

**AL MAZAYA HOLDING COMPANY K.S.C. (PUBLIC)  
AND ITS SUBSIDIARIES  
STATE OF KUWAIT**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED MARCH 31, 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 March 31, 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 three 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.

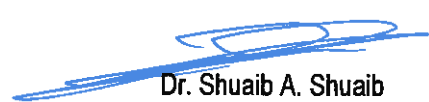
### **Conclusion**

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 three months period ended March 31, 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 Albazie & Co.

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**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS OF MARCH 31, 2020**  
(All amounts are in Kuwaiti Dinars)

	Note	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalent	3	14,321,087	9,902,507	7,591,381
Financial assets at fair value through profit or loss		755,097	826,000	981,739
Accounts receivable and other debit balances		13,870,032	14,607,937	12,924,484
Properties held for trading		15,337,448	17,079,258	39,298,711
<b>Total current assets</b>		<b>44,283,664</b>	<b>42,415,702</b>	<b>60,796,315</b>
<b>Non-current assets:</b>				
Financial assets at fair value through other comprehensive income		1,913,095	3,115,718	4,679,356
Investment in an associate		9,731,720	9,859,742	9,851,482
Investment in joint venture		-	-	1,230,656
Investment properties		169,613,577	171,152,381	150,951,286
Property and equipment		480,128	540,684	662,184
Goodwill		2,254,210	2,254,210	2,254,210
<b>Total non-current assets</b>		<b>183,992,730</b>	<b>186,922,735</b>	<b>169,629,174</b>
<b>Total assets</b>		<b>228,276,394</b>	<b>229,338,437</b>	<b>230,425,489</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Accounts payable and other credit balances		7,079,447	8,945,123	11,736,259
Advances from customers		554,190	668,820	4,568,496
Lease liabilities		1,124,849	1,027,062	-
Islamic bank facilities		8,599,422	5,314,744	13,257,275
Term loans		6,721,822	1,960,726	1,490,892
<b>Total current liabilities</b>		<b>24,079,730</b>	<b>17,916,475</b>	<b>31,052,922</b>
<b>Non-current liabilities</b>				
Accounts payable and other credit balances		8,085,235	6,827,032	6,833,472
Lease liabilities		12,448,667	12,922,160	-
Islamic bank facilities		93,265,406	91,868,247	79,185,038
Term loans		-	5,404,019	6,737,563
Employees' end of service benefits		1,471,250	1,424,854	1,329,427
<b>Total non-current liabilities</b>		<b>115,270,558</b>	<b>118,446,312</b>	<b>94,085,500</b>
<b>Total liabilities</b>		<b>139,350,288</b>	<b>136,362,787</b>	<b>125,138,422</b>
<b>Equity:</b>				
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
Voluntary reserve		-	-	11,010,499
Fair value reserve		(4,438,822)	(3,293,389)	(1,761,717)
Employees' share option plan		242,761	237,109	163,699
Other reserves		731,986	731,986	731,986
Foreign currency translation reserve		(7,991,831)	(8,472,837)	(7,301,479)
Retained earnings		1,564,591	5,020,551	3,790,974
<b>Equity attributable to shareholders of Parent Company</b>		<b>75,772,776</b>	<b>79,887,511</b>	<b>92,298,053</b>
Non-controlling interests		13,153,330	13,088,139	12,989,014
<b>Total equity</b>		<b>88,926,106</b>	<b>92,975,650</b>	<b>105,287,067</b>
<b>Total liabilities and equity</b>		<b>228,276,394</b>	<b>229,338,437</b>	<b>230,425,489</b>

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 MARCH 31, 2020**  
(All amounts are in Kuwaiti Dinars)

