AL MAZAYA HOLDING COMPANY K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2019
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

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AND ITS SUBSIDIARIES
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RSM

RSM Albazie & Co.

Arraya Tower 2, Floors 41 & 42
Abdulaziz Hamad Alsaqar St., Sharq
P.O. Box 2115, Safat 13022, State of Kuwait

T +965 22961000
F +965 22412761

www.rsm.global/kuwait

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 September 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 nine 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 nine months period ended September 30, 2019 that might have had a material effect on the Group's financial position or results of its operations.

State of Kuwait
November 7, 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 SEPTEMBER 30, 2019
(All amounts are in Kuwaiti Dinars)

	Note	**September 30, 2019**	December 31, 2018 (Audited)	September 30, 2018 (Restated)
ASSETS				
Current assets:				
Cash and cash equivalent	3	**6,231,961**	7,169,433	4,551,563
Financial assets at fair value through profit or loss		**887,371**	981,739	867,802
Accounts receivable and other debit balances		**9,746,172**	10,643,140	9,896,039
Properties held for trading		**34,848,630**	41,741,409	35,175,021
Total current assets		**51,714,134**	60,535,721	50,490,425
Non-current assets:				
Financial assets at fair value through other comprehensive income		**3,842,585**	4,679,356	6,512,468
Investment in an associate		**9,865,590**	9,852,650	9,611,488
Investment in joint venture	11	**-**	1,190,947	481,716
Investment properties	4	**163,988,579**	146,379,207	144,626,065
Property and equipment		**986,452**	729,808	486,976
Goodwill		**2,254,210**	2,254,210	2,254,210
Total non-current assets		**180,937,416**	165,086,178	163,972,923
Total assets		**232,651,550**	225,621,899	214,463,348
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable and other credit balances		**10,803,502**	12,377,570	11,590,786
Advances from customers		**4,366,905**	1,217,789	1,787,986
Lease liabilities		**611,641**	-	-
Tawarruq and ijara payable		**6,926,384**	13,230,013	14,075,930
Term loans		**1,239,936**	1,338,289	1,156,961
Total current liabilities		**23,948,368**	28,163,661	28,611,663
Non-current liabilities:				
Accounts payable and other credit balances		**6,401,722**	6,090,823	-
Lease liabilities		**9,618,338**	-	-
Tawarruq and ijara payable		**86,182,898**	78,365,088	73,503,317
Term loans		**6,074,037**	7,562,722	5,951,367
Employees' end of service benefits		**1,395,432**	1,316,577	1,129,128
Total non-current liabilities		**109,672,427**	93,335,210	80,583,812
Total liabilities		**133,620,795**	121,498,871	109,195,475
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	5	**(19,288,845)**	(20,009,108)	(20,009,108)
Statutory reserve		**14,469,647**	14,469,647	13,945,419
Voluntary reserve	15	**-**	11,010,499	11,010,499
Fair value reserve		**(2,558,697)**	(1,700,263)	(39,469)
Employees' share option plan		**212,639**	412,795	385,336
Other reserves		**731,986**	731,986	731,986
Foreign currency translation reserve		**(7,851,298)**	(7,336,181)	(7,349,801)
Retained earnings		**9,882,680**	3,225,336	3,493,658
Equity attributable to shareholders of Parent Company		**86,081,401**	91,288,000	92,651,809
Non-controlling interests		**12,949,354**	12,835,028	12,616,064
Total equity		**99,030,755**	104,123,028	105,267,873
Total liabilities and equity		**232,651,550**	225,621,899	214,463,348

The accompanying notes (1) to (15) 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 SEPTEMBER 30, 2019
(All amounts are in Kuwaiti Dinars)

