AL IMTIAZ INVESTMENT GROUP COMPANY- K.S.C. (PUBLIC) AND ITS SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2019
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

AL IMTIAZ INVESTMENT GROUP COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
Al Imtiaz Investment Group Company K.S.C. (Public)
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Imtiaz Investment Group Company K.S.C. (Public) (the Parent Company) and its subsidiaries (collectively, "the Group") as at September 30, 2019 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the nine months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. 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 the basis of presentation set out in Note 2.

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 by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the nine months period ended September 30, 2019, that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning Currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the nine months period ended September 30, 2019, that might have had a material effect on the business of the Parent Company or on its financial position.

Faisal Saqer Al Saqer
License No. 172-A
BDO Al Nisf & Partners

Nayef M. Al-Bazie
License No. 91-A
RSM Albazie & Co.

State of Kuwait
October 23, 2019

AL IMTIAZ INVESTMENT GROUP COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT SEPTEMBER 30, 2019
(All amounts are in Kuwaiti Dinars)

	Note	September 30, 2019	(Audited) December 31, 2018	September 30, 2018
ASSETS				
Cash and cash equivalents	4	**30,198,417**	47,109,455	26,918,619
Term deposits		**131,000**	131,000	1,131,000
Financial assets at fair value through profit or loss ("FVTPL")	5	**49,992,481**	24,889,852	22,520,298
Accounts receivable and other debit balances	6	**75,252,906**	65,176,487	59,226,980
Other assets		**10,692,539**	10,446,956	10,255,706
Properties under development		**2,372,779**	2,372,779	2,372,779
Financial assets at fair value through other comprehensive income ("FVOCI")	7	**23,869,882**	24,890,011	25,670,811
Investment in associates	8	**41,417,098**	44,495,681	45,629,926
Investment properties		**58,619,681**	58,311,797	62,047,560
Property, plant and equipment		**32,702,381**	31,535,415	31,861,853
Intangible assets		**16,839,403**	16,654,728	16,640,438
Goodwill	9	**43,910,008**	43,910,008	43,025,894
Total assets		**385,998,575**	369,924,169	347,301,864
LIABILITIES AND EQUITY				
Liabilities:				
Bank facilities		**7,261,107**	7,275,770	6,040,584
Accounts payable and other credit balances	10	**59,857,791**	62,504,996	64,686,133
Finance lease obligation		**1,421,323**	1,551,769	1,752,111
Murabaha and Wakala payable	11	**51,887,736**	49,905,742	25,103,891
Provision for end of service indemnity		**6,745,583**	6,255,534	6,001,300
Total liabilities		**127,173,540**	127,493,811	103,584,019
Equity:				
Share capital		**113,361,735**	113,361,735	113,361,735
Share premium		**34,108,277**	34,108,277	34,108,277
Treasury shares	12	**(10,041,090)**	(9,856,539)	(8,232,657)
Statutory reserve		**24,493,217**	24,493,217	22,435,139
Voluntary reserve		**10,263,258**	10,263,258	8,205,180
Other equity items	13	**(2,196,612)**	(1,085,973)	1,789,815
Retained earnings		**52,494,947**	34,877,274	36,037,117
Equity attributable to shareholders of the Parent Company		**222,483,732**	206,161,249	207,704,606
Non-controlling interests		**36,341,303**	36,269,109	36,013,239
Total equity		**258,825,035**	242,430,358	243,717,845
Total liabilities and equity		**385,998,575**	369,924,169	347,301,864

The accompanying notes from (1) to (24) form an integral part of the interim condensed consolidated financial information.

