

**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, 2020
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

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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 September 30, 2020 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the 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

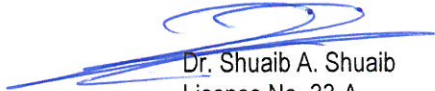
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

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, 2020 that might have had a material effect on the Group's financial position or results of its operations.

Furthermore, during our review we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority and its related regulations during the nine months period ended September 30, 2020 that might have had a material effect on the Group's financial position or results of its operations.

State of Kuwait
November 4, 2020

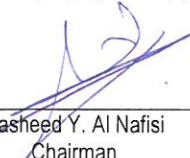



Dr. Shuaib A. Shuaib
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RSM Albazie & Co.

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

	Note	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
ASSETS				
Current assets:				
Cash and cash equivalent	3	12,712,112	9,902,507	6,231,961
Financial assets at fair value through profit or loss "FVTPL"		741,092	826,000	887,371
Accounts receivable and other debit balances		11,744,515	14,607,937	9,746,172
Properties held for trading		7,754,160	17,079,258	34,848,630
Total current assets		32,951,879	42,415,702	51,714,134
Non-current assets:				
Financial assets at fair value through other comprehensive income "FVTOCI"	4	11,601,130	3,115,718	3,842,585
Investment in an associate	5	-	9,859,742	9,865,590
Investment properties		171,170,604	171,152,381	163,988,579
Property and equipment		380,915	540,684	986,452
Goodwill		2,254,210	2,254,210	2,254,210
Total non-current assets		185,406,859	186,922,735	180,937,416
Total assets		218,358,738	229,338,437	232,651,550
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable and other credit balances		6,952,839	8,945,123	10,803,502
Advances from customers		504,276	668,820	4,366,905
Lease liabilities		1,152,628	1,027,062	611,641
Islamic bank facilities		9,043,039	5,314,744	6,926,384
Term loans	6	5,309,442	1,960,726	1,239,936
Total current liabilities		22,962,224	17,916,475	23,948,368
Non-current liabilities:				
Accounts payable and other credit balances		7,329,342	6,827,032	6,401,722
Lease liabilities		11,865,322	12,922,160	9,618,338
Islamic bank facilities		89,606,579	91,868,247	86,182,898
Term loans	6	-	5,404,019	6,074,037
Employees' end of service benefits		1,538,028	1,424,854	1,395,432
Total non-current liabilities		110,339,271	118,446,312	109,672,427
Total liabilities		133,301,495	136,362,787	133,620,795
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	7	(18,819,349)	(19,288,845)	(19,288,845)
Statutory reserve		14,469,647	14,469,647	14,469,647
Fair value reserve		(4,422,597)	(3,293,389)	(2,558,697)
Employees' share option plan		62,178	237,109	212,639
Other reserves		731,986	731,986	731,986
Foreign currency translation reserve		(10,009,879)	(8,472,837)	(7,851,298)
(Accumulated loss) Retained earnings		(523,796)	5,020,551	9,882,680
Equity attributable to shareholders of Parent Company		71,971,479	79,887,511	86,081,401
Non-controlling interests		13,085,764	13,088,139	12,949,354
Total equity		85,057,243	92,975,650	99,030,755
Total liabilities and equity		218,358,738	229,338,437	232,651,550

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, 2020

(All amounts are in Kuwaiti Dinars)