	Note	For the three months ended March 31,	
		2020	2019
<b>Revenue:</b>			
Revenue from sale of properties held for trading		1,691,985	2,288,422
Rental income		2,487,603	2,038,709
Net management fees and commission income		161,450	17,321
Total revenue		<u>4,341,038</u>	<u>4,344,452</u>
<b>Costs:</b>			
Cost of sale of properties held for trading		(1,559,745)	(1,846,637)
Cost of rental		(460,727)	(358,214)
Total costs		<u>(2,020,472)</u>	<u>(2,204,851)</u>
Gross profit		2,320,566	2,139,601
Impairment loss on properties held for trading		(280,997)	-
Change in fair value of investment properties		(2,068,356)	6,655
Share of results from an associate		(97,216)	60,286
Share of results from joint venture		-	39,709
Selling and marketing expenses		(50,400)	(127,661)
General and administrative expenses		(901,434)	(996,443)
Operating (loss) profit		(1,077,837)	1,122,147
Net (loss) profit of financial assets		(9,682)	541,052
Net other (expenses) income	5	(763,729)	716,369
Amortization of finance costs related to lease liabilities		(169,294)	-
Finance costs		(1,435,924)	(1,300,238)
(Loss) profit for the period before National Labour Support Tax (NLST)		(3,456,466)	1,079,330
NLST		-	(2,864)
Net (loss) profit for the period		<u>(3,456,466)</u>	<u>1,076,466</u>
<b>Attributable to:</b>			
Shareholders of the Parent Company		(3,455,960)	1,012,335
Non-controlling interests		(506)	64,131
		<u>(3,456,466)</u>	<u>1,076,466</u>
<b>(Loss) earning per share:</b>			
Basic- attributable to shareholders of the parent company – Fils	6	(5.51)	1.62
Diluted - attributable to shareholders of the parent company – Fils	6	(5.49)	1.61

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 MARCH 31, 2020**  
(All amounts are in Kuwaiti Dinars)

	Three months ended March 31	
	2020	2019
Net (loss) profit for the period	<u>(3,456,466)</u>	<u>1,076,466</u>
<b>Other comprehensive (loss) income :</b>		
<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	(30,752)	-
Foreign currency translation adjustments	634,699	124,557
<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	(54)	(61,454)
Change in fair value of financial assets through other comprehensive income	(1,202,623)	-
Other comprehensive (loss) income for the period	(598,730)	63,103
Total comprehensive (loss) income for the period	<u>(4,055,196)</u>	<u>1,139,569</u>
Attributable to:		
Shareholders of the parent company	(4,120,387)	985,583
Non-controlling interests	65,191	153,986
	<u>(4,055,196)</u>	<u>1,139,569</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**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2020**  
 (All amounts are in Kuwaiti Dinars)

	Attributable to shareholders of the Parent Company												
	Share Capital	Share premium	Treasury Shares	Statutory reserve	Voluntary Reserve	Fair value reserve	Employees' share option plan	Other reserves	Foreign currency translation reserve	Retained earnings	Sub-total	Non-controlling interests	Total
Balance as at January 1, 2020	68,827,896	21,655,393	(19,288,845)	14,469,647	-	(3,293,389)	237,109	731,986	(8,472,837)	5,020,551	79,887,511	13,088,139	92,975,650
Net loss for the period	-	-	-	-	-	-	-	-	-	(3,455,960)	(3,455,960)	(506)	(3,456,466)
Other comprehensive (loss) income for the period	-	-	-	-	-	(1,145,433)	-	-	481,006	-	(664,427)	65,697	(598,730)
Total comprehensive (loss) income for the period	-	-	-	-	-	(1,145,433)	-	-	481,006	(3,455,960)	(4,120,387)	65,191	(4,055,196)
Employees' share based payment	-	-	-	-	-	-	5,652	-	-	-	5,652	-	5,652
Balance as at March 31, 2020	68,827,896	21,655,393	(19,288,845)	14,469,647	-	(4,438,822)	242,761	731,986	(7,991,831)	1,564,591	75,772,776	13,153,330	89,926,106
Balance as at January 1, 2019	68,827,896	21,655,393	(20,009,108)	14,469,647	11,010,499	(1,700,263)	412,795	731,986	(7,336,181)	3,225,336	91,288,000	12,835,028	104,123,028
Profit for the period	-	-	-	-	-	-	-	-	-	1,012,335	1,012,335	64,131	1,076,466
Other comprehensive (loss) income for the period	-	-	-	-	-	(61,454)	-	-	34,702	-	(26,752)	89,855	63,103
Total comprehensive (loss) income for the period	-	-	-	-	-	(61,454)	-	-	34,702	1,012,335	985,583	153,986	1,139,569
Employees' share based payment	-	-	-	-	-	-	24,470	-	-	-	24,470	-	24,470
Employee share options exercised	-	-	720,263	-	-	-	(273,566)	-	-	(446,697)	-	-	-
Balance as at March 31, 2019	68,827,896	21,655,393	(19,288,845)	14,469,647	11,010,499	(1,761,717)	163,699	731,986	(7,301,479)	3,790,974	92,298,053	12,989,014	105,287,067

