

**Injazzat Real Estate Development
Company K.S.C.P. and Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

31 MARCH 2019 (UNAUDITED)



Building a better
working world

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Injazzat Real Estate Development Company K.S.C.P. (the “Parent Company”) and its Subsidiaries (collectively the “Group”) as at 31 March 2019 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for the three-month 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 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, “Interim Financial Reporting”.

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 accounts 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, as amended, have occurred during the three-month period ended 31 March 2019 that might have had a material effect on the business of the Parent Company or on its financial position.

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

ANWAR Y. AL-QATAMI, F.C.C.A.
(LICENCE NO. 50-A)
GRANT THORNTON
AL-QATAMI, AL-AIBAN & PARTNERS

23 April 2019
Kuwait

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
 (UNAUDITED)

For the three months ended 31 March 2019

	Notes	Three months ended 31 March	
		2019 KD	2018 KD
INCOME			
Rental income		864,477	1,141,283
Gain on sale of financial assets at fair value through profit or loss		1,201,487	598,927
Distribution income from financial assets at fair value through profit or loss		55,631	178,813
Management fees		15,618	216,802
Share of results of associates	5	261,438	249,600
Other income		97,159	30,121
Net foreign exchange differences		42,655	(111,482)
		<u>2,538,465</u>	<u>2,304,064</u>
EXPENSES			
Real estate operating costs		(366,610)	(226,730)
Staff costs		(179,951)	(171,949)
Depreciation		(33,099)	(3,005)
Administrative expenses		(87,367)	(89,290)
Consultancy and professional fees		(28,497)	(26,291)
Finance costs		(553,458)	(599,791)
		<u>(1,248,982)</u>	<u>(1,117,056)</u>
Profit for the period before tax		1,289,483	1,187,008
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(11,642)	(10,298)
National Labour Support Tax (NLST)		(32,838)	(28,428)
Zakat		(13,135)	(11,371)
PROFIT FOR THE PERIOD		1,231,868	1,136,911
Attributable to:			
Equity holders of the Parent Company		1,232,132	1,094,139
Non-controlling interests		(264)	42,772
PROFIT FOR THE PERIOD		1,231,868	1,136,911
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	3	3.66 Fils	3.24 Fils

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

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT COMPREHENSIVE INCOME
 (UNAUDITED)

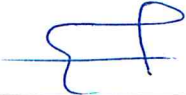
For the three months ended 31 March 2019

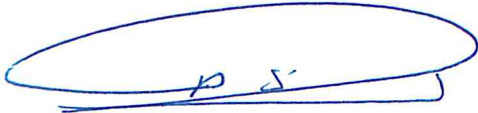
	<i>Three months ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	1,231,868	1,136,911
Other comprehensive income		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Net exchange differences on translation of foreign operations	6,125	17,836
Other comprehensive income for the period	6,125	17,836
Total comprehensive income for the period	1,237,993	1,154,747
Total comprehensive income attributable to:		
Equity holders of the Parent Company	1,238,257	1,111,975
Non-controlling interests	(264)	42,772
Total comprehensive income for the period	1,237,993	1,154,747

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

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 (UNAUDITED)
 As at 31 March 2019

		(Audited)	
	Notes	31 March 2019 KD	31 December 2018 KD
		31 March 2018 KD	
ASSETS			
Cash and bank balances		5,435,346	6,571,267
Accounts receivable and other assets		7,964,740	6,261,915
Financial assets at fair value through profit or loss		8,710,627	9,721,768
Investment properties	4	66,229,877	64,487,981
Investment in associates	5	24,200,917	24,230,450
Property and equipment		565,135	91,408
TOTAL ASSETS		113,106,642	111,364,789
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6.a	34,564,860	34,564,860
Share premium		2,869,130	2,869,130
Statutory reserve		8,842,498	8,842,498
Voluntary reserve		4,421,250	4,421,250
Treasury shares	6.b	(922,378)	(922,378)
Treasury shares reserve		4,396,905	4,396,905
Foreign currency translation reserve		1,462,026	1,455,901
Fair value reserve		(712,709)	(712,709)
Retained earnings		5,546,117	6,670,223
Equity attributable to equity holders of the Parent Company		60,467,699	61,585,680
Non-controlling interests		84,984	85,248
Total equity		60,552,683	61,670,928
LIABILITIES			
Accounts payable and other liabilities		12,586,800	9,726,702
Bank loan	8	39,967,159	39,967,159
Total liabilities		52,553,959	49,693,861
TOTAL EQUITY AND LIABILITIES		113,106,642	111,364,789


