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, 2019
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

AL MAZAYA HOLDING COMPANY K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
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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, 2019 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, 2019 that might have had a material effect on the Group's financial position or results of its operations.

State of Kuwait
July 15, 2019

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

AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF JUNE 30, 2019
(All amounts are in Kuwaiti Dinars)

| | Note | **June 30, 2019** | December 31, 2018 (Audited) | June 30, 2018 (Restated) |
|---|---|---|---|---|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalent | 3 | **7,346,194** | 7,169,433 | 7,190,370 |
| Financial assets at fair value through profit or loss | | **971,669** | 981,739 | 867,802 |
| Accounts receivable and other debit balances | | **10,422,675** | 10,643,140 | 13,536,918 |
| Properties held for trading | | **40,065,465** | 41,741,409 | 33,708,086 |
| Total current assets | | **58,806,003** | 60,535,721 | 55,303,176 |
| Non-current assets: | | | | |
| Advance payments for purchase of properties | | **-** | - | 14,660,054 |
| Financial assets at fair value through other comprehensive income | | **4,082,068** | 4,679,356 | 6,512,468 |
| Investment in an associate | | **9,852,116** | 9,852,650 | 9,488,895 |
| Investment in joint venture | | **1,778,816** | 1,190,947 | 469,161 |
| Investment properties | | **150,503,862** | 146,379,207 | 130,375,414 |
| Property and equipment | | **606,426** | 729,808 | 549,181 |
| Goodwill | | **2,254,210** | 2,254,210 | 2,254,210 |
| Total non-current assets | | **169,077,498** | 165,086,178 | 164,309,383 |
| Total assets | | **227,883,501** | 225,621,899 | 219,612,559 |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities: | | | | |
| Accounts payable and other credit balances | | **12,467,569** | 12,377,570 | 7,580,840 |
| Advances from customers | | **5,004,301** | 1,217,789 | 2,846,220 |
| Tawarruq and ijara payable | | **8,529,716** | 13,230,013 | 13,731,899 |
| Term loans | | **1,914,536** | 1,338,289 | 1,767,573 |
| Total current liabilities | | **27,916,122** | 28,163,661 | 25,926,532 |
| Non-current liabilities: | | | | |
| Accounts payable and other credit balances | | **5,491,791** | 6,090,823 | 5,799,657 |
| Tawarruq and ijara payable | | **83,137,336** | 78,365,088 | 72,961,521 |
| Term loans | | **5,914,872** | 7,562,722 | 7,456,766 |
| Employees' end of service benefits | | **1,367,034** | 1,316,577 | 1,104,819 |
| Total non-current liabilities | | **95,911,033** | 93,335,210 | 87,322,763 |
| Total liabilities | | **123,827,155** | 121,498,871 | 113,249,295 |
| 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)** | (20,009,108) | (20,009,108) |
| Statutory reserve | | **14,469,647** | 14,469,647 | 13,945,419 |
| Voluntary reserve | | **-** | 11,010,499 | 11,010,499 |
| Fair value reserve | | **(2,330,565)** | (1,700,263) | 36,501 |
| Employees' share option plan | | **188,169** | 412,795 | 320,461 |
| Other reserves | | **731,986** | 731,986 | 508,976 |
| Foreign currency translation reserve | | **(8,043,761)** | (7,336,181) | (3,831,073) |
| Retained earnings | | **14,910,880** | 3,225,336 | 1,573,889 |
| Equity attributable to shareholders of Parent Company | | **91,120,800** | 91,288,000 | 94,038,853 |
| Non-controlling interests | | **12,935,546** | 12,835,028 | 12,324,411 |
| Total equity | | **104,056,346** | 104,123,028 | 106,363,264 |
| Total liabilities and equity | | **227,883,501** | 225,621,899 | 219,612,559 |

