

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)**

30 SEPTEMBER 2019



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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Tijara & Real Estate Investment Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 30 September 2019 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended, and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the nine months period ended 30 September 2019 that might have had a material effect on the business of the Parent Company or on its financial position.



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

30 October 2019
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 September 2019

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019	2018	2019	2018
		KD	KD	KD	KD
Rental income		1,026,547	1,043,669	3,111,589	3,121,910
Other services and operating income		10,757	1,993	17,487	9,072
Property operating expenses		(62,460)	(61,060)	(200,215)	(153,324)
Realised gain on sale of investment property		105,000	-	105,000	-
Net profit on investment properties		1,079,844	984,602	3,033,861	2,977,658
Sale of inventory properties		6,675	27,041	188,054	27,041
Cost of sales		(7,046)	(43,321)	(125,971)	(43,321)
Net (loss) gain on sale of inventory properties		(371)	(16,280)	62,083	(16,280)
Share of results of an associate	4	11,636	(58,462)	(11,947)	(141,048)
Net investment profit / (loss)		11,636	(58,462)	(11,947)	(141,048)
Administrative expenses		(202,757)	(199,021)	(712,798)	(645,119)
Foreign exchange gain		23,011	6,448	14,572	11,144
Other income		7,173	-	13,284	5,212
Operating profit		918,536	717,287	2,399,055	2,191,567
Finance costs		(391,880)	(452,910)	(1,274,888)	(1,321,236)
PROFIT FOR THE PERIOD BEFORE PROVISION FOR CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST), ZAKAT AND BOARD OF DIRECTORS' REMUNERATION		526,656	264,377	1,124,167	870,331
KFAS		(4,740)	(2,379)	(10,118)	(7,833)
NLST		(13,745)	(7,150)	(29,816)	(20,401)
Zakat		(5,498)	(2,861)	(11,926)	(8,161)
Board of directors' remuneration	8	-	-	(30,000)	(30,000)
PROFIT FOR THE PERIOD		502,673	251,987	1,042,307	803,936
BASIC AND DILUTED EARNINGS PER SHARE	3	1.36 fils	0.68 fils	2.82 fils	2.17 fils

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2019

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
<i>Note</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
PROFIT FOR THE PERIOD	502,673	251,987	1,042,307	803,936
Other comprehensive income:				
<i>Items that are (or) may be subsequently reclassified to interim condensed consolidated statement of income in subsequent periods:</i>				
Exchange differences arising on translation of foreign operations	21,392	6,865	17,611	25,748
Exchange differences arising on translation of foreign associate	4 24,505	6,502	7,828	22,955
Other comprehensive income for the period	45,897	13,367	25,439	48,703
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	548,570	265,354	1,067,746	852,639

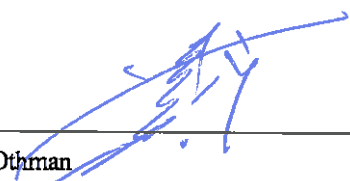
The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

As at 30 September 2019

		<i>(Audited)</i>	
	<i>Notes</i>	<i>30 September 2019 KD</i>	<i>31 December 2018 KD</i>
		<i>30 September 2018 KD</i>	
ASSETS			
Bank balances and cash		1,405,688	1,229,252
Accounts receivable and prepayments		1,919,042	1,667,601
Inventory properties		2,130,016	2,255,987
Investment in an associate	4	8,300,799	6,278,732
Investment properties	5	59,721,004	60,179,738
Property and equipment		25,035	26,727
TOTAL ASSETS		73,501,584	71,638,037
EQUITY AND LIABILITIES			
Equity			
Share capital		37,000,000	37,000,000
Statutory reserve		260,718	260,718
General reserve		260,718	260,718
Share options reserve		142,253	142,253
Foreign currency translation reserve		285,696	260,257
Treasury shares reserve		18,132	18,132
Retained earnings		1,122,763	820,456
Total equity		39,090,280	38,762,534
Liabilities			
Accounts payable and accruals		832,176	801,842
Islamic financing payables	6	32,730,149	31,289,925
Employees' end of service benefits		848,979	783,736
Total liabilities		34,411,304	32,875,503
TOTAL EQUITY AND LIABILITIES		73,501,584	71,638,037