	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2020	2019	2020	2019
Revenue:					
Revenue from sale of properties held for trading		410,319	2,826,720	9,416,388	6,920,235
Rental income		2,203,973	2,286,414	6,865,639	6,330,679
Net management fees and commission income		43,847	36,869	223,505	54,677
Total revenue		<u>2,658,139</u>	<u>5,150,003</u>	<u>16,505,532</u>	<u>13,305,591</u>
Costs:					
Cost of sale of properties held for trading		(361,261)	(3,829,582)	(9,029,051)	(7,102,038)
Cost of rental		(525,250)	(446,425)	(1,429,662)	(1,179,864)
Total costs		<u>(886,511)</u>	<u>(4,276,007)</u>	<u>(10,458,713)</u>	<u>(8,281,902)</u>
Gross profit		1,771,628	873,996	6,046,819	5,023,689
Impairment loss for lands and properties held for trading		-	(2,471,338)	(280,997)	(2,471,338)
Change in fair value of investment properties		-	48,293	(2,068,356)	54,948
Share of results from an associate	5	-	45,228	(474,452)	79,132
Share of results from joint venture		-	-	-	587,869
Selling and marketing expenses		(18,551)	(70,703)	(90,923)	(328,098)
General and administrative expenses		(916,081)	(946,055)	(2,689,787)	(2,876,118)
Operating profit (loss)		836,996	(2,520,579)	442,304	70,084
Net (loss) profit of financial assets		(15,689)	(20,411)	38,931	501,578
The effect of reclassification of an associate to financial assets at FVOCI	5	172,194	-	172,194	-
Net other (expenses) income	8	(22,450)	(1,011,324)	(1,380,321)	(324,900)
Amortization of finance costs related to lease liabilities		(163,407)	(151,081)	(498,728)	(151,081)
Finance costs		(1,080,453)	(1,316,028)	(3,995,213)	(3,892,024)
Loss for the period before contribution National Labour Support Tax (NLST)		(272,809)	(5,019,423)	(5,220,833)	(3,796,343)
NLST		-	7,859	-	-
Net loss for the period		<u>(272,809)</u>	<u>(5,011,564)</u>	<u>(5,220,833)</u>	<u>(3,796,343)</u>
Attributable to:					
Shareholders of the Parent Company		(317,142)	(5,028,200)	(5,266,738)	(3,906,458)
Non-controlling interests		44,333	16,636	45,905	110,115
Net loss for the period		<u>(272,809)</u>	<u>(5,011,564)</u>	<u>(5,220,833)</u>	<u>(3,796,343)</u>
Loss per share:					
Basic- attributable to shareholders of the parent company – Fils	9	<u>(0.50)</u>	<u>(8.02)</u>	<u>(8.39)</u>	<u>(6.23)</u>
Diluted - attributable to shareholders of the parent company – Fils	9	<u>(0.50)</u>	<u>(7.99)</u>	<u>(8.38)</u>	<u>(6.21)</u>

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, 2020
(All amounts are in Kuwaiti Dinars)

	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2020	2019	2020	2019
Net loss for the period		(272,809)	(5,011,564)	(5,220,833)	(3,796,343)
Other comprehensive loss:					
<u>Items that may be reclassified subsequently to interim condensed consolidated statement of profit or loss:</u>					
Share of foreign currency translation adjustments from associate	5	(17,058)	(31,703)	116,638	(31,663)
Foreign currency translation adjustments		(1,365,029)	266,820	(1,642,458)	(459,088)
<u>Items that would not be reclassified subsequently to interim condensed consolidated statement of profit or loss:</u>					
Share of change in fair value of financial assets through other comprehensive income from associate	5	60,960	(51)	61,411	(34,529)
Change in fair value of financial assets through other comprehensive income		(47,498)	(273,563)	(1,250,121)	(844,060)
Other comprehensive loss for the period		(1,368,625)	(38,497)	(2,714,530)	(1,369,340)
Total comprehensive loss for the period		(1,641,434)	(5,050,061)	(7,935,363)	(5,165,683)
Attributable to:					
Shareholders of the parent company		(1,638,992)	(5,053,869)	(7,932,988)	(5,280,009)
Non-controlling interests		(2,442)	3,808	(2,375)	114,326
		(1,641,434)	(5,050,061)	(7,935,363)	(5,165,683)

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, 2020
 (All amounts are in Kuwaiti Dinars)