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, 2019
(All amounts are in Kuwaiti Dinars)

| | Note | For the three months ended June 30, 2019 | For the three months ended June 30, 2018 | For the six months ended June 30, 2019 | For the six months ended June 30, 2018 |
|---|---|---|---|---|---|
| **Revenue:** | | | | | |
| Revenue from sale of properties held for trading | | **1,805,093** | 5,756,861 | **4,093,515** | 9,286,159 |
| Rental income | | **2,005,556** | 2,117,665 | **4,044,265** | 4,152,904 |
| Net management fees and commission income | | **487** | 12,961 | **17,808** | 65,232 |
| Total revenue | | **3,811,136** | 7,887,487 | **8,155,588** | 13,504,295 |
| **Costs:** | | | | | |
| Cost of sale of properties held for trading | | **(1,425,819)** | (4,480,847) | **(3,272,456)** | (7,497,858) |
| Cost of rental | | **(375,225)** | (484,300) | **(733,439)** | (831,670) |
| Total costs | | **(1,801,044)** | (4,965,147) | **(4,005,895)** | (8,329,528) |
| Gross profit | | **2,010,092** | 2,922,340 | **4,149,693** | 5,174,767 |
| Share of results from an associate | | **(26,382)** | (11,736) | **33,904** | 41,318 |
| Share of results from joint venture | | **548,160** | 35,437 | **587,869** | 468,361 |
| Selling and marketing expenses | | **(129,734)** | (193,929) | **(257,395)** | (227,869) |
| General and administrative expenses | | **(933,620)** | (1,295,668) | **(1,930,063)** | (2,549,953) |
| Operating profit | | **1,468,516** | 1,456,444 | **2,584,008** | 2,906,624 |
| Change in fair value of investment properties | 5 | **-** | - | **6,655** | - |
| Net investment (loss) income | | **(19,063)** | (6,864) | **521,989** | 714,625 |
| Provision for doubtful debts no longer required | 6 | **34,291** | - | **872,097** | 37,364 |
| Foreign exchange loss | | **(1,515)** | (43,578) | **(6,958)** | (8,955) |
| Net other (expenses) income | | **(62,721)** | 1,257,264 | **(178,715)** | 1,551,088 |
| Finance costs | | **(1,275,758)** | (1,075,449) | **(2,575,996)** | (2,137,827) |
| Profit for the period before contribution for Kuwait Foundation for Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat | | **143,750** | 1,587,817 | **1,223,080** | 3,062,919 |
| KFAS | | **-** | (11,791) | **-** | (12,702) |
| NLST | | **(4,995)** | (42,496) | **(7,859)** | (48,914) |
| Zakat | | **-** | (6,367) | **-** | (6,367) |
| Net profit for the period | | **138,755** | 1,527,163 | **1,215,221** | 2,994,936 |
| Attributable to: | | | | | |
| Shareholders of the Parent Company | | **109,407** | 1,553,532 | **1,121,742** | 2,900,799 |
| Non-controlling interests | | **29,348** | (26,369) | **93,479** | 94,137 |
| | | **138,755** | 1,527,163 | **1,215,221** | 2,994,936 |
| Earning per share: | | | | | |
| Basic- attributable to shareholders of the parent company – Fils | 7 | **0.17** | 2.49 | **1.79** | 4.64 |
| Diluted - attributable to shareholders of the parent company – Fils | 7 | **0.17** | 2.47 | **1.78** | 4.61 |

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

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| Net profit for the period | **138,755** | 1,527,163 | **1,215,221** | 2,994,936 |
| **Other comprehensive loss:** | | | | |
| Items that may be reclassified subsequently to interim condensed consolidated statement of profit or loss: | | | | |
| Share of Foreign currency translation adjustments from associate | **-** | (56,594) | **-** | (223,010) |
| Foreign currency translation adjustments | **(850,425)** | (1,952,526) | **(725,868)** | (2,531,121) |
| Items that would not be reclassified subsequently to interim condensed consolidated statement of profit or loss: | | | | |
| Share of change in fair value of financial assets through other comprehensive income from associate | **26,976** | - | **(34,478)** | - |
| Change in fair value of financial assets through other comprehensive income | **(570,497)** | - | **(570,497)** | 38,360 |
| Other comprehensive loss for the period | **(1,393,946)** | (2,009,120) | **(1,330,843)** | (2,715,771) |
| Total comprehensive (loss) income for the period | **(1,255,191)** | (481,957) | **(115,622)** | 279,165 |
| Attributable to: | | | | |
| Shareholders of the parent company | **(1,201,723)** | (525,955) | **(216,140)** | 142,850 |
| Non-controlling interests | **(53,468)** | 43,998 | **100,518** | 136,315 |
| | **(1,255,191)** | (481,957) | **(115,622)** | 279,165 |

