Tijara & Real Estate Investment Company K.S.C.P. and its subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2018

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF TIJARA & REAL ESTATE INVESTMENT COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Tijara & Real Estate Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 30 September 2018 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine months period then ended, and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance, with IAS 34.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF TIJARA & REAL ESTATE INVESTMENT COMPANY K.S.C.P. (continued)

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, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the nine months period ended 30 September 2018 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENSE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

17 October 2018
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2018

		Three months ended 30 September		*Nine months ended 30 September*	
	Notes	***2018 KD***	*2017 KD*	***2018 KD***	*2017 KD*
Rental income		**1,043,669**	915,465	**3,121,910**	2,652,255
Other services and operating income		**1,993**	28,991	**9,072**	80,185
Property operating expenses		**(61,060)**	(26,609)	**(153,324)**	(169,215)
Net profit on investment properties		**984,602**	917,847	**2,977,658**	2,563,225
Sale of inventory properties		**27,041**	152,893	**27,041**	209,791
Cost of sales		**(43,321)**	(206,481)	**(43,321)**	(283,348)
Net loss on sale of inventory properties		**(16,280)**	(53,588)	**(16,280)**	(73,557)
Share of results of an associate	4	**(58,462)**	(84,440)	**(141,048)**	(217,402)
Net investment loss		**(58,462)**	(84,440)	**(141,048)**	(217,402)
Administrative expenses		**(199,021)**	(234,893)	**(645,119)**	(772,860)
Foreign exchange gain (loss)		**6,448**	(46,079)	**11,144**	(117,395)
Other income		**-**	-	**5,212**	1,449
Operating profit		**717,287**	498,847	**2,191,567**	1,383,460
Finance costs		**(452,910)**	(359,268)	**(1,321,236)**	(1,011,444)
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST), ZAKAT AND BOARD OF DIRECTORS' REMUNERATON		**264,377**	139,579	**870,331**	372,016
KFAS		**(2,379)**	(1,256)	**(7,833)**	(3,348)
NLST		**(7,150)**	(4,160)	**(20,401)**	(9,739)
Zakat		**(2,861)**	(1,664)	**(8,161)**	(3,896)
Board of directors' remuneration	8	**-**	-	**(30,000)**	-
PROFIT FOR THE PERIOD		**251,987**	132,499	**803,936**	355,033
BASIC AND DILUTED EARNINGS PER SHARE	3	**0.68 fils**	0.36 fils	**2.17 fils**	0.96 fils

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2018

		Three months ended 30 September		*Nine months ended 30 September*	
	Note	***2018 KD***	*2017 KD*	***2018 KD***	*2017 KD*
PROFIT FOR THE PERIOD		**251,987**	132,499	**803,936**	355,033
Other comprehensive income (loss):					
Items that are (or) may be subsequently reclassified to interim condensed consolidated statement of income in subsequent periods:					
Exchange differences arising on translation of foreign operations		**6,865**	(28,311)	**25,748**	(70,791)
Exchange differences arising on translation of foreign associate	4	**6,502**	(27,303)	**22,955**	(69,349)
Other comprehensive income (loss) for the period		**13,367**	(55,614)	**48,703**	(140,140)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**265,354**	76,885	**852,639**	214,893

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2018

	Notes	*30 September 2018* *KD*	*(Audited) 31 December 2017* *KD*	*30 September 2017* *KD*
ASSETS				
Bank balances and cash		**618,861**	1,820,862	1,536,845
Accounts receivable and prepayments		**995,875**	763,066	793,203
Inventory properties		**3,072,547**	3,115,869	3,148,232
Investment in an associate	4	**6,290,729**	6,123,656	5,664,065
Investment properties	5	**60,117,590**	57,733,468	54,469,831
Property and equipment		**25,614**	13,492	14,818
TOTAL ASSETS		**71,121,216**	69,570,413	65,626,994
EQUITY AND LIABILITIES				
Equity				
Share capital		**37,000,000**	37,000,000	37,000,000
Statutory reserve		**157,551**	157,551	83,407
General reserve		**157,551**	157,551	83,407
Share options reserve		**142,253**	142,253	142,253
Foreign currency translation reserve		**256,245**	207,542	212,789
Treasury shares reserve		**18,132**	18,132	18,132
Retained earnings		**876,911**	1,182,975	980,046
Total equity		**38,608,643**	38,866,004	38,520,034
Liabilities				
Accounts payable and accruals		**779,508**	715,678	656,982
Islamic financing payables	6	**30,971,570**	29,172,101	25,666,108
Employees' end of service benefits		**761,495**	816,630	783,870
Total liabilities		**32,512,573**	30,704,409	27,106,960
TOTAL EQUITY AND LIABILITIES		**71,121,216**	69,570,413	65,626,994