Attributable to shareholders of the Parent Company

	Share Capital	Share premium	Treasury Shares	Statutory reserve	Voluntary Reserve	Fair value reserve	Employees' share option plan	Other reserves	Foreign currency translation reserve	(Accumulated loss) Retained earnings	Sub-total	Non-controlling interests	Total
Balance as at January 1, 2020	68,827,896	21,655,393	(19,288,845)	14,469,647	-	(3,293,389)	237,109	731,986	(8,472,837)	5,020,551	79,887,511	13,088,139	92,975,650
Net (loss) profit for the period	-	-	-	-	-	-	-	-	-	(5,266,738)	(5,266,738)	45,905	(5,220,833)
Other comprehensive loss for the period	-	-	-	-	-	(1,129,208)	-	-	(1,537,042)	-	(2,666,250)	(48,280)	(2,714,530)
Total comprehensive loss for the period	-	-	-	-	-	(1,129,208)	-	-	(1,537,042)	(5,266,738)	(7,932,988)	(2,375)	(7,935,363)
Employees' share based payment	-	-	-	-	-	-	16,956	-	-	-	16,956	-	16,956
Employee share options exercised	-	-	469,496	-	-	-	(191,887)	-	-	(277,609)	-	-	-
Balance as at September 30, 2020	68,827,896	21,655,393	(18,819,349)	14,469,647	-	(4,422,597)	62,178	731,986	(10,009,879)	(523,796)	71,971,479	13,085,764	85,057,243
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
Net (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 of voluntary reserve to retained earnings (Note 12)	-	-	-	-	(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

The accompanying notes from (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 CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020
(All amounts are in Kuwaiti Dinars)

	Notes	For the nine months ended September 30	
		2020	2019
Cash flows from operating activities:			
Loss for the period before NLST		(5,220,833)	(3,796,343)
Adjustments for:			
Allowance for expected credit losses		2,227,338	357,594
Allowance for expected credit losses no longer required		(780)	(887,121)
Impairment loss on properties held for trading		280,997	2,471,338
Net profit of financial assets		(38,931)	(501,578)
Share of results from an associate		474,452	(79,132)
The effect of reclassification of an associate to financial assets at FVTOCI		(172,194)	-
Share of results from a joint venture		-	(587,869)
Change in fair value of investment properties		2,068,356	(54,948)
Finance income		(83,490)	-
Depreciation		128,251	124,892
Amortization of finance costs related to lease liabilities		498,728	151,081
Finance costs		3,995,213	3,892,024
Provision for employees' stock option plan		16,956	73,410
Provision for employees' end of service benefits		143,683	134,914
		<u>4,317,746</u>	<u>1,298,262</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		706,300	1,154,888
Properties held for trading		5,858,531	(147,597)
Accounts payable and other credit balances		(2,800,644)	(1,306,125)
Advances from customers		(161,510)	3,163,560
Cash flows generated from operations		<u>7,920,423</u>	<u>4,162,988</u>
Employees' end of service benefits paid		(31,300)	(56,059)
Net cash flows generated from operating activities		<u>7,889,123</u>	<u>4,106,929</u>
Cash flows from investing activities:			
Net movement in restricted cash balances		2,394,358	2,664
Proceeds from sale of financial Assets at FVTPL		-	69,003
Paid for investment properties		(413,098)	(780,665)
Paid for property and equipment		(35,727)	-
Finance income received		83,490	-
Cash Dividend received		85,050	820,821
Net cash flows generated from investing activities		<u>2,114,073</u>	<u>111,823</u>
Cash flows from financing activities:			
Net movement in term loans		(1,754,297)	(1,357,592)
Net movement in Islamic bank facilities		1,378,586	1,421,255
Lease liabilities paid		(1,430,000)	(1,227,059)
Dividend paid		-	(35,149)
Finance costs paid		(2,715,190)	(3,892,024)
Net cash flows used in financing activities		<u>(4,520,901)</u>	<u>(5,090,569)</u>
Net increase (Decrease) in cash and cash equivalent		<u>5,482,295</u>	<u>(871,817)</u>
Impact of acquisition of subsidiary		-	19,760
Foreign currency translation adjustments		(278,332)	(82,751)
Cash and cash equivalent at the beginning of the period	3	<u>6,984,204</u>	<u>7,092,324</u>
Cash and cash equivalent at the end of the period	3	<u>12,188,167</u>	<u>6,157,516</u>

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
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2020
(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

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

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

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

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

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

The interim condensed consolidated financial information was authorized for issue by the Board of Directors on November 4, 2020.