Khaled Sultan Bin Essa
Chairman

Nawaf H. Marafi
Chief Executive Officer of the Group
and Board Member

AL IMTIAZ INVESTMENT GROUP COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2019	2018	**2019**	2018
Revenue:					
Net investment income	14	**1,382,698**	428,654	**962,891**	3,246,288
Management, placement and subscription fees		**555,470**	826,961	**2,231,339**	3,014,961
Rental income		**651,723**	642,015	**2,044,587**	1,944,309
Net operating income from subsidiaries	15	**7,062,710**	4,534,396	**21,425,960**	12,655,370
Change in fair value of investment properties		**281,779**	-	**293,087**	(13,789)
Group's share of results from associates	8	**679,975**	1,304,810	**2,201,873**	5,709,044
Gain from partial sale of investment in an associate	8	**-**	3,695,501	**1,686,827**	8,363,828
Gain from remeasurement of equity interest of a former associate	8	**-**	-	**23,340,154**	-
Gain on sale of properties under development		**-**	-	**-**	925,500
Gain from reclassification of a subsidiary to an associate		**-**	-	**-**	361,116
Loss on disposal of subsidiaries under liquidation		**-**	(61,684)	**-**	(61,684)
Foreign exchange gain (loss)		**60,452**	244	**42,266**	(6,875)
Other income		**557,152**	230,031	**1,307,017**	1,297,492
Total revenue		**11,231,959**	11,600,928	**55,536,001**	37,435,560
Expenses and other charges:					
General and administrative expenses		**4,334,723**	3,436,710	**15,957,460**	11,009,977
Selling and marketing expenses		**1,925,689**	787,582	**3,798,063**	2,211,208
Finance charges		**1,091,095**	673,421	**3,266,636**	1,944,997
Management, placement, subscription and consultancy costs		**79,004**	687,653	**1,040,929**	742,360
Impairment loss and other net provisions	16	**210,608**	227,638	**1,740,243**	482,096
Depreciation and amortization		**1,348,127**	223,622	**2,578,290**	848,974
Total expenses and other charges		**8,989,246**	6,036,626	**28,381,621**	17,239,612
Profit for the period before contribution to National Labour Support Tax (NLST) and Zakat		**2,242,713**	5,564,302	**27,154,380**	20,195,948
Contribution to NLST		**(48,318)**	(106,827)	**(570,970)**	(306,892)
Contribution to Zakat		**-**	7,245	**-**	-
Profit for the period		**2,194,395**	5,464,720	**26,583,410**	19,889,056
Attributable to:					
Shareholders of the Parent Company		**1,431,891**	4,766,891	**24,805,070**	17,067,567
Non-controlling interests		**762,504**	697,829	**1,778,340**	2,821,489
Profit for the period		**2,194,395**	5,464,720	**26,583,410**	19,889,056
Basic and diluted earnings per share attributable to shareholders of the Parent Company (Fils)	17	**1.39**	4.58	**24.14**	16.39

The accompanying notes from (1) to (24) form an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2019	2018	**2019**	2018
Profit for the period		**2,194,395**	5,464,720	**26,583,410**	19,889,056
Net other comprehensive income (loss):					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	13	**194,108**	(138,909)	**382,336**	(22,384)
Group's share of other comprehensive income (loss) from associates	8,13	**669,461**	585,849	**781,998**	(1,398,227)
Item that will not be reclassified subsequently to profit or loss:					
Changes in fair value of financial assets at FVOCI	13	**(258,101)**	(494,469)	**(589,955)**	(1,634,069)
Net other comprehensive income (loss) for the period		**605,468**	(47,529)	**574,379**	(3,054,680)
Total comprehensive income for the period		**2,799,863**	5,417,191	**27,157,789**	16,834,376
Attributable to:					
Shareholders of the Parent Company		**2,037,359**	4,719,362	**25,379,449**	14,012,887
Non-controlling interests		**762,504**	697,829	**1,778,340**	2,821,489
Total comprehensive income for the period		**2,799,863**	5,417,191	**27,157,789**	16,834,376

The accompanying notes from (1) to (24) form an integral part of the interim condensed consolidated financial information.

AL IMTIAZ INVESTMENT GROUP COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019
(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company									
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other equity items	Retained earnings	Sub-total	Non-controlling interests	Total
Balance as at December 31, 2018	113,361,735	34,108,277	(9,856,539)	24,493,217	10,263,258	(1,085,973)	34,877,274	206,161,249	36,269,109	242,430,358
Transfer of reserve for gain on disposal of financial assets at FVOCI to retained earnings (Note 13)	-	-	-	-	-	(1,032,501)	1,032,501	-	-	-
Effect of other equity movements in an associate (Note 8,13)	-	-	-	-	-	(652,517)	-	(652,517)	-	(652,517)
Purchase of treasury shares	-	-	(184,551)	-	-	-	-	(184,551)	-	(184,551)
Total comprehensive income for the period	-	-	-	-	-	574,379	24,805,070	25,379,449	1,778,340	27,157,789
Cash dividends 8% (Note 22)	-	-	-	-	-	-	(8,219,898)	(8,219,898)	-	(8,219,898)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(1,706,146)	(1,706,146)
Balance as at September 30, 2019	**113,361,735**	**34,108,277**	**(10,041,090)**	**24,493,217**	**10,263,258**	**(2,196,612)**	**52,494,947**	**222,483,732**	**36,341,303**	**258,825,035**
Balance as at December 31, 2017	113,361,735	34,108,277	(8,232,657)	22,435,139	8,205,180	931,460	27,726,704	198,535,838	47,371,828	245,907,666
Impact on adoption of IFRS 9 at January 1, 2018	-	-	-	-	-	(448,892)	(1,469,132)	(1,918,024)	-	(1,918,024)
Balance as at January 1, 2018 ("Restated")	113,361,735	34,108,277	(8,232,657)	22,435,139	8,205,180	482,568	26,257,572	196,617,814	47,371,828	243,989,642
Gain on disposal of financial assets at FVOCI (Note 13)	-	-	-	-	-	140,415	-	140,415	-	140,415
Gain on transfer of financial assets at FVOCI to investment in a subsidiary	-	-	-	-	-	892,086	-	892,086	-	892,086
Effect of reclassification of a subsidiary to an associate	-	-	-	-	-	3,353,903	-	3,353,903	-	3,353,903
Effect of purchasing additional shares in a subsidiary	-	-	-	-	-	(24,477)	-	(24,477)	-	(24,477)
Total comprehensive (loss) income for the period	-	-	-	-	-	(3,054,680)	17,067,567	14,012,887	2,821,489	16,834,376
Cash dividends 7% (Note 22)	-	-	-	-	-	-	(7,288,022)	(7,288,022)	-	(7,288,022)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(14,180,078)	(14,180,078)
Balance as at September 30, 2018	113,361,735	34,108,277	(8,232,657)	22,435,139	8,205,180	1,789,815	36,037,117	207,704,606	36,013,239	243,717,845

The accompanying notes from (1) to (24) form an integral part of the interim condensed consolidated financial information.