Tareq Fareed Al Othman
Vice Chairman and Executive President

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2018

	Share capital KD	*Statutory reserve KD*	*General reserve KD*	*Share options reserve KD*	*Foreign currency translation reserve KD*	*Treasury shares reserve KD*	*Retained earnings KD*	*Total KD*
As at 1 January 2018	37,000,000	157,551	157,551	142,253	207,542	18,132	1,182,975	38,866,004
Profit for the period	-	-	-	-	-	-	803,936	803,936
Other comprehensive income for the period	-	-	-	-	48,703	-	-	48,703
Total comprehensive income for the period	-	-	-	-	48,703	-	803,936	852,639
Distribution of dividends (Note 8)	-	-	-	-	-	-	(1,110,000)	(1,110,000)
As at 30 September 2018	**37,000,000**	**157,551**	**157,551**	**142,253**	**256,245**	**18,132**	**876,911**	**38,608,643**
As at 1 January 2017	37,000,000	83,407	83,407	142,253	352,929	18,132	625,013	38,305,141
Profit for the period	-	-	-	-	-	-	355,033	355,033
Other comprehensive loss for the period	-	-	-	-	(140,140)	-	-	(140,140)
Total comprehensive (loss) income for the period	-	-	-	-	(140,140)	-	355,033	214,893
As at 30 September 2017	37,000,000	83,407	83,407	142,253	212,789	18,132	980,046	38,520,034

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2018

		Nine months ended 30 September	
	Notes	***2018 KD***	*2017 KD*
OPERATING ACTIVITIES			
Profit for the period before KFAS, NLST, Zakat and board of directors' remuneration		**870,331**	372,016
Adjustments to reconcile profit for the period before KFAS, NLST, Zakat and board of directors' remuneration to net cash flows:			
Depreciation		**11,713**	50,788
Provision for employees' end of service benefits		**88,656**	100,324
Net loss on sale of inventory properties		**16,280**	73,557
Share of results of an associate	4	**141,048**	217,402
Finance costs		**1,321,236**	1,011,444
Foreign exchange (gain) loss		**(11,142)**	117,395
		2,438,122	1,942,926
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		**(230,251)**	(140,129)
Inventory properties		**27,042**	209,791
Accounts payable and accruals		**(19,961)**	(91,354)
Cash flows from operations		**2,214,952**	1,921,234
Employees' end of service benefits paid		**(143,791)**	(82,760)
Board of directors' remuneration paid		**(30,000)**	-
Net cash flows from operating activities		**2,041,161**	1,838,474
INVESTMENT ACTIVITIES			
Additions to property and equipment		**(23,835)**	(1,048)
Additions to investment in an associate	4	**(285,166)**	(288,984)
Additions to investment properties	5	**(2,323,000)**	(2,555,300)
Net cash flows used in investing activities		**(2,632,001)**	(2,845,332)
FINANCING ACTIVITIES			
Proceeds from islamic financing payables		**5,731,218**	2,323,000
Repayment of islamic financing payables		**(3,626,337)**	(707,850)
Finance costs paid		**(1,650,085)**	(1,310,387)
Dividends paid		**(1,062,929)**	-
Net cash flows (used in) from financing activities		**(608,133)**	304,763
NET DECREASE IN BANK BALANCES AND CASH		**(1,198,973)**	(702,095)
Net foreign exchange differences		**(3,028)**	(2,367)
Bank balances and cash at 1 January		**1,820,862**	2,241,307
BANK BALANCES AND CASH AT THE END OF THE PERIOD		**618,861**	1,536,845

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Tijara & Real Estate Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") for the nine months period ended 30 September 2018 were authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on _______ 2018.

The Parent Company is a Kuwaiti public shareholding company registered and incorporated in Kuwait on 18 April 1983. The Group operates in accordance with the Islamic Sharia.

The registered office of the Parent Company is P.O. Box 5655, Safat, 13057 Kuwait. The Parent Company was listed on the Kuwait Stock Exchange on 26 September 2005.

2 BASIS OF PREPARATION AND ACCOUNTING POLICES

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD"), which is also the functional currency of the Parent Company.

