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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 MARCH 2018 (UNAUDITED)

EY
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.P.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Injazzat Real Estate Development Company K.P.S.C. (the "Parent Company") and its Subsidiaries (collectively the "Group") as at 31 March 2018 and the related interim condensed consolidated statement of income, 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 2018 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

6 May 2018
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

31 March 2018

	Notes	*Three months ended 31 March* 2018 KD	2017 KD
REVENUE			
Rental income		**1,141,283**	1,045,185
Gain on sale of investment properties		**-**	1,968,572
Gain on sale of financial assets at FVTPL		**598,927**	-
Distribution income from financial assets at FVTPL		**178,813**	-
Management and placement fees		**216,802**	160,992
Share of results of associates	8	**249,600**	272,264
Foreign exchange loss		**(111,482)**	(44,690)
Other income, net		**30,121**	87,297
		2,304,064	3,489,620
EXPENSES AND OTHER CHARGES			
Real estate operating costs		**(226,730)**	(203,265)
Staff costs		**(171,949)**	(209,018)
Depreciation		**(3,005)**	(3,287)
General and administrative expenses		**(89,290)**	(48,286)
Consultancy and professional fees		**(26,291)**	(23,340)
Finance costs		**(599,791)**	(545,528)
		(1,117,056)	(1,032,724)
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		**1,187,008**	2,456,896
KFAS		**(10,298)**	(22,118)
NLST		**(28,428)**	(60,659)
Zakat		**(11,371)**	(24,263)
PROFIT FOR THE PERIOD		**1,136,911**	2,349,856
Attributable to:			
Owners of the Parent Company		**1,094,139**	2,350,473
Non-controlling interests		**42,772**	(617)
PROFIT FOR THE PERIOD		**1,136,911**	2,349,856
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	5	**3.24 Fils**	7.0 Fils

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT COMPREHENSIVE INCOME (UNAUDITED)

31 March 2018

	Three months ended 31 March	
	2018 ***KD***	*2017* *KD*
Profit for the period	**1,136,911**	2,349,856
Other comprehensive income:		
Items that will be reclassified subsequently to interim condensed consolidated statement of income:		
Foreign currency translation:		
- Exchange differences arising on translation of foreign operations	**17,836**	36,025
Total other comprehensive income for the period	**17,836**	36,025
Total comprehensive income for the period	**1,154,747**	2,385,881
Total comprehensive income attributable to:		
Owners of the Parent Company	**1,111,975**	2,386,498
Non-controlling interests	**42,772**	(617)
Total comprehensive income for the period	**1,154,747**	2,385,881

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

31 March 2018

	Notes	*31 March 2018 KD*	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
ASSETS				
Cash and bank balances		**8,161,964**	6,032,705	5,058,935
Accounts receivable and other assets	6	**6,449,556**	6,219,413	11,862,620
Financial assets available for sale		**-**	10,891,376	7,645,617
Financial assets at fair value through profit or loss		**9,628,429**	-	-
Investment properties	7	**65,844,990**	65,109,210	56,163,259
Investment in associates	8	**25,191,881**	25,608,949	27,970,443
Property and equipment		**28,474**	30,818	36,451
TOTAL ASSETS		**115,305,294**	113,892,471	108,737,325
EQUITY AND LIABILITIES				
EQUITY				
Share capital	9.a	**34,564,860**	34,564,860	34,564,860
Share premium		**2,869,130**	2,869,130	2,869,130
Statutory reserve		**8,411,283**	8,411,283	8,032,161
Voluntary reserve		**4,205,643**	4,205,643	4,016,082
Treasury shares	9.b	**(922,378)**	(865,740)	(865,338)
Treasury shares reserve		**4,396,905**	4,396,905	4,396,905
Foreign currency translation reserve		**1,446,142**	1,428,306	1,637,514
Cumulative changes in fair value		**-**	100,614	16,194
Retained earnings		**4,066,024**	4,890,904	5,959,558
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**59,037,609**	60,001,905	60,627,066
Non-controlling interests		**2,814,825**	2,772,053	87,876
Total equity		**61,852,434**	62,773,958	60,714,942
LIABILITIES				
Accounts payable and other liabilities	10	**8,085,701**	5,751,354	6,235,224
Bank loans	11	**45,367,159**	45,367,159	41,787,159
Total liabilities		**53,452,860**	51,118,513	48,022,383
TOTAL EQUITY AND LIABILITIES		**115,305,294**	113,892,471	108,737,325