AL IMTIAZ INVESTMENT GROUP COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019
(All amounts are in Kuwaiti Dinars)

	Nine months ended September 30,	
	2019	2018
Cash flows from operating activities:		
Profit for the period before contribution to NLST and Zakat	**27,154,380**	20,195,948
Adjustments for:		
Net investment income	**(962,891)**	(3,246,288)
Change in fair value of investment properties	**(293,087)**	13,789
Group's share of results from associates	**(2,201,873)**	(5,709,044)
Gain from partial sale of investment in an associate	**(1,686,827)**	(8,363,828)
Gain from remeasurement of equity interest of a former associate	**(23,340,154)**	-
Gain on sale of properties under development	**-**	(925,500)
Gain from reclassification of a subsidiary to an associate	**-**	(361,116)
Loss on disposal of subsidiaries under liquidation	**-**	61,684
Finance charges	**3,266,636**	1,944,997
Impairment loss and other net provisions	**1,740,243**	482,096
Depreciation and amortization	**2,578,290**	848,974
Provision for end of service indemnity	**1,302,661**	539,148
	7,557,378	5,480,860
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	**(10,976,566)**	(122,511)
Other assets	**(481,631)**	(771,629)
Accounts payable and other credit balances	**(3,550,788)**	4,716,954
Cash flows (used in) generated from operations	**(7,451,607)**	9,303,674
Payment for end of service indemnity	**(812,612)**	(1,176,004)
Net cash flows (used in) generated from operating activities	**(8,264,219)**	8,127,670
Cash flows from investing activities:		
Term deposits	**-**	10,500,624
Net movement in financial assets at FVTPL	**(140,390)**	89,290
Net movement in financial asset at FVOCI	**430,174**	1,831,694
Paid for acquisition of investment in subsidiaries	**-**	(24,177,835)
Proceeds from partial sale of investment in an associate	**2,057,963**	9,433,804
Proceeds from sale of properties under development	**-**	10,830,500
Net movement in property, plant and equipment	**(3,745,256)**	(3,298,321)
Net movement in intangible assets	**(210,384)**	-
Cash dividends received from an associate	**1,584,100**	1,900,472
Cash dividends received	**2,487,328**	1,952,758
Net cash flows generated from investing activities	**2,463,535**	9,062,986
Cash flows from financing activities:		
Bank facilities	**(14,663)**	444,419
Finance lease obligation	**(130,446)**	1,327,147
Murabaha and Wakala payable	**2,599,358**	5,404,208
Finance charges paid	**(3,884,000)**	(2,373,930)
Purchase of treasury shares	**(184,551)**	-
Cash dividends paid	**(8,098,085)**	(6,026,660)
Change in non-controlling interests	**(1,397,967)**	(14,165,103)
Net cash flows used in financing activities	**(11,110,354)**	(15,389,919)
Net (decrease) increase in cash and cash equivalents	**(16,911,038)**	1,800,737
Cash related to business combinations	**-**	1,013,270
Cash related to reclassification of a subsidiary to an associate	**-**	(5,327,685)
Cash and cash equivalents at the beginning of the period	**47,109,455**	29,432,297
Cash and cash equivalents at the end of the period (Note 4)	**30,198,417**	26,918,619

The accompanying notes from (1) to (24) form an integral part of the interim condensed consolidated financial information.

1. Incorporation of the Parent Company

Al Imtiaz Investment Group Company - K.S.C. (Public) (the Parent Company) (formerly known as Al Imtiaz Investment Company - K.S.C. (Public)) is a Kuwaiti public shareholding company registered in the State of Kuwait and was incorporated based on Memorandum of Incorporation under Ref. No. 2074 / Volume 1 dated April 6, 2005 and its subsequent amendments, the latest of which was notarized in the Commercial Register under Ref. No. 106905 dated November 12, 2014. The Parent Company is listed in Boursa Kuwait.

The Parent Company is regulated and supervised by the Central Bank of Kuwait ("CBK") for financing activities and the Capital Markets Authority ("CMA") as an investment company.

The Parent Company's registered address is P. O. Box 29050, Safat – Zip Code 13151 – State of Kuwait.

This interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on October 23, 2019.

2. Basis of presentation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2018 except for the change in accounting policies due to adoption of IFRS 16 as mentioned in Note 3.