The interim condensed consolidated financial information of the Group has been prepared in accordance with ("IAS 34"), 'Interim Financial Reporting'. The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2017 except for the changes described below arising from the adoption of IFRS 9 'Financial Instruments' ("IFRS 9") effective from 1 January 2018. The Group also adopted IFRS 15 'Revenue from Contracts with Customers' ("IFRS 15") effective 1 January 2018. However, there is no significant impact of IFRS 9 and IFRS 15 on the interim condensed consolidated financial information of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued and not yet effective. Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2018 did not have any material impact on the accounting policies, financial position or performance of the Group.

The interim condensed consolidated financial information does not contain all information and disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017. In addition, results for the nine months period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Changes in accounting policies
The Group has adopted IFRS 9 effective from 1 January 2018. IFRS 9 brings together the requirements for recognising and measuring financial assets and financial liabilities, impairment of financial assets and hedge accounting. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The Group has not restated comparative information for the financial year 2017 as permitted by the transitional provisions of the standard. Therefore, the information presented for the period ended 30 September 2017 does not reflect the requirements of IFRS 9 and is not comparable to the information presented for the period ended 30 September 2018. However, there are no differences in the carrying amount of financial assets resulting from the adoption of IFRS 9 and are disclosed in Note 11.

The key changes to the Group's accounting policies resulting from the adoption of IFRS 9 are summarised below:

(a) Classification and measurement
As at 30 September 2018, the Group does not have any equity instruments; accordingly, the application of the classification and measurement requirements of IFRS 9 is not required,

With respect to receivables, the Group analysed the contractual cash flow characteristics of those instruments and concluded that based on their business model which is to hold the financial asset to collect the contractual cash flows which meets the SPPI criterion, these instruments shall be classified as at amortised cost under IFRS 9. Therefore, reclassification for these instruments is not required on initial adoption of IFRS 9.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

2 BASIS OF PREPARATION AND ACCOUNTING POLICES (continued)

Changes in accounting policies (continued)

(a) Classification and measurement (continued)
The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the interim condensed consolidated statement of income.

(b) Impairment
The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For Trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The measurement of receivables under IFRS 9 doesn't have material impact on interim condensed consolidated statement of income of the Group.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

(c) Hedge accounting
The Group did not have any impact resulting from the new guidance relating to hedge accounting included in IFRS 9, as the Group is not dealing in any derivative instruments.

(d) Other adjustments
In addition to the adjustments described above, upon adoption of IFRS 9, other items of the primary financial statements such as investment in associates (arising from the financial instruments held by these entities), tax expense, retained earnings and exchange differences on translation of foreign operations were adjusted as necessary and are not material to the overall interim condensed consolidated financial information of the Group.

Adoption of IFRS 15 'Revenue from Contracts with customers'
The Group has adopted IFRS 15 Revenue from contracts with customers effective from 1 January 2018. This standard supersedes IAS 11 Construction Contracts and IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. This standard removes inconsistencies and weaknesses in previous revenue recognition requirements, provides a more robust framework for addressing revenue issues and improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets.

The Group has adopted IFRS 15 using cumulative effect method (modified retrospective approach) with the effect of initially applying this standard recognised at the date of initial application (1 January 2018).

As the Group's revenue is mainly arising from the rental income and related services generated from operating leases, the adoption of this standard did not result in any change in accounting policies of the Group and does not have any material effect on the Group's interim condensed consolidated financial information.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2018 did not have any material impact on the accounting policies, financial position or performance of the Group.

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at the reporting date, the Group had no outstanding dilutive potential ordinary shares.

	Three months ended 30 September		*Nine months ended 30 September*	
	2018 KD	*2017 KD*	***2018 KD***	*2017 KD*
Profit for the period	**251,987**	132,499	**803,936**	355,033
Weighted average number of shares outstanding during the period (excluding treasury shares)	**370,000,000**	370,000,000	**370,000,000**	370,000,000
Basic and diluted earnings per share	**0.68 fils**	0.36 Fils	**2.17 fils**	0.96 fils

4 INVESTMENT IN AN ASSOCIATE

The Group has the following investment in an associate:

		Equity interest as at			
Name of company	***Country of incorporation***	***30 September 2018 %***	*(Audited) 31 December 2017 %*	*30 September 2017 %*	***Principal activities***
Al Madar Al Thahabia Company W.L.L. ("Al Madar")	Kingdom of Saudi Arabia	**24%**	24%	24%	Sale, purchase, rent and lease of real estate properties and lands

Movement in the carrying value of investment in an associate is as follows:

	30 September 2018 KD	*(Audited) 31 December 2017 KD*	*30 September 2017 KD*
At the beginning of the period / year	**6,123,656**	5,661,832	5,661,832
Additions to investment in an associate	**285,166**	414,786	288,984
Share of results	**(141,048)**	119,058	(217,402)
Foreign currency translation adjustment	**22,955**	(72,020)	(69,349)
At the end of the period / year	**6,290,729**	6,123,656	5,664,065

The share of results of an associate for the period ended 30 September 2018 have been recorded based on the management accounts.