Faisal Fahad Al-Shaya
Chairman

Mohammad Ibrahim Al-Farhan
Chief Executive Officer

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

31 March 2018

	Equity attributable to owners of the Parent Company											
	Share capital	*Share premium*	*Statutory reserve*	*Voluntary reserve*	*Treasury shares*	*Treasury shares reserve*	*Foreign currency translation reserve*	*Cumulative changes in fair value*	*Retained earnings*	*Sub-total*	*Non-controlling interests*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*
Balance as 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
Effect on adoption of IFRS 9 (Note 3)	-	-	-	-	-	-	-	(100,614)	100,614	-	-	-
Balance as 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
Purchase of treasury shares	-	-	-	-	(56,638)	-	-	-	-	(56,638)	-	(56,638)
Cash dividend (note 9)	-	-	-	-	-	-	-	-	(2,019,633)	(2,019,633)	-	(2,019,633)
Total transactions with owners	-	-	-	-	(56,638)	-	-	-	(2,019,633)	(2,076,271)	-	(2,076,271)
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
Balance 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 15 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
31 March 2018

	Equity attributable to owners 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*	*Cumulative changes in fair value KD*	*Retained earnings KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total KD*
Balance as at 1 January 2017 (Audited)	34,564,860	2,869,130	8,032,161	4,016,082	(865,338)	4,396,905	1,601,489	16,194	3,609,085	58,240,568	88,493	58,329,061
Profit/(loss) for the period	-	-	-	-	-	-	-	-	2,350,473	2,350,473	(617)	2,349,856
Other comprehensive income for the period	-	-	-	-	-	-	36,025	-	-	36,025	-	36,025
Total comprehensive income/ (loss) for the period	-	-	-	-	-	-	36,025	-	2,350,473	2,386,498	(617)	2,385,881
Balance as at 31 March 2017	34,564,860	2,869,130	8,032,161	4,016,082	(865,338)	4,396,905	1,637,514	16,194	5,959,558	60,627,066	87,876	60,714,942

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

31 March 2018

	Notes	Three months ended 31 March 2018 KD	2017 KD
OPERATING ACTIVITIES			
Profit for the period before contribution to KFAS, NLST and Zakat		**1,187,008**	2,456,896
Adjustments for:			
Gain on sale of financial assets at FVTPL		**(598,927)**	-
Distribution income from financial assets at FVTPL		**(178,813)**	-
Gain on sale of investment properties		**-**	(1,968,572)
Share of results of associates	8	**(249,600)**	(272,264)
Depreciation		**3,005**	3,287
Interest income		**(50,635)**	(101,992)
Finance costs		**599,791**	545,528
		711,829	662,883
Changes in operating assets and liabilities:			
Accounts receivable and other assets		**(230,143)**	(11,749)
Accounts payable and other liabilities		**(260,104)**	132,097
Net cash from operating activities		**221,582**	783,231
INVESTING ACTIVITIES			
Additions to property and equipment		**(661)**	(13,137)
Proceeds from redemption of financial assets at FVTPL		**77,271**	-
Proceeds from redemption of financial assets at available for sale		**-**	112,825
Purchase of investment properties	7	**(735,780)**	(2,092,541)
Proceeds on sale of investment properties		**-**	434,007
Dividend received from associate	8	**370,144**	-
Purchase of investment in associates	8	**(46,267)**	(149,412)
Capital redemption of investment in associates	8	**314,260**	-
Proceed from sale of financial assets at FVTPL		**1,784,603**	-
Distribution income received from financial assets at FVTPL		**178,813**	-
Interest income received		**50,635**	53,302
Net cash from/(used in) investing activities		**1,993,018**	(1,654,956)
FINANCING ACTIVITIES			
Loans obtained		**-**	1,820,000
Finance costs paid		**(28,703)**	(1,707)
Purchase of treasury shares		**(56,638)**	-
Net cash (used in)/from financing activities		**(85,341)**	1,818,293
INCREASE IN CASH AND BANK BALANCES		**2,129,259**	946,568
Cash and bank balances at beginning of the period		**6,032,705**	4,112,367
CASH AND BANK BALANCES AT END OF THE PERIOD		**8,161,964**	5,058,935