 Tareq Fareed Al Othman
 Vice Chairman and Executive President

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2019

	Share capital KD	Statutory reserve KD	General reserve KD	Share options reserve KD	Foreign currency translation reserve KD	Treasury shares reserve KD	Retained earnings KD	Total KD
As at 1 January 2019	37,000,000	260,718	260,718	142,253	260,257	18,132	820,456	38,762,534
Profit for the period	-	-	-	-	-	-	1,042,307	1,042,307
Other comprehensive income for the period	-	-	-	-	25,439	-	-	25,439
Total comprehensive income for the period	-	-	-	-	25,439	-	1,042,307	1,067,746
Distribution of dividends (Note 8)	-	-	-	-	-	-	(740,000)	(740,000)
As at 30 September 2019	37,000,000	260,718	260,718	142,253	285,696	18,132	1,122,763	39,090,280
As at 1 January 2018	37,000,000	157,551	157,551	142,253	207,542	18,132	1,182,975	38,866,004
Profit for the period	-	-	-	-	-	-	803,936	803,936
Other comprehensive income for the period	-	-	-	-	48,703	-	-	48,703
Total comprehensive income for the period	-	-	-	-	48,703	-	803,936	852,639
Distribution of dividends (Note 8)	-	-	-	-	-	-	(1,110,000)	(1,110,000)
As at 30 September 2018	37,000,000	157,551	157,551	142,253	256,245	18,132	876,911	38,608,643

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 September 2019

	<i>Nine months ended</i>	
	<i>30 September</i>	
<i>Notes</i>	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit for the period before KFAS, NLST, Zakat and board of directors' remuneration	1,124,167	870,331
Adjustments to reconcile profit for the period before KFAS, NLST, Zakat and board of directors' remuneration to net cash flows:		
Depreciation	8,102	11,713
Provision for employees' end of service benefits	78,831	88,656
Realised gain on sale of investment property	(105,000)	-
Realised (gain) loss on sale of inventory properties	(62,083)	16,280
Share of results of an associate	4 11,947	141,048
Finance costs	1,274,888	1,321,236
Foreign exchange gain	(14,572)	(11,144)
	<u>2,316,280</u>	<u>2,438,120</u>
Changes in operating assets and liabilities:		
Accounts receivable and prepayments	(248,431)	(230,251)
Inventory properties	188,054	27,042
Accounts payable and accruals	(37,535)	(19,961)
	<u>2,218,368</u>	<u>2,214,950</u>
Cash flows from operations	2,218,368	2,214,950
Employees' end of service benefits paid	(13,588)	(143,791)
Board of directors' remuneration paid	(30,000)	(30,000)
	<u>2,174,780</u>	<u>2,041,159</u>
INVESTMENT ACTIVITIES		
Additions to property and equipment	(6,410)	(23,835)
Additions to investment in an associate	4 (2,026,186)	(285,166)
Additions to investment properties	5 (50,000)	(2,323,000)
Disposal of investment property	5 655,000	-
	<u>(1,427,596)</u>	<u>(2,632,001)</u>
Net cash flows used in investing activities	(1,427,596)	(2,632,001)
FINANCING ACTIVITIES		
Proceeds from Islamic financing payables	17,915,300	5,731,218
Repayment of Islamic financing payables	(16,068,235)	(3,626,337)
Finance costs paid	(1,689,139)	(1,650,085)
Dividends paid	(724,477)	(1,062,929)
	<u>(566,551)</u>	<u>(608,133)</u>
Net cash flows used in financing activities	(566,551)	(608,133)
NET INCREASE (DECREASE) IN BANK BALANCES AND CASH	180,633	(1,198,975)
Net foreign exchange differences	(4,197)	(3,026)
Bank balances and cash at 1 January	1,229,252	1,820,862
	<u>1,405,688</u>	<u>618,861</u>
BANK BALANCES AND CASH AT THE END OF THE PERIOD	1,405,688	618,861

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Tijara & Real Estate Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") for the nine months period ended 30 September 2019 were authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 30 October 2019.

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

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICES

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

The interim condensed consolidated financial information of the Group has been prepared in accordance with ("IAS 34"), 'Interim Financial Reporting'. The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2018 except for the changes described below arising from the adoption of IFRS 16 'Leases' ("IFRS 16") effective from 1 January 2019. However, there is no material impact of IFRS 16 on the interim condensed consolidated financial information of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued and not yet effective. Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2019 did not have any material impact on the accounting policies, financial position or performance of the Group.

The interim condensed consolidated financial information does not contain all information and disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018. In addition, results for the nine months period ended 30 September 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 a fair presentation have been included.

Changes in accounting policies

The key changes to the Group's accounting policies resulting from its adoption of IFRS 16 is summarised below:

IFRS 16: Leases ("IFRS 16")

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 most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from 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.

Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance cost and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the interim condensed consolidated statement of income on a straight-line basis over the lease term.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

2 BASIS OF PREPARATION AND ACCOUNTING POLICES (continued)

Changes in accounting policies (continued)

IFRS 16: Leases (“IFRS 16”) (continued)

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases where the Group is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019 and accordingly, the comparative information is not restated. 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').

Summary of new accounting policies

The accounting policies of the Group upon adoption of IFRS 16 are as follows:

a) 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.

b) 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 profit rate at the lease commencement date if the profit 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 profit 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.

c) 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 terms. 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)

The adoption of this standard did not result in any material change in accounting policies of the Group and does not have any material effect on the Group's interim condensed consolidated financial information.