5 INVESTMENT PROPERTIES

	30 September 2018 KD	*(Audited) 31 December 2017 KD*	*30 September 2017 KD*
At the beginning of the period / year	**57,733,468**	52,141,406	52,141,406
Additions	**2,323,000**	5,959,000	2,555,300
Unrealised loss from re-measurement of investment properties to fair value	**-**	(152,463)	-
Net foreign exchange gain (loss)	**61,122**	(214,475)	(226,875)
At the end of the period / year	**60,117,590**	57,733,468	54,469,831

As at 30 September 2018, investment properties of KD 24,709,037 (31 December 2017: KD 24,679,455 and 30 September 2017: KD 24,697,841) are held in the name of a third party under Ijara agreement (Note 6).

As at 30 September 2018, investment properties of KD 17,848,000 (31 December 2017: KD 17,848,000 and 30 September 2017: KD 17,770,000) are pledged as a security against Murabaha agreement of KD 7,524,700 (31 December 2017: KD 5,201,700 and 30 September 2017: KD 1,798,000) (Note 6).

The fair value of the investment properties have been determined on 31 December 2017 based on valuations obtained from two independent valuers, who are an industry specialised in valuing these types of properties. One of these valuers is a local bank who has valued the local investment properties using the income capitalization approach for some properties, and the combination of the market comparison approach for the land and cost minus depreciation approach of the building for the investment properties. The other is a local reputable accredited valuers who has valued the investment properties using the income capitalization approach. For the foreign properties, both valuers are reputable accredited valuers who have valued the investment properties using the income capitalization approach for some properties, and the market comparison approach for the lands. For the valuation purpose, the Group has selected the lower value of these two valuations as required by the Capital Market Authority.

6 ISLAMIC FINANCING PAYABLES

30 September 2018	***Ijara* KD**	***Tawarruq* KD**	***Murabaha* KD**	***Total* KD**
Gross amount	**18,796,555**	**5,259,647**	**7,567,154**	**31,623,356**
Less: deferred profit	**(415,121)**	**(174,889)**	**(61,776)**	**(651,786)**
	18,381,434	**5,084,758**	**7,505,378**	**30,971,570**

31 December 2017 *(Audited)*	*Ijara* KD	*Tawarruq* KD	*Murabaha* KD	*Total* KD
Gross amount	19,797,921	5,510,368	5,272,921	30,581,210
Less: deferred profit	(1,095,262)	(225,003)	(88,844)	(1,409,109)
	18,702,659	5,285,365	5,184,077	29,172,101

30 September 2017	*Ijara* KD	*Tawarruq* KD	*Murabaha* KD	*Total* KD
Gross amount	19,991,407	5,542,043	1,803,591	27,337,041
Less: deferred profit	(1,369,126)	(290,279)	(11,528)	(1,670,933)
	18,622,281	5,251,764	1,792,063	25,666,108

6 ISLAMIC FINANCING PAYABLES (continued)

Islamic financing payables represent facilities obtained from Islamic financial institutions and carry an average profit rate of 1.875% to 3.25% (31 December 2017: 1.875% to 3% and 30 September 2017: 1.875% to 3%) per annum over Central Bank of Kuwait discount rate. Islamic financing payables are mainly due within range of 1 to 4 years from the reporting date.

As at 30 September 2018, Ijara payable of KD 17,442,499 (31 December 2017: KD 17,481,874 and 30 September 2017: 17,481,874) are secured by the investment properties of KD 24,709,037 (31 December 2017: KD 24,679,455 and 30 September 2017: KD 24,697,841) (Note 5).

As at 30 September 2018, Murabaha payable of KD 7,524,700 (31 December 2017: KD 5,201,700 and 30 September 2017: KD 1,798,000) are secured by the investment properties of KD 17,848,000 (31 December 2017: KD 17,848,000 and 30 September 2017: KD 17,770,000) (Note 5).