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial information of the Group.

The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK") and the Capital Markets Authority ("CMA"). These regulations require adoption of all IFRSs as issued by IASB except for the measurement and disclosure requirements of expected credit losses (ECL) on credit facilities under IFRS 9: Financial Instruments. Accordingly, provision for credit losses on credit facilities is the higher of ECL under IFRS 9, determined in accordance with the CBK guidelines, and the provisions required by the CBK rules on classification of credit facilities and calculation of their provisions. 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 nine months period ended September 30, 2019 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2019. For further information, refer to the consolidated financial statements and notes thereto for the fiscal year ended December 31, 2018.

3. Changes in significant accounting policies

IFRS 16 – Leases

The standard, effective for annual periods beginning on or after January 1, 2019, provides a comprehensive framework for the identification of lease arrangements and their treatment in the interim condensed consolidated financial information of both lessees and lessors. It replaces the following existing standards and interpretations upon its effective date:

- 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.

IFRS 16 sets out guidelines presented below in paragraphs A, B and C for determining whether any impact arises on the initial adoption of this standard and also describes the accounting treatment on the Group's interim condensed consolidated financial information with reference to the Group as a lessee or lessor:

A. Definition of a lease

The Group previously determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease as explained below. Under IFRS 16, the Group assessed a lease based on the following:

- Is there an identified asset that the customer has the right to use,
- Does the lessee obtain substantially all the economic benefits, and,
- Does the lessee have the right to direct use of the asset.

B. The Group as a lessee

IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognize a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability (unless the lessee applies the fair value model in IAS 40 Investment Property to right-of-use assets that meet the definition of investment property in IAS 40 or applies the revaluation model in IAS 16 Property, plant and equipment).

The lease liability is initially measured at the present value of the future lease payments discounted using the discount rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets, the lessee should recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

A lessee can apply IFRS 16 either by a full retrospective approach or a modified retrospective approach. If the latter approach is selected, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is presented as an adjustment to opening retained earnings (or other component of equity as appropriate).

C. The Group as a lessor

In contrast to lessee accounting, the IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, and continue to require a lessor to classify a lease either as an operating lease or a finance lease. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for sub-leases. As at the effective date, the adoption of IFRS 16 has not had a significant effect on the Group's accounting policies related to a lessor for sub-leases.

Transition

On applying the requirements of IFRS 16, the Group has determined that no significant impact arises on its interim condensed consolidated financial information.

4. Cash and cash equivalents

	September 30, 2019	(Audited) December 31, 2018	September 30, 2018
Cash on hand and at banks	**22,591,203**	27,109,455	26,918,619
Short-term deposits	**7,607,214**	20,000,000	-
	30,198,417	47,109,455	26,918,619

The effective rate of return on short-term deposits ranges from 2.62% to 3% (December 31, 2018: 2.75%) per annum. These deposits have a contractual maturity from 30 to 90 days (December 31, 2018: 30 days).

5. Financial assets at fair value through profit or loss ("FVTPL")

	September 30, 2019	(Audited) December 31, 2018	September 30, 2018
Quoted securities	**22,690,327**	-	-
Unquoted securities	**27,132,570**	24,720,122	22,350,717
Investment funds	**169,584**	169,730	169,581
	49,992,481	24,889,852	22,520,298

During the period ended September 30, 2019, the Group transferred its investment in associate (Human Soft Holding Company K.S.C. (Holding)) to financial assets at FVTPL at its fair value on the date of transfer amounting to KD 26,492,830 consequent on the Group losing significant influence (Note 8(b)).

Financial assets at FVTPL were valued based on the valuation basis as described in Note 23.

6. Accounts receivable and other debit balances

	September 30, 2019	(Audited) December 31, 2018	September 30, 2018
Due from related parties (Note 18)	**2,611,126**	2,565,765	1,210,454
Advance payments	**13,450,506**	8,577,946	1,995,263
Contract receivables	**9,236,083**	7,290,177	10,377,276
Contract assets	**21,236,299**	19,348,168	11,431,481
Retention receivables	**6,532,134**	5,017,087	4,153,143
Notes receivables	**5,716,214**	5,586,235	415,497
Trade receivables of subsidiaries	**15,967,222**	17,022,741	16,395,792
Staff receivables	**420,880**	534,997	436,057
Other debit balances	**8,620,438**	6,477,972	17,403,419
Provision for expected credit losses (a)	**(8,537,996)**	(7,244,601)	(4,591,402)
	75,252,906	65,176,487	59,226,980

(a) The movement in the provision for expected credit losses during the period / year is as follows:

	September 30, 2019	(Audited) December 31, 2018	September 30, 2018
Balance at the beginning of the period / year	**7,244,601**	3,181,577	3,181,577
Impact on adoption of IFRS 9 at January 1, 2018	-	1,918,024	1,918,024
Balance as at January 1, 2018 (Restated)	**7,244,601**	5,099,601	5,099,601
Effect of acquisition of subsidiaries	-	2,917,448	-
Effect of liquidation of subsidiaries	-	(74,886)	-
Effect of reclassification of a subsidiary to an associate	-	(95,628)	(95,628)
Provision charged (no longer required) during the period / year (Note 16)	**1,293,395**	(601,934)	(412,571)
Balance at the end of the period / year	**8,537,996**	7,244,601	4,591,402

7. Financial assets at fair value through other comprehensive income ("FVOCI")

	September 30, 2019	(Audited) December 31, 2018	September 30, 2018
Quoted securities	**220,179**	268,516	483,315
Unquoted securities	**22,802,992**	23,455,777	23,979,467
Funds and portfolios	**846,711**	1,165,718	1,208,029
	23,869,882	24,890,011	25,670,811

Financial assets at FVOCI with a carrying value of KD 7,195,500 are pledged against Murabaha and Wakala payable (Note 11).

Financial assets at FVOCI were valued based on the valuation basis as described in Note 23.

8. Investment in associates

The movement during the period / year is as follows:

	September 30, 2019	(Audited) December 31, 2018	September 30, 2018
Balance at the beginning of the period / year	**44,495,681**	31,161,125	31,161,125
Disposals (a)	**(371,136)**	(1,562,891)	(1,069,976)
Transferred to financial assets at FVTPL (b)	**(3,146,522)**	-	-
Transferred from investment in a subsidiary	-	13,143,407	13,143,407
Group's share of results from associates	**2,201,873**	6,987,274	5,709,044
Group's share of other comprehensive income (loss) from associates (Note 13)	**781,998**	(3,285,550)	(1,398,227)
Group's share of other equity movements in an associate (Note 13)	**(652,517)**	-	-
Cash dividends received from an associate	**(1,584,100)**	(1,900,472)	(1,900,472)
Effect of non-controlling interests from other equity movements in an associate	**(305,832)**	-	-
Effect of non-controlling interests from other comprehensive loss from associates	**(2,347)**	(47,212)	(14,975)
Balance at the end of the period / year	**41,417,098**	44,495,681	45,629,926

(a) During the period ended September 30, 2019, the Group partially sold its investment in associate - (Human Soft Holding Company - K.S.C. (Holding)) for an amount of KD 2,057,963, resulting in a gain of KD 1,686,827 that was recorded in the interim condensed consolidated statement of profit or loss.

(b) On May 29, 2019, the Shareholders' General Assembly of the associate - (Human Soft Holding Company - K.S.C. (Holding)) was held, where the members of the Board of Directors were elected. The Group decided not to nominate any member on the Board of Directors of the associate due to decrease in the Group's ownership percentage. Consequently, the Group lost significant influence over this associate which was represented by the Group's ability to participate in financial and operational decisions of the associate. The Group reclassified its investment in the associate with carrying value of KD 3,146,522 to financial assets at FVTPL at its fair value on the date of transfer of KD 26,492,830 (Note 5) net of the Group's share of other comprehensive loss of the associate amounting to KD 6,154, which resulted in a gain from remeasurement of equity interest of the former associate at its fair value amounting to KD 23,340,154 that was recorded in the interim condensed consolidated statement of profit or loss.

9. Goodwill

During the year ended December 31, 2018, the Group had acquired a subsidiary on acquisition date determined to be August 15, 2018 through Integrated Technologies Holding Company – W.L.L. resulting in a provisional goodwill of KD 30,421,097. Also, the Group had acquired Majd Food Company – K.S.C. (Closed) on the acquisition date determined to be August 14, 2018 resulting in a provisional goodwill of KD 4,522,390.

Currently, the Parent Company is in the process of performing the initial allocation of the acquired goodwill and expects to complete it before the end of the Group's first annual reporting period beginning after the acquisition date, which is December 31, 2019.

10. Accounts payable and other credit balances

	September 30, 2019	(Audited) December 31, 2018	September 30, 2018
Due to related parties (Note 18)	**5,790,536**	5,962,668	5,773,134
Trade payables of subsidiaries	**12,055,602**	9,617,667	8,803,337
Accrued staff bonus	**1,157,370**	1,100,000	925,750
Accrued staff leave	**1,641,730**	1,533,876	2,245,150
Advances received from customers	**11,797,667**	14,981,311	9,088,874
Accrued expenses	**7,344,858**	7,354,740	4,811,222
Dividends payable	**383,138**	1,476,144	1,534,774
KFAS payable	**161,533**	160,912	182,144
NLST payable	**1,011,583**	1,222,817	1,087,564
Zakat payable	**274,110**	467,049	493,818
Board of Directors' remuneration payable	**2,000**	116,750	80,000
Payable against acquisition of a subsidiary	**7,012,288**	9,991,573	18,846,203
Other credit balances	**11,225,376**	8,519,489	10,814,163
	59,857,791	62,504,996	64,686,133

11. Murabaha and Wakala payable

Murabaha and Wakala payable represent contracts with Islamic financial institutions, local and foreign banks, and other parties with due date ranging from three months to seven years. The average annual cost rate of Murabaha and Wakala payable is ranging from 2.25% to 6.25% (December 31, 2018: ranging from 2.25% to 3.25%, September 30, 2018: 2.69%) per annum over the Central Bank of Kuwait discount rate.