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 JUNE 30, 2019**
(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, 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 | - | - | - | - | - | - | - | - | - | 1,121,742 | 1,121,742 | 93,479 | 1,215,221 |
| Other comprehensive (loss) income for the period | - | - | - | - | - | (630,302) | - | - | (707,580) | - | (1,337,882) | 7,039 | (1,330,843) |
| Total comprehensive (loss) income for the period | - | - | - | - | - | (630,302) | - | - | (707,580) | 1,121,742 | (216,140) | 100,518 | (115,622) |
| Transfer of voluntary reserve to retained earnings (Note 12) | - | - | - | - | (11,010,499) | - | - | - | - | 11,010,499 | - | - | - |
| Employees' share based payment | - | - | - | - | - | - | 48,940 | - | - | - | 48,940 | - | 48,940 |
| Employee share options exercised | - | - | 720,263 | - | - | - | (273,566) | - | - | (446,697) | - | - | - |
| **Balance as at June 30, 2019** | **68,827,896** | **21,655,393** | **(19,288,845)** | **14,469,647** | **-** | **(2,330,565)** | **188,169** | **731,986** | **(8,043,761)** | **14,910,880** | **91,120,800** | **12,935,546** | **104,056,346** |
| Balance as at December 31, 2017 | 68,827,896 | 21,655,393 | (20,707,103) | 13,945,419 | 11,010,499 | 317,232 | 476,987 | 731,986 | (1,259,633) | 13,821,605 | 108,820,281 | 10,287,600 | 119,107,881 |
| Prior years adjustments (Note 2) | - | - | - | - | - | - | - | - | - | (1,942,826) | (1,942,826) | 1,942,826 | - |
| Balance as at December 31, 2017 (restated) | 68,827,896 | 21,655,393 | (20,707,103) | 13,945,419 | 11,010,499 | 317,232 | 476,987 | 731,986 | (1,259,633) | 11,878,779 | 106,877,455 | 12,230,426 | 119,107,881 |
| Effect of adoption of IFRS 9 | - | - | - | - | - | (317,232) | - | - | - | (7,810,292) | (8,127,524) | (42,330) | (8,169,854) |
| Balance as at January 1, 2018 | 68,827,896 | 21,655,393 | (20,707,103) | 13,945,419 | 11,010,499 | - | 476,987 | 731,986 | (1,259,633) | 4,068,487 | 98,749,931 | 12,188,096 | 110,938,027 |
| Profit for the period | - | - | - | - | - | - | - | - | - | 2,900,799 | 2,900,799 | 94,137 | 2,994,936 |
| Other comprehensive income (loss) for the period | - | - | - | - | - | 36,501 | - | (223,010) | (2,571,440) | - | (2,757,949) | 42,178 | (2,715,771) |
| Total comprehensive income (loss) for the period | - | - | - | - | - | 36,501 | - | (223,010) | (2,571,440) | 2,900,799 | 142,850 | 136,315 | 279,165 |
| Cash dividend (Note 12) | - | - | - | - | - | - | - | - | - | (5,001,570) | (5,001,570) | - | (5,001,570) |
| Employees' share based payment | - | - | - | - | - | - | 147,642 | - | - | - | 147,642 | - | 147,642 |
| Employee share options exercised | - | - | 697,995 | - | - | - | (304,168) | - | - | (393,827) | - | - | - |
| Balance as at June 30, 2018 (restated) | 68,827,896 | 21,655,393 | (20,009,108) | 13,945,419 | 11,010,499 | 36,501 | 320,461 | 508,976 | (3,831,073) | 1,573,889 | 94,038,853 | 12,324,411 | 106,363,264 |