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

1 INCORPORATION AND ACTIVITIES OF THE PARENT COMPANY

Injazzat Real Estate Development Company (the "Parent Company") is a Kuwaiti Public Shareholding Company was established on 9 August 1998 and listed on the Kuwait Stock Exchange on 17 June 2002. The Parent Company is primarily engaged in the following activities:

- 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 specialized managers.

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

The Group comprises Injazzat Real Estate Development Company K.P.S.C. and its subsidiaries listed in note 4.

The Parent Company's registered address is PO Box 970, Safat 13010, State of Kuwait.

The interim condensed consolidated financial information of the Group for the three months period ended 31 March 2018 were authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 30 April 2018.

2 BASIS OF PRESENTATION

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the previous financial year, except for the changes described in note 3.

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017. In addition, results for the three months period ended 31 March 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.

3 NEW STANDARDS AND AMEDNMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. 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 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 15: Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11: Construction Contracts, 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.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The five steps in the model are as follows:
- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Upon adoption of IFRS 15, the Group will apply the cumulative effect approach by retrospectively adjusting opening retained earnings as of January 1, 2018 and will not restate prior periods.

As the Group's revenue is mainly arising from the rental income and related services generated from the 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.

IFRS 9 Financial Instruments
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 31 March 2017 does not reflect the requirements of IFRS 9 and is not comparable to the information presented for the period ended 31 March 2018. Differences in the carrying amount of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018.

a) Classification and measurement
Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), Amortised Cost (AC), or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

3 NEW STANDARDS AND AMEDNMENTS ADOPTED BY THE GROUP (continued)

IFRS 9 Financial Instruments (continued)

(a) Classification and measurement (continued)

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.

Financial assets at FVPL comprise equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under IAS 39, the Group's equity securities were classified as AFS financial assets. Upon transition the AFS reserve relating to these equity securities, which had been previously recognised under accumulated OCI, was reclassified to retained earnings as at 1 January 2018.

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.

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 statement of profit or loss.

(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. Accordingly, the measurement of receivables under IFRS 9 doesn't have material impact on interim condensed consolidated statement of income for the Group.

The Group considers a financial asset in default when contractual payment are 365 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 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.

3 NEW STANDARDS AND AMEDNMENTS ADOPTED BY THE GROUP (continued)

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

a) Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2017 under IFRS 9.

b) The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition.

The impact of this change in accounting policy as at 1st January 2018 is as follows

	Retained earnings KD	*Fair value reserve KD*
Closing balance under IAS 39 (31 December 2017)	4,890,904	100,614
Impact on reclassification and re-measurements:		
Financial assets classified from AFS to FVTPL	100,614	(100,614)
Opening balance under IFRS 9 on date of initial application at 1 January 2018	4,991,518	-

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9
The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets as at 1 January 2018.