 Faisal Fahad Al-Shaya
 Chairman


 Mohammad Ibrahim Al-Farhan
 Chief Executive Officer

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

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the three months ended 31 March 2019

Attributable to equity holders of the Parent Company

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total KD
As 1 January 2019 (Audited)	34,564,860	2,869,130	8,842,498	4,421,250	(922,378)	4,396,905	1,455,901	(712,709)	6,670,223	61,585,680	85,248	61,670,928
Profit for the period	-	-	-	-	-	-	-	-	1,232,132	1,232,132	(264)	1,231,868
Other comprehensive income for the period	-	-	-	-	-	-	6,125	-	-	6,125	-	6,125
Total comprehensive income for the period	-	-	-	-	-	-	6,125	-	1,232,132	1,238,257	(264)	1,237,993
Cash dividend (Note 7)	-	-	-	-	-	-	-	-	(2,356,238)	(2,356,238)	-	(2,356,238)
At 31 March 2019	34,564,860	2,869,130	8,842,498	4,421,250	(922,378)	4,396,905	1,462,026	(712,709)	5,546,117	60,467,699	84,984	60,552,683

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

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2019

	<i>Attributable to equity holders of the Parent Company</i>											
	<i>Share capital</i> KD	<i>Share premium</i> KD	<i>Statutory reserve</i> KD	<i>Voluntary reserve</i> KD	<i>Treasury shares</i> KD	<i>Treasury shares reserve</i> KD	<i>Foreign currency translation reserve</i> KD	<i>Fair value reserve</i> KD	<i>Retained earnings</i> KD	<i>Sub-total</i> KD	<i>Non-controlling interests</i> KD	<i>Total</i> KD
At 1 January 2018 (Audited)	34,564,860	2,869,130	8,411,283	4,205,643	(865,740)	4,396,905	1,428,306	100,614	4,890,904	60,001,905	2,772,053	62,773,958
Transition adjustment on adoption of IFRS 9 at 1 January 2018	-	-	-	-	-	-	-	(100,614)	100,614	-	-	-
At 1 January 2018 (restated)	34,564,860	2,869,130	8,411,283	4,205,643	(865,740)	4,396,905	1,428,306	-	4,991,518	60,001,905	2,772,053	62,773,958
Profit for the period	-	-	-	-	-	-	-	-	1,094,139	1,094,139	42,772	1,136,911
Other comprehensive income for the period	-	-	-	-	-	-	17,836	-	-	17,836	-	17,836
Total comprehensive income for the period	-	-	-	-	-	-	17,836	-	1,094,139	1,111,975	42,772	1,154,747
Purchase of treasury shares	-	-	-	-	(56,638)	-	-	-	-	(56,638)	-	(56,638)
Cash dividend (Note 7)	-	-	-	-	-	-	-	-	(2,019,633)	(2,019,633)	-	(2,019,633)
As at 31 March 2018	34,564,860	2,869,130	8,411,283	4,205,643	(922,378)	4,396,905	1,446,142	-	4,066,024	59,037,609	2,814,825	61,852,434

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

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (UNAUDITED)