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

3 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2019</i> <i>KD</i>	<i>2018</i> <i>KD</i>	<i>2019</i> <i>KD</i>	<i>2018</i> <i>KD</i>
Profit for the period	502,673	251,987	1,042,307	803,936
Weighted average number of shares outstanding during the period (excluding treasury shares)	370,000,000	370,000,000	370,000,000	370,000,000
Basic and diluted earnings per share	1.36 fils	0.68 fils	2.82 fils	2.17 fils

4 INVESTMENT IN AN ASSOCIATE

The Group has the following investment in an associate:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Equity interest as at</i>			<i>Principal activities</i>
		<i>30 September 2019</i> <i>%</i>	<i>(Audited) 31 December 2018</i> <i>%</i>	<i>30 September 2018</i> <i>%</i>	
Al Madar Al Thahabia Company W.L.L. ("Al Madar")	Kingdom of Saudi Arabia	24%	24%	24%	Sale, purchase, rent and lease of real estate properties and lands

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

	<i>30 September 2019</i> <i>KD</i>	<i>(Audited) 31 December 2018</i> <i>KD</i>	<i>30 September 2018</i> <i>KD</i>
At the beginning of the period / year	6,278,732	6,123,656	6,123,656
Additions to investment in an associate	2,026,186	315,452	285,166
Share of results	(11,947)	(185,181)	(141,048)
Foreign currency translation adjustment	7,828	24,805	22,955
At the end of the period / year	8,300,799	6,278,732	6,290,729

The share of results of an associate for the period ended 30 September 2019 have been recorded based on the management accounts.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

5 INVESTMENT PROPERTIES

	30 September 2019 KD	<i>(Audited)</i> 31 December 2018 KD	30 September 2018 KD
At the beginning of the period / year	60,179,738	57,733,468	57,733,468
Disposal	(550,000)	-	-
Additions	50,000	2,323,000	2,323,000
Change in fair value of investment properties	-	56,477	-
Net foreign exchange gain	41,266	66,793	61,122
At the end of the period / year	<u>59,721,004</u>	<u>60,179,738</u>	<u>60,117,590</u>

As at 30 September 2019, investment properties of KD 4,150,000 (31 December 2018: KD 24,637,547 and 30 September 2018: KD 24,709,037) are held in the name of a third party under Ijara agreement (Note 6).

As at 30 September 2019, investment properties of KD 30,563,000 (31 December 2018: KD 18,713,000 and 30 September 2018: KD 17,848,000) are pledged as a security against Murabaha agreement of KD 25,000,000 (31 December 2018: KD 7,524,700 and 30 September 2018: KD 7,524,700) (Note 6).

The fair value of the investment properties have been determined on 31 December 2018 based on valuations obtained from two independent valuers, who are an industry specialised in valuing these types of properties. One of these valuers is a local bank who has valued the local investment properties using the income capitalization approach. The other is a local reputable accredited valuers who has valued the local investment properties using the income capitalization approach. For the foreign properties, the valuation has been performed by a reputable accredited valuer who has valued these properties using income capitalization approach. For the valuation purpose, the Group has selected the lower value of these two valuations as required by the Capital Market Authority.

6 ISLAMIC FINANCING PAYABLES

	<i>Ijara</i> KD	<i>Tawarruq</i> KD	<i>Murabaha</i> KD	<i>Total</i> KD
30 September 2019				
Gross amount	4,147,161	5,071,042	33,965,166	43,183,369
Less: deferred profit	<u>(1,034,477)</u>	<u>(376,384)</u>	<u>(9,042,359)</u>	<u>(10,453,220)</u>
	<u>3,112,684</u>	<u>4,694,658</u>	<u>24,922,807</u>	<u>32,730,149</u>
31 December 2018 (Audited)				
Gross amount	20,079,458	5,724,993	9,386,338	35,190,789
Less: deferred profit	<u>(1,406,127)</u>	<u>(616,147)</u>	<u>(1,878,590)</u>	<u>(3,900,864)</u>
	<u>18,673,331</u>	<u>5,108,846</u>	<u>7,507,748</u>	<u>31,289,925</u>
30 September 2018				
Gross amount	19,287,938	5,737,683	9,372,110	34,397,731
Less: deferred profit	<u>(906,503)</u>	<u>(652,927)</u>	<u>(1,866,731)</u>	<u>(3,426,161)</u>
	<u>18,381,435</u>	<u>5,084,756</u>	<u>7,505,379</u>	<u>30,971,570</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

6 ISLAMIC FINANCING PAYABLES (continued)

Islamic financing payables represent facilities obtained from Islamic financial institutions and carry an average profit rate of 1% to 3.25% (31 December 2018: 1.875% to 3.25% and 30 September 2018: 1.875% to 3.25%) per annum over Central Bank of Kuwait discount rate. Islamic financing payables are mainly due within range of 1 to 9 years from the reporting date.