Murabaha payable of the Parent Company with a carrying value of KD 22,722,147 is secured by pledging investment properties and property, plant and equipment of Al Imtiaz International Real Estate Company - K.S.C. (Closed) (a subsidiary of the Group) with a carrying value of KD 22,938,570 and KD 3,070,788 respectively.

Murabaha payable of Al Dar Engineering and Contracting Company - K.S.C. (Closed) (a subsidiary of the Group) with a carrying value of KD 8,759,505 is secured against assignment of certain contract income.

Murabaha payable of Majd Food Company - K.S.C. (Closed) (a subsidiary of the Group) with a carrying value of KD 262,110 is secured against term deposits of KD 90,000.

Murabaha payable of Dimah Capital Investment Company - K.S.C. (Closed) (a subsidiary of the Group) with a carrying value of KD 10,784,040 is secured by pledging financial assets at FVOCI with a carrying value of KD 7,195,500 (Note 7) and investment properties with a carrying value amounting to KD 8,075,000.

Murabaha payable of Al Ritaj Holding Company - K.S.C. (Holding) (a subsidiary of the Group) with a carrying value of KD 9,372,975 is secured against pledging its investment in shares of the following subsidiaries:

Name of the subsidiary	No. of shares
Delta Pharmaceutical Industries Company (Delta Pharma) – S.A.E.	4,512,397
Pharaonia Pharmaceutical Company (Pharo Pharma) – S.A.E.	8,173,644

12. Treasury shares

	September 30, 2019	(Audited) December 31, 2018	September 30, 2018
Number of shares (shares)	**106,130,142**	104,755,142	92,471,371
Percentage of issued shares (%)	**9.36**	9.24	8.16
Market value (KD)	**13,054,007**	14,037,189	11,836,335
Cost (KD)	**10,041,090**	9,856,539	8,232,657

The Parent Company's management has allotted an amount equal to treasury shares balance from the reserves as at September 30, 2019. This balance is not available for distribution during the Parent Company's retention period of these treasury shares.

The treasury shares as at September 30, 2019 are not pledged.

13. Other equity items

	Employee stock option reserve	Fair value reserve of financial assets at FVOCI	Cumulative changes in fair value	Property revaluation surplus	Foreign currency translation reserve	Effect of changes in associates' other comprehensive income (loss)	Effect of other equity movements in an associate	Effect of changes in ownership interest in subsidiaries' equity	Reserve for gain (loss) on disposal of financial assets at FVOCI	Total
Balance as at December 31, 2018	1,023,828	(3,298,832)	-	1,884,506	(3,761,225)	503,650	-	1,529,599	1,032,501	(1,085,973)
Transfer on disposal of financial assets at FVOCI	-	307,800	-	-	-	-	-	-	(307,800)	-
Transfer of reserve for gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	(1,032,501)	(1,032,501)
Effect of other equity movements in an associate (Note 8)	-	-	-	-	-	-	(652,517)	-	-	(652,517)
Total comprehensive (loss) income for the period	-	(589,955)	-	-	382,336	781,998	-	-	-	574,379
Balance as at September 30, 2019	**1,023,828**	**(3,580,987)**	**-**	**1,884,506**	**(3,378,889)**	**1,285,648**	**(652,517)**	**1,529,599**	**(307,800)**	**(2,196,612)**
Balance as at December 31, 2017	1,023,828	-	(572,799)	1,693,995	(3,726,104)	3,789,200	-	(1,276,660)	-	931,460
Impact on adoption of IFRS 9 at January 1, 2018	-	(1,021,691)	572,799	-	-	-	-	-	-	(448,892)
Balance as at January 1, 2018 ("Restated")	1,023,828	(1,021,691)	-	1,693,995	(3,726,104)	3,789,200	-	(1,276,660)	-	482,568
Gain on disposal of financial assets at FVOCI	-	-	-	-	-	-	-	-	140,415	140,415
Transfer of reserve for gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	892,086	892,086
Effect of reclassification of a subsidiary to an associate	-	-	-	-	-	-	-	3,353,903	-	3,353,903
Effect of purchase of additional shares in a subsidiary	-	-	-	-	-	-	-	(24,477)	-	(24,477)
Total comprehensive loss for the period	-	(1,634,069)	-	-	(22,384)	(1,398,227)	-	-	-	(3,054,680)
Balance as at September 30, 2018	1,023,828	(2,655,760)	-	1,693,995	(3,748,488)	2,390,973	-	2,052,766	1,032,501	1,789,815