The accompanying notes from (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 CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2020**  
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended March 31	
		2020	2019
<b>Cash flows from operating activities:</b>			
(Loss) profit for the period before NLST		(3,456,466)	1,079,330
Adjustments for:			
Allowance for expected credit losses		1,466,591	81,907
Allowance for expected credit losses no longer required		(840)	(837,806)
Impairment loss on properties held for trading		280,997	-
Net loss (profit) of financial assets		9,682	(541,052)
Share of results from an associate		97,216	(60,286)
Share of results from a joint venture		-	(39,709)
Change in fair value of investment properties		2,068,356	(6,655)
Depreciation		60,556	67,624
Amortization of finance costs related to lease liabilities		169,294	-
Finance costs		1,435,924	1,300,238
Provision for employees' end of service benefits		48,279	40,211
Provision for employees' stock option plan		5,652	24,470
		<u>2,185,241</u>	<u>1,108,272</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(776,914)	(975,155)
Properties held for trading		1,559,379	(2,072,722)
Accounts payable and other credit balances		(1,367,276)	(46,590)
Advances from customers		(123,682)	3,350,707
Cash flows generated from operations		<u>1,476,748</u>	<u>1,364,512</u>
Employees' end of service benefits paid		<u>(1,883)</u>	<u>(27,361)</u>
Net cash flows generated from operating activities		<u>1,474,865</u>	<u>1,337,151</u>
<b>Cash flows from investing activities:</b>			
Net movement in restricted cash balances		(23,684)	2,861
Paid for investment properties		(152,277)	(444,387)
Net cash flows used in investing activities		<u>(175,961)</u>	<u>(441,526)</u>
<b>Cash flows from financing activities:</b>			
Net movement in term loans		(208,795)	(672,556)
Net movement in Islamic bank facilities		4,606,727	847,212
Lease liabilities paid		(545,000)	-
Finance costs paid		(684,336)	(1,300,238)
Net cash flows generated from (used in) financing activities		<u>3,168,596</u>	<u>(1,125,582)</u>
Net increase (decrease) in cash and cash equivalent		<u>4,467,500</u>	<u>(229,957)</u>
Foreign currency translation adjustments		(72,604)	654,766
Cash and cash equivalent at the beginning of the period	3	<u>6,984,204</u>	<u>7,092,324</u>
Cash and cash equivalent at the end of the period	3	<u>11,379,100</u>	<u>7,517,133</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)**  
**MARCH 31, 2020**  
(All amounts are in Kuwaiti Dinars)

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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 March 31, 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)**  
**MARCH 31, 2020**

(All amounts are in Kuwaiti Dinars)

**3. Cash and cash equivalent**

	<b>March 31, 2020</b>	<b>December 31, 2019 (Audited)</b>	<b>March 31, 2019</b>
Cash in hand and at banks	<u>9,310,659</u>	<u>4,892,096</u>	<u>4,080,572</u>
Short term bank deposit	<u>5,000,000</u>	<u>5,000,000</u>	<u>3,500,000</u>
Cash in portfolios	<u>10,428</u>	<u>10,411</u>	<u>10,809</u>
	<u>14,321,087</u>	<u>9,902,507</u>	<u>7,591,381</u>
Less: Restricted bank balances	<u>(2,941,987)</u>	<u>(2,918,303)</u>	<u>(74,248)</u>
Cash and cash equivalent in consolidation statement of cash flow	<u>11,379,100</u>	<u>6,984,204</u>	<u>7,517,133</u>

The effective interest rate on short term bank deposit is 2.125% (December 31, 2019 - 2.94% and March 31, 2019 - 2.94%) per annum. This deposit have contractual maturity of less than 90 days.