	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2019	2018	**2019**	2018
Revenue:					
Revenue from sale of properties held for trading		**2,826,720**	3,092,599	**6,920,235**	12,378,758
Rental income		**2,286,414**	2,140,508	**6,330,679**	6,293,412
Net management fees and commission income		**36,869**	12,790	**54,677**	78,022
Total revenue		**5,150,003**	5,245,897	**13,305,591**	18,750,192
Costs:					
Cost of sale of properties held for trading		**(3,829,582)**	(2,280,752)	**(7,102,038)**	(9,778,610)
Cost of rental		**(446,425)**	(440,525)	**(1,179,864)**	(1,272,195)
Total costs		**(4,276,007)**	(2,721,277)	**(8,281,902)**	(11,050,805)
Gross profit		**873,996**	2,524,620	**5,023,689**	7,699,387
Share of results from an associate		**45,228**	(24,447)	**79,132**	16,871
Share of results from joint venture		**-**	12,555	**587,869**	480,916
Selling and marketing expenses		**(70,703)**	(193,970)	**(328,098)**	(421,839)
General and administrative expenses		**(946,055)**	(1,011,949)	**(2,876,118)**	(3,561,902)
Operating profit		**(97,534)**	1,306,809	**2,486,474**	4,213,433
Change in fair value of investment properties	6	**48,293**	2,287,503	**54,948**	2,287,503
Impairment loss for properties held for trading		**(2,471,338)**	-	**(2,471,338)**	-
Net investment (loss) income		**(20,411)**	(11,770)	**501,578**	702,855
Provision for doubtful debts		**(198,994)**	(102,046)	**(357,594)**	(142,076)
Provision for doubtful debts no longer required	7	**15,024**	-	**887,121**	37,364
Foreign exchange loss		**(2,370)**	(13,387)	**(9,328)**	(22,342)
Net other (expenses) income	8	**(976,065)**	65,029	**(996,180)**	1,656,147
Finance costs		**(1,316,028)**	(1,161,164)	**(3,892,024)**	(3,298,991)
(Loss) profit for the period before contribution for Kuwait Foundation for Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		**(5,019,423)**	2,370,974	**(3,796,343)**	5,433,893
KFAS		**-**	(12,239)	**-**	(24,941)
NLST		**7,859**	(26,147)	**-**	(75,061)
Zakat		**-**	(18,771)	**-**	(25,138)
Net (loss) profit for the period		**(5,011,564)**	2,313,817	**(3,796,343)**	5,308,753
Attributable to:					
Shareholders of the Parent Company		**(5,028,200)**	1,919,769	**(3,906,458)**	4,820,568
Non-controlling interests		**16,636**	394,048	**110,115**	488,185
		(5,011,564)	2,313,817	**(3,796,343)**	5,308,753
(Loss) earning per share:					
Basic- attributable to shareholders of the parent company – Fils	9	**(8.02)**	3.07	**(6.23)**	7.71
Diluted - attributable to shareholders of the parent company – Fils	9	**(7.99)**	3.05	**(6.21)**	7.65

The accompanying notes (1) to (15) 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 SEPTEMBER 30, 2019
(All amounts are in Kuwaiti Dinars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	**2019**	2018
Net (loss) profit for the period	**(5,011,564)**	2,313,817	**(3,796,343)**	5,308,753
Other comprehensive loss:				
Items that may be reclassified subsequently to interim condensed consolidated statement of profit or loss:				
Foreign currency translation adjustments	**235,117**	(3,621,123)	**(490,751)**	(6,152,244)
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	**(51)**	147,040	**(34,529)**	(75,970)
Change in fair value of financial assets through other comprehensive income	**(273,563)**	-	**(844,060)**	38,360
Other comprehensive loss for the period	**(38,497)**	(3,474,083)	**(1,369,340)**	(6,189,854)
Total comprehensive (loss) income for the period	**(5,050,061)**	(1,160,266)	**(5,165,683)**	(881,101)
Attributable to:				
Shareholders of the parent company	**(5,053,869)**	(1,451,919)	**(5,280,009)**	(1,309,069)
Non-controlling interests	**3,808**	291,653	**114,326**	427,968
	(5,050,061)	(1,160,266)	**(5,165,683)**	(881,101)