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

| | Notes | For the six months ended June 30 2019 | 2018 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Profit for the period before KFAS, NLST and Zakat | | 1,223,080 | 3,062,919 |
| Adjustments for: | | | |
| Provision for doubtful debts | | 158,600 | - |
| Provision for doubtful debts no longer required | | (872,097) | (37,364) |
| Depreciation | | 123,382 | 116,031 |
| Share of results from an associate | | (33,904) | (41,318) |
| Share of results from a joint venture | | (587,869) | (468,361) |
| Net investment income | | (521,989) | (714,625) |
| Change in fair value of investment properties | | (6,655) | - |
| Provision for employees' end of service benefits | | 80,231 | 95,252 |
| Provision for employees' stock option plan | | 48,940 | 147,642 |
| Finance costs | | 2,575,996 | 2,137,827 |
| | | 2,187,715 | 4,298,003 |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable and other debit balances | | 485,863 | (3,158,743) |
| Properties held for trading | | (3,074,522) | (379,574) |
| Accounts payable and other credit balances | | (356,091) | (1,351,469) |
| Advances from customers | | 3,815,813 | (258,406) |
| Cash flows generated from (used in) operations | | 3,058,778 | (850,189) |
| Employees' end of service benefits paid | | (29,774) | - |
| Net cash flows generated from (used in) operating activities | | 3,029,004 | (850,189) |
| **Cash flows from investing activities:** | | | |
| Decrease in restricted cash balances | | 2,984 | 1,812,135 |
| Paid for investment in a joint venture | | - | (800) |
| Paid for investment properties | | (600,291) | (892,511) |
| Purchase of property and equipment | | - | (156,294) |
| Dividend received | | 820,821 | 738,910 |
| Net cash flows generated from investing activities | | 223,514 | 1,501,440 |
| **Cash flows from financing activities:** | | | |
| Net movement in term loans | | (246,389) | (1,841,876) |
| Net movement in tawarruq and ijara payable | | 79,512 | 5,639,861 |
| Dividend paid | | - | (4,830,764) |
| Finance costs paid | | (2,575,996) | (2,137,827) |
| Net cash flows used in financing activities | | (2,742,873) | (3,170,606) |
| Net increase (decrease) in cash and cash equivalent | | 509,645 | (2,519,355) |
| Foreign currency translation adjustments | | (329,900) | 590,110 |
| Cash and cash equivalent at the beginning of the period | 3 | 7,092,324 | 8,931,925 |
| Cash and cash equivalent at the end of the period | 3 | 7,272,069 | 7,002,680 |

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

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 July 15, 2019.

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, 2018.

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 2019, 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, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2018.

Prior year adjustments for the comparative period represent the effect of the change in the Parent Company's non – controlling interest in First Dubai Real Estate Development Company – K.S.C.P and Al Mazaya Real Estate Development Company – K.S.C. (Closed). The effect of this change resulted in decreasing in retained earnings and increase in non – controlling interest by KD 1,942,826 as of December 31, 2017, the matter which lead to restating figures for compartive financial period ended June 30, 2018.

3. Cash and cash equivalent

| | June 30, 2019 | December 31, 2018 (Audited) | June 30, 2018 |
|---|---|---|---|
| Cash in hand and at banks | **7,326,778** | 3,144,921 | 7,174,107 |
| Short term bank deposit | **-** | 4,000,000 | - |
| Cash in portfolios | **19,416** | 24,512 | 16,263 |
| | **7,346,194** | 7,169,433 | 7,190,370 |
| Less: Restricted bank balances | **(74,125)** | (77,109) | (187,690) |
| Cash and cash equivalent in consolidation statement of cash flow | **7,272,069** | 7,092,324 | 7,002,680 |

Restricted bank balances represent escrow accounts restricted for receiving and making payments for specific construction activities, which may not be available for use within 90 days.