Restricted bank balances represent escrow accounts restricted for receiving and making payments for specific construction activities and as a collateral for same bank facilities of the Group, which may not be available for use within 90 days.

**4. Treasury shares**

	<b>March 31, 2020</b>	<b>December 31, 2019 (Audited)</b>	<b>March 31, 2019</b>
Number of shares	<u>60,811,242</u>	<u>60,811,242</u>	<u>60,811,242</u>
Percentage of issued shares (%)	<u>8.84</u>	<u>8.84</u>	<u>8.84</u>
Market value (KD)	<u>3,058,805</u>	<u>3,575,730</u>	<u>3,770,297</u>
Cost (KD)	<u>19,288,845</u>	<u>19,288,845</u>	<u>19,288,845</u>

The Parent Company's management has allotted an amount equal to treasury shares balance from reserves as of March 31, 2020. Such amount will not be available for distribution during treasury shares holding period.

**5. Other (expenses) income**

Subsequent to the reporting period, a lawsuit was filed by two subsidiaries of the Group before the courts of Dubai in United Arab Emirates (UAE) with total claim amounting to AED 57,876,880 (equivalent to KD 4,817,781) representing the reported balances in the Group's records as of May 31, 2020 against some investors for developing real estate projects in Dubai, UAE in addition to claiming an estimated additional compensation including opportunity cost, extensive duplicated effort and punitive damages with a total amount of AED 87,977,030 (equivalent to KD 7,323,374), in addition to the legal interest to be calculated on the claim at 9% from the date of filing the lawsuit till the full settlement date, as well as the payment of fees, expenses and attorney fees.

The claimed balances reported in the Group's records include an amount of AED 7,352,377 (equivalent to KD 612,026) recognized during the period for extended services to the investors. The Group had recognized a provision during the period amounting to AED 14,793,394 (equivalent to KD 1,231,430) in order to complete the recognition of full provision for all the balances reported in its records pertaining to that claim for conservatism purposes and not in surrender to the Group's rights in those balances reported in its records. For the additional compensation claims, and since all related claims are subject to the court's sole discretion and assessment as they are mainly punitive in nature, no amounts were reported or provided for in the Group's accounting records as pertaining to those additional compensation claims.

**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 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 March 31,	
	2020	2019
(Loss) profit for the period attributable to equity holders of the Parent Company	<u>(3,455,960)</u>	<u>1,012,335</u>
<u>Number of shares outstanding:</u>		
Number of issued shares at beginning of the period	688,278,956	688,278,956
Less: Weighted average number of treasury shares	<u>(60,811,242)</u>	<u>(61,669,076)</u>
Weighted average number of shares outstanding	<u>627,467,714</u>	<u>626,609,880</u>
Basic (loss) earnings per share (Fils)	<u>(5.51)</u>	<u>1.62</u>

**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 March 31,	
	2020	2019
(Loss) profit for the period attributable to equity holders of the Parent Company	<u>(3,455,960)</u>	<u>1,012,335</u>
<u>Weighted average shares adjusted for dilution effect:</u>		
Weighted average number of shares outstanding used in calculating basic earnings per share	627,467,714	626,609,880
Adjustment for share options	<u>2,087,000</u>	<u>2,087,000</u>
Weighted average number of shares for diluted earnings per share	<u>629,554,714</u>	<u>628,696,880</u>
Diluted (loss) earnings per share (Fils)	<u>(5.49)</u>	<u>1.61</u>