7 RELATED PARTY TRANSACTIONS

These represent transactions with major shareholders, directors, executive officers and key management personnel of the Group, close members of their families and companies of which they are principal owners or over which they are able to exercise control or significant influence entered into by the Group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Transactions and balances with related parties included in the interim condensed consolidated statement of income and interim condensed consolidated statement of financial position are as follows:

	Three months ended 30 September		*Nine months ended 30 September*	
	2018	*2017*	***2018***	*2017*
Interim condensed consolidated statement of income	***KD***	*KD*	***KD***	*KD*
Key management compensation				
Salaries and other short term benefits	**62,300**	72,600	**179,900**	216,700
Employees' end of service benefits	**12,259**	26,578	**35,520**	74,997
	74,559	99,178	**215,420**	291,697
Board of directors' remuneration	**-**	-	**(30,000)**	-
Foreign currency exchange differences	**10,113**	(37,877)	**27,439**	(97,020)
	10,113	(37,877)	**(2,561)**	(97,020)

	30 September 2018	*(Audited) 31 December 2017*	*30 September 2017*
	KD	*KD*	*KD*
Interim condensed consolidated statement of financial position:			
Amounts due to a related party *	-	28,645	-

*Amounts due to related party do not carry any interest and are payable within one year from the reporting date.

8 ANNUAL GENERAL MEETING

The Annual General Assembly of the shareholders of the Parent Company held on 6 March 2018 approved the consolidated financial statements for the year ended 31 December 2017 and the distribution of cash dividends of 3 fils (2016: Nil) per share of KD 1,110,000 (2016: KD Nil) for shareholders registered on that date.

In addition, the Annual General Assembly of the shareholders of the Parent Company approved the payment of directors' fees of KD 30,000 for the year ended 31 December 2017 (2016: Nil).

9 CONTINGENT LIABILITIES

The Group has contingent liabilities representing a letter of guarantee amounting to KD Nil (31 December 2017: KD 4,063,020 and 30 September 2017: KD 4,062,120) and from which it is anticipated that no material liability will arise.

10 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services, and has two reportable operating segments as follows:

- Real Estate management comprises investment and trading in real estate and construction or development of real estate for the sale in the ordinary course of business and the provision of other related real estate services.
- Investment management comprises participation in financial and real estate funds and managing the Group's liquidity requirements.
- Other comprises other activities rather than real estate and investment activities.

	Nine months ended 30 September 2018				*Nine months ended 30 September 2017*			
	Real estate activities KD	***Investment activities KD***	***Others KD***	***Total KD***	*Real estate activities KD*	*Investment activities KD*	*Others KD*	*Total KD*
Segment revenue	**3,130,982**	**-**	**-**	**3,130,982**	2,732,440	-	-	2,732,440
Segment results	**1,656,422**	**-**	**-**	**1,656,422**	1,551,781	-	-	1,551,781
Net loss on sale of inventory properties	**(16,280)**	**-**	**-**	**(16,280)**	(73,557)	-	-	(73,557)
Share of result from an associate	**-**	**(141,048)**	**-**	**(141,048)**	-	(217,402)	-	(217,402)
Other income	**-**	**-**	**5,212**	**5,212**	-	-	1,449	1,449
Unallocated expenses – net	**-**	**-**	**(700,370)**	**(700,370)**	-	-	(907,238)	(907,238)
Result – profit (loss)	**1,640,142**	**(141,048)**	**(695,158)**	**803,936**	1,478,224	(217,402)	(905,789)	355,033

	30 September 2018				*31 December 2017 (Audited)*				*30 September 2017*			
	Real estate activities KD	***Investment activities KD***	***Others KD***	***Total KD***	*Real estate activities KD*	*Investment activities KD*	*Others KD*	*Total KD*	*Real estate activities KD*	*Investment activities KD*	*Others KD*	*Total KD*
Total assets	**64,804,873**	**6,290,729**	**25,614**	**71,121,216**	63,433,265	6,123,656	13,492	69,570,413	59,948,111	5,664,065	14,818	65,626,994
Total liabilities	**31,751,078**	**-**	**761,495**	**32,512,573**	29,887,779	-	816,630	30,704,409	26,323,090	-	783,870	27,106,960

11 IFRS 9 TRANSITION DISCLOSURES

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets as at 1 January 2018.

2018	*Original classification under IAS 39*	*New classification under IFRS 9*	*Original carrying amount under IAS* *KD*	*Re-measurement ECL / reclassification* *KD*	*New carrying amount under IFRS 9* *KD*
Financial assets					
Bank balances and cash	Amortised cost	Amortised cost	618,861	-	618,861
Accounts receivable	Amortised cost	Amortised cost	995,875	-	995,875
Financial liabilities					
Accounts payable and accruals	Amortised cost	Amortised cost	1,541,003	-	1,541,003
Islamic financing payables	Amortised cost	Amortised cost	30,971,570	-	30,971,570