	Original classification under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39 KD*	*Transition adjustments KD*	*New carrying amount under IFRS 9 KD*
Cash and bank balances	Loans and receivables	Amortised cost	**6,032,705**	-	**6,032,705**
Accounts receivable and other assets	Loans and receivables	Amortised cost	**5,649,813**	-	**5,649,813**
Financial assets available for sale	Financial assets AFS	Financial asset at FVTPL	**10,891,376**	**(10,891,376)**	-
Financial assets at fair value through profit or loss	Financial assets at FVTPL	Financial asset at FVTPL	-	**10,891,376**	**10,891,376**
Total financial assets			**22,573,894**	-	**22,573,894**

The adoption of the ECL requirements of IFRS 9 did not have a material impact on the Group.

Adoption of IFRS 9 did not result in any change in classification or measurement of financial liabilities.

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 with any derivative instruments.

4 SUBSIDIARY COMPANIES

Details of subsidiaries and the Group's ownership are set out below:

Name of subsidiary	Country of incorporation	Ownership percentage **31 March 2018**	 *(Audited)* *31 December 2017*	 *31 March 2017*	Principal activities
Injazzat Entertainment Enterprises – K.S.C. (Closed)	Kuwait	**99%**	99%	99%	Entertainment and Tourism Projects
Injazzat Real Estate – France	France	**100%**	100%	100%	Real Estate
Dhow Real Estate Company - B.S.C. (Closed)	Bahrain	**100%**	100%	100%	Real Estate
Al-Dhow International Real Estate Company – K.S.C. (Closed)	Kuwait	**99%**	99%	99%	Real Estate
Al Mal and Aqar Joint Project Company – W.L.L.	Kuwait	**100%**	100%	100%	Real Estate
Al Quoz International General Trading and Contracting Company – W.L.L.	Kuwait	**60%**	60%	60%	General Trading and Contracting
Injazzat Lusail Company – W.L.L.	Kuwait	**99%**	99%	99%	General Trading and Contracting
Amwaj Real Estate Development Company – K.S.C. (Closed)	Kuwait	**99%**	99%	99%	Real Estate
Al Bateel Real Estate Company – L.L.C.	UAE	**100%**	100%	100%	Real Estate
Injazzat S.A.R.L.	Luxemburg	**100%**	100%	100%	Real Estate
Al Barsha Real Estate Company K.S.C (Closed)	Kuwait	**70%**	70%	-	Real Estate

- The financial year end of all the above subsidiaries is 31 December except for Injazzat Real Estate – (France) which has a financial year end of 31 March.
- The percentage of 49% of the total interest owned by the Group in Al Barsha Real Estate Company K.S.C (Closed) is secured against the bank loans (Note 11).

5 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	Three months ended 31 March **2018**	 *2017*
Profit for the period attributable to the shareholders of the Parent Company (KD)	**1,094,139**	2,350,473
Weighted average number of the outstanding shares (excluding treasury shares)	**336,883,355**	337,276,776
Basic and diluted earnings per share attributable to the shareholders of the Parent Company	**3.24Fils**	7.0 Fils

6 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Financial assets			
Due from associate company (note 12)	**81,314**	25,015	2,460,827
Due from other related parties (note 12)	**224,737**	242,228	223,348
Due on sale of investment properties (refer below) (note 12)	**3,884,360**	3,909,915	8,289,357
Advance payment to purchase investment property	**1,074,998**	825,293	-
Other financial assets	**279,334**	647,362	449,390
	5,544,743	5,649,813	11,422,922
Non-financial assets			
Advances to contractors	**2,965**	2,965	2,965
Prepayment and other assets	**901,848**	566,635	436,733
	904,813	569,600	439,698
	6,449,556	6,219,413	11,862,620

Due on sale of investment properties includes an amount of KD 3,884,360 (31 December 2017: KD 3,909,915 and 31 March 2017: KD 3,949,293) which represents receivable from a related party and carries effective interest rate of 5.50 % (31 December 2017 5.25% and 31 March 2017: 4.75%) per annum.