14. Net investment income

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Unrealized gain (loss) from financial assets at FVTPL	**307,217**	(399,053)	**(1,582,383)**	1,106,140
Realized gain on sale of financial assets at FVTPL	**163,638**	2,231	**57,946**	143,267
Dividend income	**911,843**	825,476	**2,487,328**	1,996,881
	1,382,698	428,654	**962,891**	3,246,288

15. Net operating income from subsidiaries

Net operating income from subsidiaries represents gross profit from the main activities of the subsidiaries which is presented as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Engineering and construction	**2,120,222**	1,281,653	**5,309,170**	4,013,228
Sales and medical activities	**2,045,481**	1,803,592	**5,459,856**	6,262,743
IT solutions and fintech	**1,652,781**	-	**6,154,114**	-
Education	**785,530**	1,449,151	**2,281,598**	2,379,399
Food sales	**458,696**	-	**2,221,222**	-
	7,062,710	4,534,396	**21,425,960**	12,655,370

16. Impairment loss and other net provisions

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Net provision for expected credit losses charged (no longer required) (Note 6)	**176,515**	133,440	**1,293,395**	(412,571)
Provision for legal cases	**-**	88,195	**210,800**	740,383
Others	**34,093**	6,003	**236,048**	154,284
	210,608	227,638	**1,740,243**	482,096

17. Basic and diluted earnings per share attributable to shareholders of the Parent Company (Fils)

There are no potential dilutive ordinary shares. Basic and diluted earnings per share is computed by dividing the profit for the period attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the period:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Profit for the period attributable to shareholders of the Parent Company	**1,431,891**	4,766,891	**24,805,070**	17,067,567
Number of outstanding shares:				
Number of issued and fully paid-up shares at the beginning of the period	**1,133,617,350**	1,133,617,350	**1,133,617,350**	1,133,617,350
Less: weighted average number of treasury shares	**(106,130,142)**	(92,471,371)	**(106,115,142)**	(92,471,371)
Weighted average number of shares outstanding	**1,027,487,208**	1,041,145,979	**1,027,502,208**	1,041,145,979
	Fils	Fils	**Fils**	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	**1.39**	4.58	**24.14**	16.39

As there are no dilutive instruments outstanding, basic and diluted earnings per share attributable to shareholders of the Parent Company are identical.

18. Related party balances and transactions

The Group has entered into various transactions with related parties i.e. Major shareholders, Board of Directors, Key management personnel, Executive officers of the Group, Associates and Other related parties. Prices and terms of payment are to be approved by the Group's management. Significant related party balances and transactions during the period / year are as follows:

(i) Balances included in the interim condensed consolidated statement of financial position:

	Associates	Major shareholders	Other related parties	**September 30, 2019**	(Audited) December 31, 2018	September 30, 2018
Accounts receivable and other debit balances (Note 6)	-	1,204,359	1,406,767	**2,611,126**	2,565,765	1,210,454
Provision for expected credit losses	-	-	(1,406,767)	**(1,406,767)**	(1,406,767)	(1,190,133)
Net accounts receivable and other debit balances	-	1,204,359	-	**1,204,359**	1,158,998	20,321
Accounts payable and other credit balances (Note 10)	5,393,965	37,254	359,317	**5,790,536**	5,962,668	5,773,134
Murabaha and Wakala payable	1,222,148	-	-	**1,222,148**	1,191,096	1,180,652

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

	Associates	Major shareholders	Other related parties	Nine months ended September 30, **2019**	Nine months ended September 30, 2018
Net investment income	-	-	-	**-**	371,168
Rental income	209,398	1,350	-	**210,748**	100,377
Finance charges	31,052	-	-	**31,052**	30,287
Net operating income from subsidiaries	1,875,458	-	-	**1,875,458**	-
Provision no longer required	-	-	-	**-**	216,634

(iii) Compensation to key management personnel:

	2019	2018
Salaries, incentives and remuneration	**450,450**	447,500
End of service indemnity	**53,776**	53,496
Post-employment benefits	**115,784**	117,067

19. Fiduciary assets

The aggregate value of assets held in a trust or fiduciary capacity by the Parent Company as at September 30, 2019 amounted to KD 106,951,900 (December 31, 2018: KD 143,594,012, September 30, 2018: KD 124,452,928).

20. Capital commitments and contingent liabilities

a) Capital commitments

	September 30, 2019	(Audited) December 31, 2018	September 30, 2018
Capital commitments of subsidiaries	**2,081,364**	1,950,211	1,436,138

b) Contingent liabilities

	September 30, 2019	(Audited) December 31, 2018	September 30, 2018
Letters of guarantee	**31,545,911**	33,878,079	16,174,504
Letters of credit	**1,205,733**	1,926,611	1,830,757
	32,751,644	35,804,690	18,005,261

21. Segment reporting

Operating segments are identified on the basis of internal reports about the Group's components which are regularly reviewed by the chief operating decision maker so as to evaluate their performance. The management has classified the Group's products and services into the following operational segments "Operating Segments":

- Investment properties
- Financial investments
- Healthcare
- Education
- Oil and construction
- IT solutions and fintech
- Food sales
- Others (net)