For the three months ended 31 March 2019

		<i>Three months ended 31 March</i>	
	<i>Notes</i>	<i>2019</i> <i>KD</i>	<i>2018</i> <i>KD</i>
OPERATING ACTIVITIES			
Profit for the period before tax		1,289,483	1,187,008
<i>Adjustments to reconcile profit for the period before tax to net cash flows:</i>			
Gain on sale of financial assets at fair value through profit or loss		(1,201,487)	(598,927)
Distribution income from financial assets at fair value through profit or loss		(55,631)	(178,813)
Share of results of associates	5	(261,438)	(249,600)
Depreciation		33,099	3,005
Interest income		(72,737)	(50,635)
Finance costs		553,458	599,791
		<u>284,747</u>	<u>711,829</u>
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		510,589	(230,143)
Accounts payable and other liabilities		(221,714)	(260,104)
Net cash from operating activities		<u>573,622</u>	<u>221,582</u>
INVESTING ACTIVITIES			
Additions to property and equipment		(7,021)	(661)
Proceeds from redemption of financial assets at fair value through profit or loss		68,101	77,271
Proceeds from sale of financial assets at fair value through profit or loss		-	1,784,603
Purchase of financial assets at fair value through profit or loss		(68,887)	-
Capital expenditure incurred on investment properties	4	(1,741,896)	(735,780)
Dividends received from associates	5	374,615	370,144
Purchase of investment in associates	5	(182,740)	(46,267)
Proceeds from capital redemption of investment in associates	5	80,041	314,260
Distribution income received from financial assets at fair value through profit or loss		55,631	178,813
Interest income received		72,737	50,635
Net cash (used in) from investing activities		<u>(1,349,419)</u>	<u>1,993,018</u>
FINANCING ACTIVITIES			
Dividends paid to equity holders of the Parent Company		(358,549)	-
Finance costs paid		(1,575)	(28,703)
Purchase of treasury shares		-	(56,638)
Net cash used in financing activities		<u>(360,124)</u>	<u>(85,341)</u>
NET (DECREASE) INCREASE IN CASH AND BANK BALANCES		<u>(1,135,921)</u>	<u>2,129,259</u>
Cash and bank balances at 1 January		6,571,267	6,032,705
CASH AND BANK BALANCES AT 31 MARCH		<u>5,435,346</u>	<u>8,161,964</u>
NON-CASH ITEMS			
Transitional adjustment to trade and other payables on adoption of IFRS 16 (Adjusted with accounts payable and other liabilities)		499,805	-
Transitional adjustment to property and equipment on adoption of IFRS 16 (Adjusted with additions to property and equipment)		(499,805)	-
		<u>-</u>	<u>-</u>

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

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Injazaat Real Estate Development Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2019 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 23 April 2019.

The Parent Company is a Kuwaiti shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded on Boursa Kuwait. The Parent Company's registered office is PO Box 970, Safat 13010, State of Kuwait.

The Parent Company's principal objectives comprise the following:

- Ownership, purchasing, sale and development of all kinds of investment properties with exception to residential properties inside and outside the state of Kuwait for the benefit of the Parent Company and on the behalf of others.
- Ownership and sale of financial assets, bonds relating to real estate companies for the benefit of the Parent Company alone inside and outside the State of Kuwait.
- Preparation and delivery of studies relating to real estate activities.
- Maintenance activities relating to the properties owned by the Parent Company including civil, mechanical, electrical works and all required works to sustain the state of the properties.
- Organisation of real estate conventions relating to the Parent Company's projects in accordance with the regulations set out by the Ministry of Commerce.
- Hosting auctions.
- Ownership of malls and residential complexes and managing them.
- Ownership of hotels, health clubs, tourism related facilities and leasing and releasing them.
- Management, operating and leasing all types of investment properties.
- Establishment and management of real estate investment funds.
- It is permitted for the Parent Company to invest in managed funds managed by specialised managers.

The Parent Company is authorised to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the Parent Company in achieving its objectives whether in Kuwait or abroad. The Parent Company has the right to establish, participate in or acquire such institutions.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the three months ended 31 March 2019 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018.

In addition, results for the three months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has applied, for the first time, IFRS 16 'Leases'. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an material impact on the interim condensed consolidated financial information of the Group.

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
 (UNAUDITED)

As at and for the period ended 31 March 2019

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
 (continued)**

2.2 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 'Leases'

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	<i>KD</i>
Assets	
Right-of-use assets (included under property and equipment)	499,805
	<u> </u>
Liabilities	
Lease liabilities (included under accounts payable and other liabilities)	499,805
	<u> </u>

a) Nature of the effect of adoption of IFRS 16

Before the adoption of IFRS 16, the Group classified its leases (as lessee) at the inception date as operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other assets and other liabilities, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

As at and for the period ended 31 March 2019

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(continued)**

2.2 New standards, interpretations and amendments adopted by the Group (continued)

b) Summary of new accounting policies (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the borrowing rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of finance cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below KD 1,500). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional periods. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

c) Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

Depreciation charge for right-of-use assets for the period amounts to KD 27,558 and is included in 'depreciation of property and equipment' in the interim condensed consolidated statement of profit or loss. Rent expenses included in 'administrative expenses' is lower to the extent of KD 31,122 during the period as a result of applying IFRS 16.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2019 did not have any material impact on the accounting policies, financial position or performance of the Group.