7 INVESTMENT PROPERTIES

The movement in investment properties during the period/year is as follows:

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
At 1 January	**65,109,210**	56,876,218	56,876,218
Additions	**735,780**	3,705,069	2,092,541
Arising from acquisition of a subsidiary	-	11,936,545	-
Disposals	-	(6,667,235)	(2,805,500)
Change in fair value	-	(350,964)	-
Foreign currency translation adjustment	-	(390,423)	-
	65,844,990	65,109,210	56,163,259

a) The fair value of the investment properties was determined as at 31 December 2017 by independent valuers who are specialized in valuing these types of properties.

b) Investment properties with a carrying value of KD 34,134,563 (31 December 2017: KD 34,134,563 and 31 March 2017: KD 22,640,446) are secured against the bank loans (note 11)

c) Subsequent to the period ended 31 March 2018, the Group has fulfilled the conditions of sale and accordingly has disposed investment property with a carrying value of KD 11,936,545 for a total consideration of KD 12,516,966 realizing gain of KD 580,421 pursuant to the sale and purchase agreement dated 26 March 2018.

8 INVESTMENT IN ASSOCIATES

The movement in investment in associates is as follows:

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
At 1 January	**25,608,949**	27,677,215	27,677,215
Additions	**46,267**	1,094,881	264,839
Disposals	-	(3,133,831)	-
Return of capital	**(314,260)**	(1,126,282)	(115,427)
Dividends	**(370,144)**	(619,806)	-
Share of results for the period/year	**249,600**	1,880,036	272,264
Foreign currency translation adjustment	**(28,531)**	(163,264)	(128,448)
	25,191,881	25,608,949	27,970,443

As at 31 March 2018, investment in associates with a carrying value of KD 16,661,709 (31 December 2017: KD 16,948,452 and 31 March 2017: KD 16,312,270) are secured against the bank loans (note 11).

9 EQUITY

(a) Share Capital

At 31 March 2018, the authorised, issued and fully paid share capital in cash of the Parent Company comprised 345,648,600 shares of 100 fils each (31 December 2017: 345,648,600 shares of 100 fils each and 31 March 2017: 345,648,600 of 100 fils seach).

Share premium is not available for distribution.

(b) Treasury Shares

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Number of treasury shares	**9,043,143**	8,376,824	8,371,824
Percentage of ownership	**2.62**	2.42	2.42
Market value (KD)	**831,970**	645,015	778,580
Cost (KD)	**922,378**	865,740	865,338

Reserves equivalent to the cost of the treasury shares held are not available for distribution.

The Annual General Assembly of the shareholders of the Parent Company held on 20 March 2018 approved the consolidated financial statements for the year ended 31 December 2017 and directors' proposal to distribute cash dividend of 6 Fils per share amounting of KD 2,019,633 for the year ended 31 December 2017 (31 December 2016: KD 1,686,384) and directors' remuneration of KD 105,000 (2016: KD 101,500) for the year then ended.

10 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Accounts payable	**3,174,543**	1,064,050	948,077
Accrued expenses	**2,186,551**	1,836,612	2,235,060
Due to associate company (note 12)	**749,845**	1,060,776	1,409,044
Customer advances	**747,233**	369,393	395,073
Other liabilities	**1,227,529**	1,420,523	1,247,970
	8,085,701	5,751,354	6,235,224

11 BANK LOANS

	Effective interest Rate	*Security*	***31 March 2018 KD***	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Local bank – Kuwaiti Dinar	CBK discount rate + 1.5% to 3% per annum	Secured	**45,367,159**	45,367,159	41,787,159

The loans are due for repayment as follows:

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Within one year	**2,000,000**	2,000,000	10,607,963
Over one year	**43,367,159**	43,367,159	31,179,196
	45,367,159	45,367,159	41,787,159

The loans are secured by certain investment properties, investments in associates and subsidiaries (notes 4, 7 and 8). Bank loans are payable on various instalments ending on 15 July 2024.