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	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Accounts receivable and other debit balances	4,201	4,201	-	458,344
Accounts payable and other credit balances	19,599	19,599	-	-
Lease liabilities	4,184,394	4,184,394	-	-

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

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

	Key management personnel	For the three months ended March 31,	
		2020	2019
Amortization of finance costs related to lease liabilities	51,458	51,458	-

During the period ended March 31, 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 March 31, 2020 that compose part of the Groups' consolidated lease liabilities can be presented as follows:

	March 31, 2020
Lease liability within one year	540,000
Remaining liability till end of lease term	4,698,000
Total lease liability	5,238,000
Less: Unamortized future finance charge	(1,053,606)
Present value of minimum lease payments	4,184,394

**Compensation to key management personnel**

	For the three months ended March 31,	
	2020	2019
Short term benefits	155,900	166,351
Terminal benefits	16,251	16,306
	172,151	182,657

During the period ended March 31, 2020, the Parent Company has recognized an expense amounting to KD 5,652 (March 31, 2019 - KD 24,470) relating to equity-settled share-based payment transactions to its employees.

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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.

	Three month period ended March 31, 2020						Three month period March 31, 2019					
	Kuwait	UAE	KSA	Turkey	Others	Total	Kuwait	UAE	KSA	Turkey	Others	Total
Segment revenue	98,893,114	1,698,787	242,108	649,787	201,323	4,341,038	1,111,365	2,528,615	223,334	223,800	257,338	4,344,452
Segment (loss) profit	(2,165,238)	(711,845)	(1,294)	(222,260)	(355,829)	(3,456,466)	1,264,844	(228,036)	95,229	(68,409)	12,838	1,076,466
	<b>As at March 31, 2020</b>						<b>As at March 31, 2019</b>					
Total segment assets	97,354,640	81,493,225	16,162,966	12,498,393	19,228,896	228,276,394	84,517,490	93,968,215	15,832,467	16,388,198	19,719,119	230,425,489
Total segment liabilities	108,545,643	11,394,199	401,320	7,100,970	7,155,955	139,350,288	73,107,112	35,078,045	406,179	9,367,405	7,179,681	125,138,422
	<b>As at December 31, 2019 (Audited)</b>											
Total segment assets	97,354,640	82,815,310	15,803,922	14,053,919	19,310,646	229,336,437	84,517,490	93,968,215	15,832,467	16,388,198	19,719,119	230,425,489
Total segment liabilities	108,545,643	12,592,755	288,640	7,836,710	7,099,039	136,362,787	73,107,112	35,078,045	406,179	9,367,405	7,179,681	125,138,422

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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.

10. Capital commitments

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

	<u>March 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u> <u>(Audited)</u>	<u>March 31,</u> <u>2019</u>
Properties held for trading under construction	-	-	3,359,815

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:

	<u>March 31, 2020</u>		
	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss	40,176	714,921	755,097
Financial assets at fair value through other comprehensive income	-	1,913,095	1,913,095
	<u>40,176</u>	<u>2,628,016</u>	<u>2,668,192</u>
	<u>December 31, 2019 (Audited)</u>		
	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
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>
	<u>March 31, 2019</u>		
	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss	-	981,739	981,739
Financial assets at fair value through other comprehensive income	-	4,679,356	4,679,356
	<u>-</u>	<u>5,661,095</u>	<u>5,661,095</u>

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**Non-financial assets**

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

	March 31, 2020		
	Level 2	Level 3	Total
Investment properties	<u>27,764,119</u>	<u>141,849,458</u>	<u>169,613,577</u>
	December 31, 2019 (Audited)		
	Level 2	Level 3	Total
Investment properties	<u>27,730,057</u>	<u>143,422,324</u>	<u>171,152,381</u>
	March 31, 2019		
	Level 2	Level 3	Total
Investment properties	<u>22,583,994</u>	<u>128,367,292</u>	<u>150,951,286</u>

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 167,818.

- 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 70,903 and KD 1,202,623 respectively.

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- 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.