The accompanying notes (1) to (15) 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 SEPTEMBER 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
(Loss) profit for the period	-	-	-	-	-	-	-	-	-	(3,906,458)	(3,906,458)	110,115	(3,796,343)
Other comprehensive (loss) income for the period	-	-	-	-	-	(858,434)	-	-	(515,117)	-	(1,373,551)	4,211	(1,369,340)
Total comprehensive (loss) income for the period	-	-	-	-	-	(858,434)	-	-	(515,117)	(3,906,458)	(5,280,009)	114,326	(5,165,683)
Transfer from voluntary reserve to retained earnings (Note 15)	-	-	-	-	(11,010,499)	-	-	-	-	11,010,499	-	-	-
Employees' share based payment	-	-	-	-	-	-	73,410	-	-	-	73,410	-	73,410
Employee share options exercised	-	-	720,263	-	-	-	(273,566)	-	-	(446,697)	-	-	-
Balance as at September 30, 2019	**68,827,896**	**21,655,393**	**(19,288,845)**	**14,469,647**	**-**	**(2,558,697)**	**212,639**	**731,986**	**(7,851,298)**	**9,882,680**	**86,081,401**	**12,949,354**	**99,030,755**
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	-	-	-	-	-	-	-	-	-	4,820,568	4,820,568	488,185	5,308,753
Other comprehensive income (loss) for the period	-	-	-	-	-	(39,469)	-	-	(6,090,168)	-	(6,129,637)	(60,217)	(6,189,854)
Total comprehensive income (loss) for the period	-	-	-	-	-	(39,469)	-	-	(6,090,168)	4,820,568	(1,309,069)	427,968	(881,101)
Cash dividend (Note 15)	-	-	-	-	-	-	-	-	-	(5,001,570)	(5,001,570)	-	(5,001,570)
Employees' share based payment	-	-	-	-	-	-	212,517	-	-	-	212,517	-	212,517
Employee share options exercised	-	-	697,995	-	-	-	(304,168)	-	-	(393,827)	-	-	-
Balance as at September 30, 2018	68,827,896	21,655,393	(20,009,108)	13,945,419	11,010,499	(39,469)	385,336	731,986	(7,349,801)	3,493,658	92,651,809	12,616,064	105,267,873

The accompanying notes from (1) to (15) form an integral part of the interim consolidated financial information.

	Notes	For the nine months ended September 30 2019	2018
Cash flows from operating activities:			
(Loss) profit for the period before KFAS, NLST and Zakat		**(3,796,343)**	5,433,893
Adjustments for:			
Provision for doubtful debts		**357,594**	142,076
Provision for doubtful debts no longer required	7	**(887,121)**	(37,364)
Impairment loss for properties held for trading		**2,471,338**	-
Depreciation		**124,892**	178,236
Share of results from an associate		**(79,132)**	(16,871)
Share of results from a joint venture		**(587,869)**	(480,916)
Net investment income		**(501,578)**	(702,855)
Change in fair value of investment properties	6	**(54,948)**	(2,287,503)
Provision for employees' end of service benefits		**134,914**	119,561
Provision for employees' stock option plan		**73,410**	212,517
Finance costs		**3,892,024**	3,298,991
		1,147,181	5,859,765
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**1,154,888**	340,059
Properties held for trading		**(147,597)**	(3,112,644)
Accounts payable and other credit balances		**(1,306,125)**	(3,136,499)
Advances from customers		**3,163,560**	(1,316,640)
Cash flows generated from (used in) operations		**4,011,907**	(1,365,959)
Employees' end of service benefits paid		**(56,059)**	-
Net cash flows generated from (used in) operating activities		**3,955,848**	(1,365,959)
Cash flows from investing activities:			
Decrease in restricted cash balances		**2,664**	1,836,052
Proceed from sale of financial assets at fair value through profit or loss		**69,003**	-
Paid for investment in a joint venture		**-**	(800)
Advances for purchase of properties		**-**	(4,680)
Paid for investment properties		**(5,161,704)**	(1,074,228)
Purchase of property and equipment		**-**	(156,294)
Dividend received		**820,821**	738,911
Net cash flows (used in) generated from investing activities		**(4,269,216)**	1,338,961
Cash flows from financing activities:			
Lease liability		**3,305,061**	-
Net movement in term loans		**(1,357,592)**	(3,957,887)
Net movement in tawarruq and ijara payable		**1,421,255**	6,525,688
Dividend paid		**(35,149)**	(4,904,373)
Finance costs paid		**(3,892,024)**	(3,298,991)
Net cash flows used in financing activities		**(558,449)**	(5,635,563)
Net decrease in cash and cash equivalent		**(871,817)**	(5,662,561)
Effect on acquisition of a subsidiary	11	**19,760**	-
Foreign currency translation adjustments		**(82,751)**	1,118,426
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	**6,157,516**	4,387,790

The accompanying notes (1) to (15) 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 November 7, 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 September 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 retained earnings and increase in non – controlling interest by KD 1,942,826 as of December 31, 2017, the matter which resulted in restating compartive figures for the financial period ended September 30, 2018.