12 RELATED PARTY TRANSACTIONS

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.

Details of significant related party transactions and balances are as follows:

12 RELATED PARTY TRANSACTIONS (continued)

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Balances in the interim condensed consolidated statement of financial position:			
Due from associate company (note 6)	**81,314**	25,015	2,460,827
Due from other related parties (note 6)	**224,737**	242,228	223,348
Due on sale of investment property (note 6)	**3,884,360**	3,909,915	3,949,293
Due to associate company (note 10)	**749,845**	1,060,776	1,409,044

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

Transaction included in the interim condensed consolidated statement of income:

	Three months ended 31 March	
	2018 KD	*2017 KD*
Interest income on accounts receivable	**50,523**	92,168
Management and placement fees	**9,214**	102,287
Key management remunerations:		
Salaries and short-term benefits	**98,090**	70,783
Employees' end of service benefits	**12,007**	8,546
	110,097	79,329

13 FAIR VALUE MEASUREMENT

Fair value represents 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.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

13 FAIR VALUE MEASUREMENT (continued)

31 March 2018	*Level: 3 KD*	*Total KD*
Financial assets at fair value through profit or loss:		
Special purposes real estate entities	971,470	971,470
Unquoted real estate equity investments	3,650,226	3,650,226
Debt instruments	5,006,733	5,006,733
	9,628,429	**9,628,429**

31 December 2017 (audited)	*Level: 3 KD*	*Total KD*
Financial assets available for sale:		
Special purposes real estate entities	64,311	64,311
Unquoted real estate equity investments	40,534	40,534
	104,845	104,845

31 March 2017	*Level: 3 KD*	*Total KD*
Financial assets available for sale:		
Special purposes real estate entities	64,311	64,311
Unquoted real estate equity investments	508,293	508,293
	572,604	572,604

Management considers that the carrying amounts of loans and receivable and financial liabilities, which are stated at amortised cost, approximate their fair values.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

As at 31 December 2017 and 31 March 2017, the fair value of financial assets available for sale, with exception for certain investments carried at cost less impairment, are classified under level 3.

There were no transfers between fair values hierarchies during the period ended 31 March 2018.

The impact on the interim condensed consolidated statement of financial position and the interim condensed consolidated statement of income would be immaterial if the relevant risk variables used to fair value the unquoted securities and unquoted funds managed by external fund managers were altered by 5%.

13 FAIR VALUE MEASUREMENT (continued)

	At 1 January 2018 KD	*IFRS 9 adjustments KD*	*At 1 January 2018 (after IFRS 9 adjustments) KD*	*Unrealised gain or loss recorded in the interim condensed consolidated statement of income KD*	*Net purchases, transfer, sales and settlements KD*	***At 31 March 2018 KD***
31 March 2018:						
Assets measured at fair value						
Financial assets at fair value through profit or loss:						
Special purposes real estate entities	-	971,470	971,470	-	-	**971,470**
Unquoted real estate equity investments	-	3,650,339	3,650,339	-	(113)	**3,650,226**
Debt instruments	-	6,269,567	6,269,567	-	(1,262,834)	**5,006,733**
Financial assets available for sale:						
Special purposes real estate entities	64,311	(64,311)	-	-	-	-
Unquoted real estate equity investments	40,534	(40,534)	-	-	-	-
	104,845	**10,786,531**	**10,891,376**	-	**(1,262,947)**	**9,628,429**

	At 1 January 2017 KD	*Unrealised gain or loss recorded in the interim condensed consolidated statement of comprehensive income KD*	*Net purchases, transfer, sales and settlements KD*	*At 31 December 2017 KD*
31 December 2017:				
Assets measured at fair value				
Financial assets available for sale:				
Special purposes real estate entities	64,311	-	-	64,311
Unquoted real estate equity investments	508,293	62,916	(530,675)	40,534
	572,604	62,916	(530,675)	104,845