2. Basis of presentation

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

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial information of the Group.

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

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

3. Cash and cash equivalent

	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Cash in hand and at banks	3,706,918	4,892,096	6,212,618
Short term bank deposit (a)	9,000,000	5,000,000	-
Cash in portfolios	5,194	10,411	19,343
	12,712,112	9,902,507	6,231,961
Less: Restricted bank balances (b)	(523,945)	(2,918,303)	(74,445)
Cash and cash equivalent in consolidation statement of cash flow	12,188,167	6,984,204	6,157,516

- a) The average effective annual profit rate on short term bank deposits is from 1% to 1.125% (December 31, 2019 - 2.94%) per annum. This deposit has contractual maturity of less than 90 days.
- b) Restricted bank balances represent escrow accounts restricted for receiving and making payments for specific construction activities and as collateral for some bank facilities of the Group, which may not be available for use within 90 days.

4. Financial assets at fair value through other comprehensive income

	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Unquoted equity securities (Note 5-a)	9,735,533	-	714,551
Portfolios	1,865,597	3,115,718	3,128,034
	11,601,130	3,115,718	3,842,585

Unquoted equity securities amounting to KD 9,735,533 as at September 30, 2020 are pledged as collateral against Islamic bank facilities.

5. Investment in an associate

The movement during the period / year was as follows:

	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Balance at the beginning of the period / year	9,859,742	9,852,650	9,852,650
Share of results from associate	(474,452)	46,490	79,132
Share of associate's other comprehensive income (loss)	178,049	(39,398)	(66,192)
The effect of reclassification of an associate to financial assets at FVOCI (a)	172,194	-	-
Transferred to financial assets at FVOCI (a)	(9,735,533)	-	-
Balance at the end of the period / year	-	9,859,742	9,865,590

- a) During the period ended September 30, 2020, the group transferred its investment in First Qatar Real Estate Development Company – K.S.C. (Closed) (associate company) to investment at fair value through other comprehensive income (Note 4), as the group lost its the significant influence for this investment and accordingly, the group had valued this investment as on the date of losing its significant influence, which had resulted in a gain amounting to KD 172,194 that was recognized in the interim condensed consolidated statement of profit or loss.

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

(All amounts are in Kuwaiti Dinars)

6. Term loans

Term loans represent loans from a foreign bank that carry an interest rate of 5.6% (December 31, 2019 - ranging from 5.6% to 16.48%, September 30, 2019 - ranging from 5.6% to 16.48%) annually.

Subsequent to the interim condensed consolidated financial information date, the Group made a full early settlement for the outstanding balances of term loans, for which the related accounting impact will be reflected in the annual consolidated financial statements as of December 31, 2020.

7. Treasury shares

	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Number of shares	59,331,584	60,811,741	60,811,741
Percentage of issued shares (%)	8.62	8.84	8.84
Market value (KD)	3,215,772	3,575,730	3,344,646
Cost (KD)	18,819,349	19,288,845	19,288,845

The Parent Company's management has allotted an amount equal to treasury shares balance from reserves as of September 30, 2020. Such amount will not be available for distribution during treasury shares holding period.

8. Net other (expenses) income

During the period ended September 30, 2020 a lawsuit was filed by two subsidiaries of the Group before the courts of Dubai in United Arab Emirates (UAE) with total claim amounting to AED 57,876,880 (equivalent to KD 4,817,781) representing the reported balances in the Group's records as of May 31, 2020 against some investors for developing real estate projects in Dubai, UAE in addition to claiming an estimated additional compensation including opportunity cost, extensive duplicated effort and punitive damages with a total amount of AED 87,977,030 (equivalent to KD 7,323,374), in addition to the legal interest to be calculated on the claim at 9% from the date of filing the lawsuit till the full settlement date, as well as the payment of fees, expenses and attorney fees.