The following information relates to the Group's segment reporting:

Segment revenue and results:

	Segment revenue		Segment profit	
	Nine months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Investment properties	**2,679,702**	3,358,082	**2,491,245**	2,362,367
Financial investments	**3,688,328**	6,280,611	**2,187,932**	6,338,740
Healthcare	**6,483,343**	6,242,224	**4,108,784**	4,618,193
Education	**28,034,432**	12,817,764	**27,994,937**	12,817,764
Oil and construction	**5,835,091**	8,723,981	**5,024,688**	8,858,505
IT solutions and fintech	**6,449,362**	-	**5,574,524**	-
Food sales	**2,235,844**	-	**1,976,185**	-
Others (net)	**129,899**	12,898	**129,898**	12,898
Total	**55,536,001**	37,435,560	**49,488,193**	35,008,467
General and administrative expenses			**(15,957,460)**	(11,009,977)
Selling and marketing expenses			**(3,798,063)**	(2,211,208)
Depreciation and amortization			**(2,578,290)**	(848,974)
Others (net)			**(570,970)**	(1,049,252)
Profit for the period			**26,583,410**	19,889,056

22. General Assembly

The Shareholders' Annual General Assembly held on March 20, 2019 approved the consolidated financial statements for the year ended December 31, 2018, approved to distribute cash dividends of 8 fils per share amounting to KD 8,219,898 and approved the Board of Directors' remuneration amounting to KD 114,750 for the financial year ended December 31, 2018.

The Shareholders' Annual General Assembly held on March 21, 2018 approved the consolidated financial statements for the year ended December 31, 2017, approved to distribute cash dividends of 7 fils per share amounting to KD 7,288,022 and approved the Board of Directors' remuneration amounting to KD 114,700 for the financial year ended December 31, 2017.

23. Fair value measurement

The details of fair value measurement hierarchy are as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

September 30, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL:				
Quoted securities	**22,690,327**	**-**	**-**	**22,690,327**
Unquoted securities	**-**	**-**	**27,132,570**	**27,132,570**
Investment funds	**-**	**169,584**	**-**	**169,584**
Financial assets at FVOCI:				
Quoted securities	**220,179**	**-**	**-**	**220,179**
Unquoted securities	**-**	**-**	**22,802,992**	**22,802,992**
Funds and portfolios	**-**	**846,711**	**-**	**846,711**
Total	**22,910,506**	**1,016,295**	**49,935,562**	**73,862,363**

December 31, 2018 (Audited)	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Unquoted securities	-	-	24,720,122	24,720,122
Investment funds	-	169,730	-	169,730
Financial assets at FVOCI:				
Quoted securities	268,516	-	-	268,516
Unquoted securities	-	-	23,455,777	23,455,777
Funds and portfolios	-	1,165,718	-	1,165,718
Total	268,516	1,335,448	48,175,899	49,779,863

September 30, 2018	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Unquoted securities	-	-	22,350,717	22,350,717
Investment funds	-	169,581	-	169,581
Financial assets at FVOCI:				
Quoted securities	483,315	-	-	483,315
Unquoted securities	-	-	23,979,467	23,979,467
Funds and portfolios	-	1,208,029	-	1,208,029
Total	483,315	1,377,610	46,330,184	48,191,109

24. Other information

Based on the decisions of the Extraordinary General Assembly held on November 25, 2018 of both Al Bilad Real Estate Investment Company - K.S.C. (Closed) ("Al Bilad") and Dimah Capital Investment Company - K.S.C. (Closed) ("Dimah Capital") (the Group's subsidiaries), it was approved to merge Al Bilad with Dimah Capital through the dissolution and liquidation of Al Bilad and transferring Al Bilad's assets and liabilities to Dimah Capital. Furthermore, subscription of Al Bilad's shareholders, as at the date of the Extraordinary General Assembly, in Dimah Capital's shares by increasing Dimah Capital Company share capital by 290,658,357 shares, which will be issued for the purpose of merge. In addition to appointing Mr. Hamed Ahmed Mohamad Al-Awadhi as the liquidator of Al Bilad for one year. The merger was approved by the Capital Markets Authority on March 13, 2019. Accordingly, Al Bilad's assets and liabilities were transferred to Dimah Capital on January 10, 2019 (date of registering capital increase of Dimah Capital in the commercial register). On March 28, 2019, Dimah Capital's shareholders' register was amended to include Al Bilad's shareholders.

The merger transaction was accounted based on "Pooling of interest method" where the assets and liabilities of Al Bilad "Merged Company" were recognized based on carrying value prior to the merger and without referring to the fair value. Accordingly, the Group's ownership in the reorganized subsidiary - Dimah Capital Investment Company - K.S.C. (Closed) became 67.76% after the merger. The merger did not result in any significant impact on the Group's interim condensed consolidated financial information for the period ended September 30, 2019 as the merger was performed among Group's companies that are under common control (both companies are subsidiaries of the Group) and is outside the scope of "IFRS (3): Business Combinations".