13 FAIR VALUE MEASUREMENT (continued)

	At 1 January 2017 KD	*Unrealised gain or loss recorded in the interim condensed consolidated statement of comprehensive income KD*	*Net purchases, transfer, sales and settlements KD*	*At 31 March 2017 KD*
31 March 2017:				
Assets measured at fair value				
Financial assets available for sale:				
Special purposes real estate entities	64,311	-	-	64,311
Unquoted real estate equity investments	508,293	-	-	508,293
	572,604	-	-	572,604

14 SUBSEQUENT EVENT

Subsequent to the period ended 31 March 2018, the Parent Company has signed a contract to acquire an additional 29.75% interest in Al Barsha Real Estate Company K.S.C (Closed), increasing the Group's interest from 70% to 99.75% for a total cash consideration of KD 2,397,649. As of the date of these interim condensed consolidated financial information, this amount has not been paid yet.

15 SEGMENTAL 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 segments information are as follows:

	3 months ended 31 March 2018 (Unaudited)			*3 months ended 31 March 2017 (Unaudited)*		
	Domestic KD	***International KD***	***Total KD***	*Domestic KD*	*International KD*	*Total KD*
Rental income	**107,645**	**1,033,638**	**1,141,283**	162,245	882,940	1,045,185
Gain on sale of investment properties	**-**	**-**	**-**	-	1,968,572	1,968,572
Gain on sale of financial assets at FVTPL	**-**	**598,927**	**598,927**			
Distribution income from financial assets available for sale*	**-**	**178,813**	**178,813**	-	-	-
Management and placement fees	**5,508**	**211,294**	**216,802**	15,000	145,992	160,992
Share of results of associates	**-**	**249,600**	**249,600**	52,120	220,144	272,264
Foreign exchange loss	**(111,482)**	**-**	**(111,482)**	(44,690)	-	(44,690)
Other income, net	**58,718**	**(28,597)**	**30,121**	104,021	(16,724)	87,297
Total income	**60,389**	**2,243,675**	**2,304,064**	288,696	3,200,924	3,489,620
Real estate operating costs	**(33,448)**	**(193,282)**	**(226,730)**	(11,486)	(191,779)	(203,265)
Staff costs	**(171,949)**	**-**	**(171,949)**	(209,018)	-	(209,018)
Depreciation	**(2,014)**	**(991)**	**(3,005)**	(2,194)	(1,093)	(3,287)
General and administrative expenses	**(89,290)**	**-**	**(89,290)**	(48,286)	-	(48,286)
Consultancy and professional fees	**(18,661)**	**(7,630)**	**(26,291)**	(21,699)	(1,641)	(23,340)
Finance costs	**(599,580)**	**(211)**	**(599,791)**	(545,230)	(298)	(545,528)
KFAS, NLST and Zakat	**(50,097)**	**-**	**(50,097)**	(107,040)	-	(107,040)
Total expenses and other charges	**(965,039)**	**(202,114)**	**(1,167,153)**	(944,953)	(194,811)	(1,139,764)
(Loss) / profit for the period	**(904,650)**	**2,041,561**	**1,136,911**	(656,257)	3,006,113	2,349,856

15 SEGMENTAL INFORMATION (continued)

	3 months ended 31 March 2018 (Unaudited)			*Audited 31 December 2017*			*3 months ended 31 March 2017 (Unaudited))*		
	Domestic KD	***International KD***	***Total KD***	*Domestic KD*	*International KD*	*Total KD*	*Domestic KD*	*International KD*	*Total KD*
Total assets	**19,676,940**	**95,628,354**	**115,305,294**	17,674,358	96,218,113	113,892,471	27,349,440	81,387,885	108,737,325
Total liabilities	**51,276,827**	**2,176,033**	**53,452,860**	49,740,253	1,378,260	51,118,513	46,477,776	1,544,607	48,022,383