3. Cash and cash equivalent

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Cash in hand and at banks	**6,212,618**	3,144,921	3,847,856
Short term bank deposit	**-**	4,000,000	-
Cash in portfolios	**19,343**	24,512	703,707
	6,231,961	7,169,433	4,551,563
Less: Restricted bank balances	**(74,445)**	(77,109)	(163,773)
Cash and cash equivalent as per consolidated statement of cash flows	**6,157,516**	7,092,324	4,387,790

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. Investment properties

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Balance at the beginning of the year	**146,379,207**	131,665,239	131,665,239
Additions	**5,161,704**	1,325,476	1,074,228
Effect on acquisition of a subsidiary (Note 11)	**8,350,983**	-	-
Transferred from advance payments for purchase of properties	**-**	14,660,610	14,575,527
Transferred from properties held for trading	**4,475,914**	-	-
Disposals	**-**	(366,192)	-
Foreign currency translation adjustments	**(434,177)**	(3,623,806)	(4,976,432)
Change in fair value	**54,948**	2,717,880	2,287,503
Balance at the end of the year	**163,988,579**	146,379,207	144,626,065

Investment properties mainly compromise the following:

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Land	**33,698,852**	28,753,181	11,618,061
Developed investment properties	**130,289,727**	117,626,026	133,008,004
	163,988,579	146,379,207	144,626,065

Certain investment properties amounting to KD 110,264,818 (December 31, 2018 - KD 102,447,177 and September 30, 2018 – KD 100,967,417) and KD 10,388,055 (December 31, 2018 - KD 11,064,768 and September 30, 2018 – KD 9,303,079) were pledged as collateral against tawarruq and ijara payable and term loans respectively.

5. Treasury shares

	September 30, 2019	December 31, 2018 (Audited)	September 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)	**3,344,646**	4,422,047	4,794,230
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 September 30, 2019. Such amount will not be available for distribution during treasury shares holding period.

6. Change in fair value of investment properties

This item represented in the following:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	**2019**	2018
Properties transferred from properties held for trading to investment properties	-	-	**6,655**	-
Properties acquired during the period	**48,293**	-	**48,293**	-
Advance payments for purchase of properties transferred to investment properties	-	2,287,503	-	2,287,503
	48,293	2,287,503	**54,948**	2,287,503

7. Provision for doubtful debts no longer required

During the period ended September 30, 2019, a final court verdict was issued in favor of the Parent Company for a legal case with 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 agreement with the other company for an amount of KD 1,220,000. Accordingly, a previous recorded provision for doubtful debts amounting to KD 837,806 has been reversed as no longer required in addition to its legal interest amounting to KD 382,194 that was recorded in net other (expense) income.

8. Net other (expense) income

This caption includes a provision for lawsuits amounting to AED 5,000,000 (KD 414,238). Such a lawsuit was raised against a subsidiary of the Group in the United Arab Emirates for a claim of AED 17,277,295 (KD 1,429,140) representing settlements of accounts between the plaintiff and the subsidiary. During the period ended September 30, 2019, a first degree court decision was issued in the favor of the plaintiff with an amount of AED 5,000,000 (KD 414,238) for which the subsidiary had appealed against it at the Court of Appeal. The management of the Group has taken the conservative basis to recognize this amount as a provision until the final decision is made by the court.

9. 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 September 30,		For the nine months ended September 30,	
	2019	2018	**2019**	2018
(Loss) profit for the period attributable to shareholders of the Parent Company	**(5,028,200)**	1,919,769	**(3,906,458)**	4,820,568
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	**(61,094,482)**	(63,315,734)	**(61,094,482)**	(63,315,734)
Weighted average number of shares outstanding	**627,184,474**	624,963,222	**627,184,474**	624,963,222
Basic earnings per share (Fils)	**(8.02)**	3.07	**(6.23)**	7.71

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 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 September 30,		For the nine months ended September 30,	
	2019	2018	**2019**	2018
(Loss) profit for the period attributable to equity holders of the Parent Company	**(5,028,200)**	1,919,769	**(3,906,458)**	4,820,568
Weighted average shares adjusted for dilution effect:				
Weighted average number of shares outstanding used in calculating basic earnings per share	**627,184,475**	624,963,222	**627,184,475**	624,963,222
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	**629,271,475**	629,781,110	**629,271,475**	629,781,110
Diluted earnings per share (Fils)	**(7.99)**	3.05	**(6.21)**	7.65