4. Treasury shares

| | June 30, 2019 | December 31, 2018 (Audited) | June 30, 2018 |
|---|---|---|---|
| Number of shares | **60,811,741** | 63,081,978 | 63,081,978 |
| Percentage of issued shares (%) | **8.84** | 9.17 | 9.17 |
| Market value (KD) | **3,527,081** | 4,422,047 | 5,551,214 |
| Cost (KD) | **19,288,845** | 20,009,108 | 20,009,108 |

The Parent Company's management has allotted an amount equal to treasury shares balance from reserves as of June 30, 2019. Such amount will not be available for distribution during treasury shares holding period.

5. Change in fair value of investment properties

During the financial period ended June 30, 2019, the Group has transferred properties held for trading amounting to KD 4,475,923 to investment properties, which resulted in a gain on the fair valuation of these properties amounting to KD 6,655.

6. Provision for doubtful debts no longer required

During the financial period ended June 30, 2019, a final court verdict was issued in favor of the Parent Company for a legal case file for an amount of KD 837,806 and its legal interest at the rate of 7% per annum from the date of entitlement until full payment. The Group has signed a settlement contract to the amount of KD 1,220,000. Accordingly, a provision for doubtful debts no longer required amounting to KD 837,806 has been recorded in addition to its legal interest amounting to KD 382,194 recorded in other income (expense).

7. Basic and diluted earnings per share

**Basic earnings per share:**
The information necessary to calculate basic 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, | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| Profit for the period attributable to equity holders of the Parent Company | **109,407** | 1,553,532 | **1,121,742** | 2,900,799 |
| 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 | **(61,669,076)** | (63,434,549) | **(61,669,076)** | (63,434,549) |
| Weighted average number of shares outstanding | **626,609,880** | 624,844,407 | **626,609,880** | 624,844,407 |
| Basic earnings per share (Fils) | **0.17** | 2.49 | **1.79** | 4.64 |

**Diluted earnings per share:**
Diluted 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 profit for the period with the assumed effect of those potential dilutive shares had they been issued.

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

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| Profit for the period attributable to equity holders of the Parent Company | **109,407** | 1,553,532 | **1,121,742** | 2,900,799 |
| Weighted average shares adjusted for dilution effect: | | | | |
| Weighted average number of shares outstanding used in calculating basic earnings per share | **626,609,880** | 624,844,407 | **626,609,880** | 624,844,407 |
| Adjustment for share options | **2,087,000** | 4,817,888 | **2,087,000** | 4,817,888 |
| Weighted average number of shares for diluted earnings per share | **628,696,880** | 629,662,295 | **628,696,880** | 629,662,295 |
| Diluted earnings per share (Fils) | **0.17** | 2.47 | **1.78** | 4.61 |

8. 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 | Joint venture | June 30, 2019 | December 31, 2018 (Audited) | June 30, 2018 |
|---|---|---|---|---|---|
| Accounts receivable and other debit balances | 11,736 | 319,749 | 331,485 | 103,060 | 34,508 |
| Accounts payable and other credit balances | 2,914 | - | 2,914 | - | 5,475 |
| Advance payments from customers | - | - | - | - | 23,934 |

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 | Joint venture | June 30, 2019 | December 31, 2018 (Audited) | June 30, 2018 |
|---|---|---|---|---|---|
| Revenue from sale of properties held for trading | - | - | - | 101,979 | - |
| Cost of sale of properties held for trading | - | - | - | (83,119) | - |

**Compensation to key management personnel:**

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Short term benefits | 104,806 | 199,379 | 271,157 | 404,907 |
| Terminal benefits | 10,637 | 18,717 | 26,943 | 36,505 |
| | 115,443 | 218,096 | 298,100 | 441,412 |

During the period ended June 30, 2019, the Parent Company has recognized an expense amounting to KD 48,940 (December 31, 2018 - KD 212,862 and June 30, 2018 - KD 147,642) relating to equity-settled share-based payment transactions to its employees. During the period ended June 30, 2019, certain employees have exercised their stock options of 2,270,736 shares and these shares have been issued from treasury shares held by the Group.