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

3 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<u>2019</u>	<u>2018</u>
Profit for the period attributable to the equity holders of the Parent Company (KD)	<u>1,232,132</u>	<u>1,094,139</u>
Weighted average number of the ordinary shares (excluding treasury shares) outstanding during the period (shares)	<u>336,605,457</u>	<u>336,883,355</u>
Basic and diluted EPS (fils)	<u>3.66</u>	<u>3.24</u>

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

4 INVESTMENT PROPERTIES

The movement in carrying value of investment properties is as follows:

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2019</i>	<i>31 December</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
At the beginning of the period/year	64,487,981	65,109,210	65,109,210
Capital expenditure on investment properties	1,741,896	6,799,630	735,780
Acquisitions of investments properties	-	4,783,503	-
Disposals	-	(11,936,545)	-
Change in fair value	-	(417,480)	-
Exchange difference	-	149,663	-
	<u>66,229,877</u>	<u>64,487,981</u>	<u>65,844,990</u>

- a) The fair value of investment properties was independently determined at 31 December 2018 by accredited independent valuers who are specialised in valuing such type of properties using a mix of income capitalization method and the market comparison approach considering the nature usage of each property. The valuation of the Group's investment properties is performed on an annual basis as management believes that there are no significant circumstances that have arisen during the period, which may have a significant impact on fair value.
- b) Investment properties with a carrying value of KD 29,545,124 (31 December 2018: KD 29,545,124 and 31 March 2018: KD 34,134,563) are pledged as security in order to fulfil collateral requirements of certain bank loans (Note 8)

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

5 INVESTMENT IN ASSOCIATES

The movement in investment in associates is as follows:

	<i>31 March</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>31 March</i> <i>2018</i> <i>KD</i>
At the beginning of the period / year	24,230,450	25,608,949	25,608,949
Additions	182,740	1,528,421	46,267
Return of capital	(80,041)	(4,533,264)	(314,260)
Share of profit	261,438	2,750,838	249,600
Share of other comprehensive income	-	(712,709)	-
Exchange differences	(19,055)	(40,754)	(28,531)
Dividends received	(374,615)	(371,031)	(370,144)
	24,200,917	24,230,450	25,191,881

As at 31 March 2019, investment in associates with a carrying value of KD 19,752,006 (31 December 2018: KD 19,741,741 and 31 March 2018: KD 16,661,709) are pledged as security in order to fulfil collateral requirements of certain bank loans (Note 8).

6 SHARE CAPITAL AND TREASURY SHARES

a) Share capital

At 31 March 2019, the authorised, issued and fully paid-up capital of the Parent Company comprised 345,648,600 (31 December 2018: 345,648,600 and 31 March 2018: 345,648,600) shares of 100 fils each. All shares are paid in cash.

b) Treasury shares

	<i>31 March</i> <i>2019</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i>	<i>31 March</i> <i>2018</i>
Number of treasury shares	9,043,143	9,043,143	9,043,143
Percentage of issued shares	2.62%	2.62%	2.62%
Cost of treasury shares (KD)	922,378	922,378	922,378
Market value of treasury shares (KD)	768,667	777,710	831,970

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares.

7 DIVIDENDS AND DIRECTORS' REMUNERATION

The annual general assembly meeting (AGM) of the shareholders of the Parent Company held on 6 March 2019 approved the consolidated financial statements for the year ended 31 December 2018 and directors' proposal to distribute cash dividend of 7 fils per share amounting of KD 2,356,238 for the year ended 31 December 2018 (31 December 2017: KD 2,019,633) and directors' remuneration of KD 105,000 (2017: KD 105,000) for the year then ended.