10. 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:

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Accounts receivable and other debit balances	-	103,060	54,114
Accounts payable and other credit balances	-	-	24,434

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:

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

Compensation to key management personnel:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	**2019**	2018
Short term benefits	**135,579**	219,196	**406,736**	624,103
Terminal benefits	**13,471**	17,470	**40,414**	53,975
	149,050	236,666	**447,150**	678,078

During the period ended September 30, 2019, the Parent Company has recognized an expense amounting to KD 73,410 (December 31, 2018 - KD 212,862 and September 30, 2018 - KD 212,517) relating to equity-settled share-based payment transactions to its employees. During the period ended September 30, 2019, certain employees have exercised their stock options of 2,270,237 shares and these shares have been issued from treasury shares held by the Group.

11. Acquisition of a subsidiary

On July 1, 2019 the Group increased its share in Al Mazaya Prime for Projects Development Company – W.L.L. by 20% to become 100%. The Group had acquired control over the financial and operating policies of the Company and accordingly, the Group has reclassified its investment in that Company from an investment in joint venture to investment in subsidiary.

The following table summarizes the acquisition cost of the Company as well as the assets and liabilities acquired at the date of acquisition as at July 1, 2019:

	Amount
Consideration for the new shares	444,704
The fair value of previously held equity interest at acquisition date	1,778,816
	2,223,520
Acquired assets and liabilities:	
Cash at bank	19,760
Accounts receivable and other debit balances	450,917
Investment property (Note 4)	8,350,983
Property and equipment	381,536
Lease liability	(6,924,918)
Accounts payable and other credit balances	(54,758)
Net assets value	2,223,520

The acquisition did not result in any goodwill as the acquisition consideration is equal to the carrying amount of the acquired shares of the Company's net assets in accordance with the contractual agreements between the parties. The fair value of the acquired Company which has been used to account for the acquired share in the Company as well as the fair value of the Parent Company's investment in the acquired Company before the acquisition date has been determined based on the carrying amount of the investment from the Company's financial statements as at 1 July 2019, as all assets of the acquired company were stated at their fair values.

12. 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.

	Nine month period ended September 30, 2019						Nine month period ended September 30, 2018					
	Kuwait	**UAE**	**KSA**	**Turkey**	**Others**	**Total**	Kuwait	UAE	KSA	Turkey	Others	Total
Segment revenue	**3,547,125**	**7,386,989**	**664,625**	**737,523**	**969,329**	**13,305,591**	3,302,356	9,663,213	820,168	1,204,531	3,759,924	18,750,192
Segment profit (loss)	**1,241,268**	**(4,566,662)**	**232,612**	**(647,747)**	**(55,814)**	**(3,796,343)**	1,549,275	2,785,334	578,661	(516,162)	911,645	5,308,753

	As at September 30, 2019						As at September 30, 2018					
	Kuwait	**UAE**	**KSA**	**Turkey**	**Others**	**Total**	Kuwait	UAE	KSA	Turkey	Others	Total
Total segment assets	**109,090,484**	**72,541,394**	**15,799,024**	**15,541,710**	**19,678,938**	**232,651,550**	97,160,626	67,685,831	16,571,879	14,949,581	18,095,431	214,463,348
Total segment liabilities	**98,893,806**	**18,308,844**	**330,368**	**8,944,092**	**7,143,685**	**133,620,795**	67,535,043	27,253,354	401,733	8,645,660	5,359,685	109,195,475

	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

13. Capital commitments

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

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Properties held for trading under construction	**478,941**	6,798,339	12,147,177

14. 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:

	September 30, 2019
	Level 3
Financial assets at fair value through profit or loss	**887,371**
Financial assets at fair value through other comprehensive income	**3,842,585**
	4,729,956

	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

	September 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:

	September 30, 2019		
	Level 2	Level 3	Total
Investment properties	**69,837,668**	**94,150,911**	**163,988,579**

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

	September 30, 2018		
	Level 2	Level 3	Total
Investment properties	64,608,967	80,017,098	144,626,065

15. 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.