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

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9. Basic and diluted loss per share

Basic loss per share:

The information necessary to calculate basic loss 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,	
	2020	2019	2020	2019
Loss for the period attributable to equity holders of the Parent Company	<u>(317,142)</u>	<u>(5,028,200)</u>	<u>(5,266,738)</u>	<u>(3,906,458)</u>
<u>Number of shares outstanding:</u>				
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	<u>(59,637,269)</u>	<u>(61,094,482)</u>	<u>(60,417,393)</u>	<u>(61,094,482)</u>
Weighted average number of shares outstanding	<u>628,641,687</u>	<u>627,184,474</u>	<u>627,861,563</u>	<u>627,184,474</u>
Basic loss per share (Fils)	<u>(0.50)</u>	<u>(8.02)</u>	<u>(8.39)</u>	<u>(6.23)</u>

Diluted loss per share:

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

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Loss for the period attributable to equity holders of the Parent Company	<u>(317,142)</u>	<u>(5,028,200)</u>	<u>(5,266,738)</u>	<u>(3,906,458)</u>
<u>Weighted average shares adjusted for dilution effect:</u>				
Weighted average number of shares outstanding used in calculating basic earnings per share	628,641,687	627,184,474	627,861,563	627,184,474
Adjustment for share options	<u>606,843</u>	<u>2,087,000</u>	<u>606,843</u>	<u>2,087,000</u>
Weighted average number of shares for diluted earnings per share	<u>629,248,530</u>	<u>629,271,474</u>	<u>628,468,406</u>	<u>629,271,474</u>
Diluted loss per share (Fils)	<u>(0.50)</u>	<u>(7.99)</u>	<u>(8.38)</u>	<u>(6.21)</u>

10. Related party disclosures

The Group has entered into various transactions with related parties, i.e. key management personnel, 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:

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Interim condensed consolidated statement of financial position:

	Key management personnel	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Accounts receivable and other debit balances	904	904	-	-
Lease liabilities	4,014,965	4,014,965	-	-

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

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

	Key management personnel	For the nine months ended September 30, September 30, 2020	September 30, 2019
Amortization of finance costs related to lease liabilities	152,029	152,029	-

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

	September 30, 2020
Lease liability within one year	540,000
Remaining liability till end of lease term	4,428,000
Total lease liability	4,968,000
Less: Unamortized future finance charge	(953,035)
Present value of minimum lease payments	4,014,965

Compensation to key management personnel:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Short term benefits	155,900	135,579	467,698	406,736
Terminal benefits	16,251	13,471	48,753	40,414
	172,151	149,050	516,451	447,150

During the period ended September 30, 2020, the Parent Company has recognized an expense amounting to KD 16,956 (September 30, 2019 - KD 73,410) relating to equity-settled share-based payment transactions to its employees. During the period ended September 30, 2020, some employees exercised their share options with 1,480,157 shares, and these shares were issued from treasury shares held with the Group.

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11. Segment information

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

	Nine month period ended September 30, 2020					Nine month period ended September 30, 2019						
	Kuwait	UAE	KSA	Turkey	Others	Total	Kuwait	UAE	KSA	Turkey	Others	Total
Segment revenue	4,084,951	9,461,662	675,878	1,782,473	500,568	16,505,532	3,547,125	7,386,989	664,625	737,523	969,329	13,305,591
Segment profit (loss)	(3,058,933)	(325,400)	(58,601)	(1,316,431)	(461,468)	(5,220,833)	1,241,268	(4,566,662)	232,612	(647,747)	(55,814)	(3,796,343)
	As at September 30, 2020											
Total segment assets	99,073,534	77,020,915	15,896,593	9,855,287	16,512,409	218,358,738	109,090,484	72,541,394	15,799,024	15,541,710	19,678,938	232,651,550
Total segment liabilities	112,868,803	9,810,251	307,019	5,556,773	4,758,649	133,301,495	98,893,806	18,308,844	330,368	8,944,092	7,143,685	133,620,795
	As at December 31, 2019 (Audited)											
Total segment assets	97,354,640	82,815,310	15,803,922	14,053,919	19,310,646	229,338,437	19,310,646	229,338,437				
Total segment liabilities	108,545,643	12,592,755	288,640	7,836,710	7,099,039	136,362,787	7,099,039	136,362,787				