9. Segment information

For management purposes, the Group is divided into four main 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, 2019 | | | | | | Six month period ended June 30, 2018 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Kuwait | UAE | KSA | Turkey | Others | Total | Kuwait | UAE | KSA | Turkey | Others | Total |
| Segment revenue | 2,203,658 | 4,529,112 | 447,371 | 490,246 | 485,201 | 8,155,588 | 2,173,310 | 6,502,290 | 516,435 | 1,115,031 | 3,197,229 | 13,504,295 |
| Segment profit (loss) | 1,531,986 | (248,333) | 181,822 | (244,408) | (5,846) | 1,215,221 | 763,467 | 2,072,189 | 390,749 | (1,003,947) | 772,478 | 2,994,936 |

| | As at June 30, 2019 | | | | | | As at June 30, 2018 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Kuwait | UAE | KSA | Turkey | Others | Total | Kuwait | UAE | KSA | Turkey | Others | Total |
| Total segment assets | 99,359,998 | 77,987,865 | 15,692,366 | 15,283,200 | 19,560,072 | 227,883,501 | 93,897,454 | 70,206,231 | 16,495,931 | 21,150,109 | 17,862,834 | 219,612,559 |
| Total segment liabilities | 71,751,824 | 36,050,980 | 277,385 | 8,689,078 | 7,057,888 | 123,827,155 | 67,750,007 | 29,023,311 | 412,996 | 11,031,777 | 5,031,204 | 113,249,295 |

| | As at December 31, 2018 (Audited) | | | | | |
|---|---|---|---|---|---|---|
| | Kuwait | UAE | KSA | Turkey | Others | Total |
| Total segment assets | 98,954,300 | 74,279,938 | 15,748,126 | 17,406,591 | 19,232,944 | 225,621,899 |
| Total segment liabilities | 72,186,443 | 32,101,531 | 222,280 | 10,279,055 | 6,709,562 | 121,498,871 |

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, 2019** | December 31, 2018 (Audited) | June 30, 2018 |
|---|---|---|---|
| Properties held for trading under construction | **1,133,847** | 6,798,339 | 19,465,919 |

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, 2019** |
|---|---|
| | Level 3 |
| Financial assets at fair value through profit or loss | **971,669** |
| Financial assets at fair value through other comprehensive income | **4,082,068** |
| | **5,053,737** |

| | December 31, 2018 (Audited) |
|---|---|
| | Level 3 |
| Financial assets at fair value through profit or loss | 981,739 |
| Financial assets at fair value through other comprehensive income | 4,679,356 |
| | 5,661,095 |

| | June 30, 2018 |
|---|---|
| | Level 3 |
| Financial assets at fair value through profit or loss | 867,802 |
| Financial assets at fair value through other comprehensive income | 6,512,468 |
| | 7,380,270 |

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

| | June 30, 2019 | | |
|---|---|---|---|
| | Level 2 | Level 3 | Total |
| Investment properties | **69,518,520** | **80,985,342** | **150,503,862** |

| | December 31, 2018 (Audited) | | |
|---|---|---|---|
| | Level 2 | Level 3 | Total |
| Investment properties | 64,747,714 | 81,631,493 | 146,379,207 |

| | June 30, 2018 | | |
|---|---|---|---|
| | Level 2 | Level 3 | Total |
| Investment properties | 47,481,631 | 82,893,783 | 130,375,414 |

12. Annual General Assembly

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.

The Annual General Meeting of the Shareholders held on March 28, 2018, has approved the consolidated financial statements of the Group for the year ended December 31, 2017, and has approved to distribute 8% cash dividend for the year ended December 31, 2017.