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
 (UNAUDITED)

As at and for the period ended 31 March 2019

8 BANK LOAN

		<i>Effective interest rate (EIR)</i>	<i>31 March 2019</i>	<i>(Audited) 31 December 2018</i>	<i>31 March 2018</i>
	<i>Currency</i>		<i>KD</i>	<i>KD</i>	<i>KD</i>
		CBK discount rate			
Secured bank loan	KD	+2.25% - 2.6%	39,967,159	39,967,159	45,367,159

The loans are due for repayment as follows:

	<i>31 March 2019</i>	<i>(Audited) 31 December 2018</i>	<i>31 March 2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Within one year	2,500,000	2,500,000	2,000,000
Over one year	37,467,159	37,467,159	43,367,159
	39,967,159	39,967,159	45,367,159

The loans are secured by certain investment properties and investments in associates (Notes 4 and 5). Bank loans are payable on various instalments ending on 15 July 2024.

9 RELATED PARTY DISCLOSURES

Related parties represent the major shareholders, associates, directors, entities under common control and key management personnel of the Group and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Parent Company's management.

The following table provides the total amount of transactions that have been entered into with related parties.

	<i>31 March 2019</i>	<i>(Audited) 31 December 2018</i>	<i>31 March 2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Balances in the interim condensed consolidated statement of financial position:			
Due from associate company	93,004	88,630	81,314
Due from other related parties	121,716	121,716	224,737
Due on sale of investment property	3,941,740	3,930,103	3,884,360
Due to associate company	1,066,766	962,471	749,845

Due from/to other related parties represents entities under common control.

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
 (UNAUDITED)

As at and for the period ended 31 March 2019

9 RELATED PARTY DISCLOSURES (continued)

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

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
Interest income on accounts receivable	54,268	50,523
Management fees	6,364	9,214

Key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The aggregate value of transactions related to key management personnel were as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
Key management remunerations:		
Salaries and short-term benefits	99,119	98,090
Employees' end of service benefits	12,224	12,007
	111,343	110,097

The Board of Directors in their meeting held on 28 January 2019 proposed directors' remuneration of KD 105,000 for the year ended 31 December 2018. This proposal was approved by the shareholders at the AGM held on 6 March 2019.

10 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below, is an overview of financial assets, other than cash and bank balances and financial liabilities held by the Group as at 31 March 2019, 31 December 2018 and 31 March 2018:

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2019</i>	<i>31 December</i>	<i>31 March</i>
	<i>KD</i>	<i>2018</i>	<i>2018</i>
		<i>KD</i>	<i>KD</i>
Financial assets at amortised cost:			
Accounts receivable and other assets	7,964,740	6,261,915	6,449,556
Financial assets at fair value through profit or loss:			
Unquoted equity securities	8,710,627	9,721,768	9,628,429
Total	16,675,367	15,983,683	16,077,985
Financial liabilities at amortised cost:			
Accounts payable and other liabilities	12,586,800	9,726,702	8,085,701
Loans and borrowings	39,967,159	39,967,159	45,367,159
Total	52,553,959	49,693,861	53,452,860

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
 (UNAUDITED)

As at and for the period ended 31 March 2019

10 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Fair values

The following table provides the fair value measurement hierarchy of the Group's financial instruments.

	<i>Fair value measurement using</i>			
	<i>Total</i>	<i>Quoted prices</i>	<i>Significant</i>	<i>Significant</i>
	<i>KD</i>	<i>in active markets</i>	<i>observable</i>	<i>unobservable</i>
		<i>(Level 1)</i>	<i>inputs</i>	<i>inputs</i>
		<i>(Level 2)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>
As at 31 March 2019				
Financial assets at fair value through profit or loss:				
Unquoted equity securities	8,710,627	-	-	8,710,627
As at 31 December 2018 (Audited)				
Financial assets at fair value through profit or loss:				
Unquoted equity securities	9,721,768	-	-	9,721,768
As at 31 March 2018				
Financial assets at fair value through profit or loss:				
Unquoted equity securities	9,628,429	-	-	9,628,429

There were no transfers between Level 1 and Level 2 fair value measurements during the period/ year, and no transfers into or out of Level 3 fair value measurements during the period / year.