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12. Annual General Assembly

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

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

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, 2020	December 31, 2019 (Audited)	September 30, 2019
Properties held for trading under construction	-	-	478,941

14. Fair value measurement

The Group financial assets such as financial assets at FVPL and financial assets at FVOCI and non-financial assets such as investment properties at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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, 2020		
	Level 1	Level 3	Total
Financial assets at fair value through profit or loss	38,517	702,575	741,092
Financial assets at fair value through other comprehensive income	-	11,601,130	11,601,130
	<u>38,517</u>	<u>12,303,705</u>	<u>12,342,222</u>
	December 31, 2019 (Audited)		
	Level 1	Level 3	Total
Financial assets at fair value through profit or loss	48,147	777,853	826,000
Financial assets at fair value through other comprehensive income	-	3,115,718	3,115,718
	<u>48,147</u>	<u>3,893,571</u>	<u>3,941,718</u>

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	September 30, 2019		
	Level 1	Level 3	Total
Financial assets at fair value through profit or loss	-	887,371	887,371
Financial assets at fair value through other comprehensive income	-	3,842,585	3,842,585
	-	4,729,956	4,729,956

Non-financial assets

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

	September 30, 2020		
	Level 2	Level 3	Total
Investment properties	27,701,988	143,468,616	171,170,604

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

	September 30, 2019		
	Level 2	Level 3	Total
Investment properties	22,592,623	141,395,956	163,988,579

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

15. **Significant events**

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

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

- **Impairment of non-financial assets**
The Group had considered impairment indicators arising and significant uncertainties around its investment properties and properties held for trading, and had performed valuation exercise through accredited independent valuers to test its investment properties and properties held for trading for any impairment, which had resulted in losses from the change in fair value of investment properties and impairment for properties held for trading amounting to KD 2,068,356 and KD 280,997 respectively.
- **Expected Credit Losses ("ECL")**
Local and foreign financial markets have exhibited a significant downturn and volatility. The Group had applied assumptions and estimates on the existing ECL model by applying probability weighted scenarios on the relevant macroeconomics factors relative to the economic climate of the respective markets in which it operates, which had resulted in incurring an allowance for expected credit loss amounting to KD 897,516.
- **Fair value of quoted and unquoted financial assets**
Local and foreign financial markets have exhibited a significant downturn and volatility, resulting in the decline in fair value of quoted and unquoted equity investments held by the Group classified as "FVTPL" and "FVOCI" amounting to KD 84,908 and KD 1,250,121 respectively.

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- **Investment in an associate**
Local and foreign financial markets have exhibited a significant downturn and volatility, which impacted the markets where the associate operates and had resulted in losses from the share of associate's results during the period, but the Group had concluded that there are no indication for impairment in its investment in associate due to the quality of the associate's assets and its solid financial position which remains significantly unaffected and unchanged since December 31, 2019. During the period ended September 30, 2020, the group lost significant influence on the group's investment in First Qatar Real Estate Development Company – K.S.C.(Closed) Accordingly the investment was evaluated and classified into financial assets at FVOCI (Note 5).
- **Going concern**
The Group has performed an assessment on its ability to continue as a going concern in light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared to cover the Group's future performance, capital and liquidity requirements. The impact of Covid-19 may continue to evolve, but currently, the projections show that the Group has the required resources to continue in operations on a going concern, such position that remains significantly unaffected and unchanged since December 31, 2019. As a result, this interim condensed consolidated financial information has been prepared on a going concern basis.

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