchy are 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.

The following table shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

Financial assets

The financial assets carried at fair value are classified as follows:

	June 30, 2020		
	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	41,032	702,578	743,610
Financial assets at fair value through other comprehensive income	-	1,913,095	1,913,095
	<u>41,032</u>	<u>2,615,673</u>	<u>2,656,705</u>
	December 31, 2019 (Audited)		
	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	48,147	777,853	826,000
Financial assets at fair value through other comprehensive income	-	3,115,718	3,115,718
	<u>48,147</u>	<u>3,893,571</u>	<u>3,941,718</u>
	June 30, 2019		
	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	-	971,669	971,669
Financial assets at fair value through other comprehensive income	-	4,082,068	4,082,068
	<u>-</u>	<u>5,053,737</u>	<u>5,053,737</u>

AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2020
 (All amounts are in Kuwaiti Dinars)

Non-financial assets

The non-financial assets carried at fair value are classified as follows:

	June 30, 2020		
	Level 2	Level 3	Total
Investment properties	27,745,018	144,627,788	172,372,806

	December 31, 2019 (Audited)		
	Level 2	Level 3	Total
Investment properties	27,730,057	143,422,324	171,152,381

	June 30, 2019		
	Level 2	Level 3	Total
Investment properties	22,233,101	128,270,761	150,503,862

No transfers were made between Level 1, Level 2 and Level 3 during the period.

12. Significant events

Significant events represented in the continuation of Corona virus (COVID-19) to spread at an increasing rate since its outbreak in early 2020, when the World Health Organization declared it a global pandemic and recommended to take or adopt measures to contain and mitigate the outbreak around the world. These events affect the local and global economic climate, and all industries and business sectors are facing challenges related to economic conditions resulting from government efforts to address that pandemic.

The Group has considered whether any adjustments and changes in judgements, estimates and risk management are required to be considered and reported in the interim condensed consolidated financial information. Below are the key assumptions and measurements of main future estimates and the related significant risks that may arise and cause material adjustments material adjustments to the interim condensed consolidated financial information :

- **Impairment of non-financial assets**
 The Group had considered impairment indicators arising and significant uncertainties around its investment properties and properties held for trading, and had performed valuation exercise through accredited independent valuers to test its investment properties and properties held for trading for any impairment, which had resulted in losses from the change in fair value of investment properties and impairment for properties held for trading amounting to KD 2,068,356 and KD 280,997 respectively.
- **Expected Credit Losses ("ECL")**
 Local and foreign financial markets have exhibited a significant downturn and volatility. The Group had applied assumptions and estimates on the existing ECL model by applying probability weighted scenarios on the relevant macroeconomics factors relative to the economic climate of the respective markets in which it operates, which had resulted in incurring an allowance for expected credit loss amounting to KD 653,923.
- **Fair value of quoted and unquoted financial assets**
 Local and foreign financial markets have exhibited a significant downturn and volatility, resulting in the decline in fair value of quoted and unquoted equity investments held by the Group classified as "FVTPL" and "FVOCI" amounting to KD 82,390 and KD 1,202,623 respectively.
- **Investment in an associate**
 Local and foreign financial markets have exhibited a significant downturn and volatility, which impacted the markets where the associate operates and had resulted in losses from the share of associate's results during the period, but the Group had concluded that there are no indication for impairment in its investment in associate due to the quality of the associate's assets and its solid financial position which remains significantly unaffected and unchanged since December 31, 2019.

- **Going concern**

The Group has performed an assessment on its ability to continue as a going concern in light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared to cover the Group's future performance, capital and liquidity requirements. The impact of Covid-19 may continue to evolve, but currently, the projections show that the Group has the required resources to continue in operations on a going concern, such position that remains significantly unaffected and unchanged since December 31, 2019. As a result, this interim condensed consolidated financial information has been prepared on a going concern basis.

The Group had concluded that no material adjustments are required for liabilities and other assets as of the accompanied financial information date. The management will need to carefully consider the measurement and recognition requirements for impairment losses on the Group's assets in the future, as the extent and duration of the economic impact of those events remains uncertain, as it depends on future developments that cannot be accurately predicted at this time, such as the rate of virus spread and the effectiveness of the containment measures taken. Given the ongoing uncertainty for the related economic impact, a reliable estimate of the impact cannot be currently made, but it may affect financial information in future periods. The impact's magnitude and amount may vary according to the extent and period during which those events are expected to end along with their effects.