The management assessed that the fair values of cash and bank balances, accounts receivable and other assets, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, 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

Description of significant unobservable inputs to valuation

	<i>Valuation techniques</i>	<i>Significant unobservable inputs</i>	<i>Range</i>	<i>Sensitivity of the input to fair value</i>
Unquoted equity securities	Market approach	DLOM *	20%	10% increase (decrease) in the discount would decrease (increase) the fair value by KD 829,409

*Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

As at and for the period ended 31 March 2019

10 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

	<i>At 1 January KD</i>	<i>IFRS 9 transition adjustment KD</i>	<i>Unrealised gains recognised in profit or loss KD</i>	<i>Net (sales) and purchases KD</i>	<i>At 31 March KD</i>
31 March 2019					
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	<u>9,721,768</u>	<u>-</u>	<u>-</u>	<u>(1,011,141)</u>	<u>8,710,627</u>
	<i>At 1 January KD</i>	<i>IFRS 9 transition adjustment KD</i>	<i>Unrealised gains recognised in profit or loss KD</i>	<i>Net (sales) and purchases KD</i>	<i>At 31 December KD</i>
31 December 2018					
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	<u>-</u>	<u>10,891,376</u>	<u>93,077</u>	<u>(1,262,685)</u>	<u>9,721,768</u>
	<i>At 1 January KD</i>	<i>IFRS 9 transition adjustment KD</i>	<i>Unrealised gains recognised in profit or loss KD</i>	<i>Net (sales) and purchases KD</i>	<i>At 31 March KD</i>
31 March 2018					
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	<u>-</u>	<u>10,891,376</u>	<u>-</u>	<u>(1,262,947)</u>	<u>9,628,429</u>

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

11 SEGMENT INFORMATION

For management purposes, the Group's activities are concentrated in real estate investments. The Group's activities are concentrated in two main segments: Domestic (Kuwait) and International (Kingdom of Bahrain, United Arab Emirates, Saudi Arabia, Qatar, Europe and USA). The Group's segmental information is as follows:

	Three months ended		Three months ended		Three months ended	
	31 March 2019 (Unaudited)		31 March 2018 (Unaudited)		31 March 2018 (Unaudited)	
	Domestic KD	International KD	Domestic KD	International KD	Domestic KD	International KD
Rental income	107,645	756,832	107,645	1,033,638	1,033,638	1,141,283
Gain on sale of financial assets at fair value through profit or loss	-	1,201,487	-	598,927	598,927	598,927
Distribution income from financial assets at fair value through profit or loss	-	55,631	-	178,813	178,813	178,813
Management fees	-	15,618	5,508	211,294	211,294	216,802
Share of results of associates	-	261,438	-	249,600	249,600	249,600
Other income	97,159	-	58,718	(28,597)	(28,597)	30,121
Net foreign exchange differences	42,655	-	(111,482)	-	-	(111,482)
Total income	247,459	2,291,006	60,389	2,243,675	2,243,675	2,304,064
Real estate operating costs	(61,192)	(305,418)	(33,448)	(193,282)	(193,282)	(226,730)
Staff costs	(179,951)	-	(171,949)	-	(171,949)	(171,949)
Depreciation	(29,996)	(3,103)	(2,014)	(991)	(991)	(3,005)
Administrative expenses	(87,367)	-	(89,290)	-	(89,290)	(89,290)
Consultancy and professional fees	(22,871)	(5,626)	(18,661)	(7,630)	(7,630)	(26,291)
Finance costs	(553,458)	-	(599,580)	(211)	(211)	(599,791)
KFAS, NLST and Zakat	(57,615)	-	(50,097)	-	(50,097)	(50,097)
Total expenses and other charges	(992,450)	(314,147)	(965,039)	(202,114)	(202,114)	(1,167,153)
(Loss) / profit for the period	(744,991)	1,976,859	(904,650)	2,041,561	(904,650)	1,136,911

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

11 SEGMENT INFORMATION (continued)

	<i>Three months ended</i>		<i>31 December 2018 (Audited)</i>		<i>Three months ended</i>	
	<i>31 March 2019 (Unaudited)</i>	<i>Total</i>	<i>Domestic</i>	<i>International</i>	<i>Domestic</i>	<i>International</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>Total</i>
Total assets	21,706,491	91,400,151	22,065,250	89,299,539	19,676,940	95,628,354
		113,106,642		111,364,789		115,305,294
Total liabilities	46,532,578	6,021,381	43,583,079	6,110,782	51,276,827	2,176,033
		52,553,959		49,693,861		53,452,860
Commitments	-	7,213,679	-	5,254,079	-	6,615,652
		7,213,679		5,254,079		6,615,652