As at 30 September 2019, Ijara payable of KD 3,110,000 (31 December 2018: KD 17,550,000 and 30 September 2018: KD 17,442,499) are secured by the investment properties of KD 4,150,000 (31 December 2018: KD 24,637,547 and 30 September 2018: KD 24,709,037) (Note 5).

As at 30 September 2019, Murabaha payable of KD 25,000,000 (31 December 2018: KD 7,524,700 and 30 September 2018: KD 7,524,700) are secured by the investment properties of KD 30,563,000 (31 December 2018: KD 18,713,000 and 30 September 2018: KD 17,848,000) (Note 5).

7 RELATED PARTY TRANSACTIONS

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

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Interim condensed consolidated statement of income	KD	KD	KD	KD
Key management compensation				
Salaries and other short term benefits	71,550	62,300	214,650	179,900
Employees' end of service benefits	13,825	12,259	48,697	35,520
	85,375	74,559	263,347	215,420
Board of directors' remuneration	-	-	(30,000)	(30,000)
Foreign currency exchange differences *	29,970	10,113	25,259	27,439
	29,970	10,113	(4,741)	(2,561)

* The Group has recognized a gain of KD 25,259 (30 September 2018: gain of KD 27,439) in the interim condensed consolidated statement of income for the period ended 30 September 2019 on foreign exchange rate fluctuation in SAR relating to the amounts due from one of the Group's subsidiary of SAR 123,705,443 (30 September 2018: SAR 132,829,561).

8 ANNUAL GENERAL MEETING

The Annual General Assembly of the shareholders of the Parent Company held on 9 May 2019 approved the consolidated financial statements for the year ended 31 December 2018 and the distribution of cash dividends of 2 fils (2017: 3 fils) per share of KD 740,000 (2017: KD 1,110,000) for shareholders registered on that date.

In addition, the Annual General Assembly of the shareholders of the Parent Company approved the payment of directors' fees of KD 30,000 for the year ended 31 December 2018. (2017: KD 30,000)

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

9 SEGMENT INFORMATION

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

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

	Nine months ended 30 September 2019				Nine months ended 30 September 2018			
	Real estate activities KD	Investment activities KD	Others KD	Total KD	Real estate activities KD	Investment activities KD	Others KD	Total KD
Segment revenue	3,129,076	-	-	3,129,076	3,130,982	-	-	3,130,982
Segment results	1,653,973	-	-	1,653,973	1,656,422	-	-	1,656,422
Realised gain on sale of investment property	105,000	-	-	105,000	-	-	-	-
Net gain/(loss) on sale of inventory properties	62,083	-	-	62,083	(16,280)	-	-	(16,280)
Share of result from an associate	-	(11,947)	-	(11,947)	-	(141,048)	-	(141,048)
Other income	-	-	13,284	13,284	-	-	5,212	5,212
Unallocated expenses -- net	-	-	(780,086)	(780,086)	-	-	(700,370)	(700,370)
Result – profit (loss)	1,821,056	(11,947)	(766,802)	1,042,307	1,640,142	(141,048)	(695,158)	803,936

	30 September 2019				31 December 2018 (Audited)				30 September 2018			
	Real estate activities KD	Investment activities KD	Others KD	Total KD	Real estate activities KD	Investment activities KD	Others KD	Total KD	Real estate activities KD	Investment activities KD	Others KD	Total KD
Total assets	65,175,750	8,300,799	25,035	73,501,584	65,332,578	6,278,732	26,727	71,638,037	64,804,873	6,290,729	25,614	71,121,216
Total liabilities	33,562,325	-	848,979	34,411,304	32,091,767	-	783,736	32,875,503	31,751,078	-	761,495	32,512,573

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

10 FAIR VALUE MEASUREMENT

Investment properties have been stated at fair values. For other financial assets and financial liabilities carried at amortized cost, the carrying value is not significantly different from their fair values as most of these assets and liabilities are of short term maturity or repriced immediately based on market movement in interest rates.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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; and
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Set out below is a comparison by class of the carrying amounts and fair value of the Group's assets:

As at 30 September 2019	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Investment properties	<u>59,721,004</u>	<u>59,721,004</u>
As at 31 December 2018	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Investment properties	<u>60,179,738</u>	<u>60,179,738</u>
As at 30 September 2018	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Investment properties	<u>60,117,590</u>	<u>60,117,590</u>

During the period ended 30 September 2019, there were no transfers into and out of level 3 fair value measurements.

The reconciliation of the opening and closing amount of Level 3 are presented in note 5.