ANNUAL REPORT 2018

URC
شركة العقارات المتحدة
United Real Estate Co

H.H. Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah

Amir of the State of Kuwait

H.H. Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah

Crown Prince of the State of Kuwait

Contents

Message From the Board

Dear shareholder,

On behalf of United Real Estate Company's Board of Directors, I am pleased to present to you our Company's annual report for 2018, showcasing the Company's financial results for the year 2018, along with the achievements and progress of its projects in Kuwait and the MENA Region.

In this report, I am happy to present to you a summary of the Company's financial results and most significant achievements on its projects during the fiscal year ending on 31 December 2018.

In 2018, the total operating revenues of the company amounted to KD 103 million, a 19% increase as compared to KD 87 million in 2017. Furthermore, there was a 6% increase in gross profits in 2018 reaching KD 22 million as compared to KD 21 million in 2017.

However, the losses from the valuation of some of the Company's assets in 2018 was one of the main reasons for the significant decline in the financial performance of the Company, recording a net loss of KD 9 million in 2018 as compared to a net profit of KD 2.2 million in 2017.

These financial results reflect real estate asset value in the operating regions of the Company, most of which witnessed a significant decline during the year. In addition, the Company had to record provisions on some of its operating assets.

The Company recorded a 2.39% increase in total assets reaching a value of KD 617 million in 2018 as compared to KD 602 million in 2017.

The Company achieved a significant increase of 19% in total revenues from its contracting and services arms, and the profit from these sectors increased by 73%. This is in line with the Company's strategy to diversify sources of income generated from these sectors.

In 2018, the Company successfully issued KD 60 million worth of bonds with a maturity of five years. The issuance met with significant demand from high net worth individuals and institutions, which reflects strong investor confidence in the Company and its strategies.

In pursuing these strategies, the Company will continue to seek and exploit all possible opportunities to improve the performance of its operating assets with the objective of improving returns to shareholders. This will be supplemented by the strategy to exit from non-performing assets, which in return, will improve the cash flows of the Company.

The Company realized several significant achievements in its ongoing projects during 2018:

In the Kingdom of Morocco, the Company launched the second phase of the 2 million square meters "Assoufid" project. The development of the project's infrastructure will continue progressing.

The project's first phase consists of a first-class golf course, while the second phase will comprise a five-star hotel and residential components, including branded villas and high-end apartments. In this context, the Company signed a hotel management agreement with Marriott International which will introduce the "St. Regis" brand.

In Kuwait, the Company made significant progress in the "Hessah Towers" development, one of the largest ongoing projects located in the Hessah AlMubarak District. The District comprises of a variety of components, which include residential, retail, commercial, clinics, and serviced apartments.

In collaboration with world-renowned international design firms and consultants, the detailed design of Hessah AlMubarak development that includes other residential, recreational and business centers is underway,

In December 2018, we launched the construction of the first package of "Hessah Towers". It is worth noting that the "Hessah Towers" project, which is expected to be completed in 2022, covers a total built up area of more than 63,000 square meters.

Each tower consists of 40 floors that include apartments, duplexes, and townhouses characterized by their unique views of the Arabian Gulf and Kuwait City, in addition, to other amenities such as a health club, children's recreation areas, private gardens for the residents, a swimming pool and multi-level parking.

I would like to take this opportunity to thank our valued shareholders, for their continued trust and support in our efforts, and to commend the sincere efforts of the Executive Management, URC valued employees, and all our subsidiaries and associates.

My sincerest wishes for the continued success and prosperity of our beloved country and our company under the leadership of His Highness the Amir of the State of Kuwait and His Highness the Crown Prince.

Sincerely,

Tariq Mohammed AbdulSalam
Chairman

Tariq Mohammed AbdulSalam
Chairman

Ali Ibrahim Marafi
Vice Chairman

Sheikh Fadel Khaled Al-Sabah
Board Member

Sheikha Bibi Nasser Sabah Al-Ahmed Al-Sabah
Board Member

Samer Subhi Khanachet
Board Member

Mazen Issam Hawa
Board Member

Adel Jassem Al-Wugayan
Board Member

Ahmad Kasem
Acting Chief Executive Officer

Ravi Veeraraghavan
Group Chief Financial Officer

Oussama Zeitoun
Chief Development Officer

Augostino Sfeir
Chief Investment Officer

Youssef Saliba
Chief Legal & Compliance Officer

Ala'a Beidas
Group Chief Audit Executive

Samir Harmouche
Chief Property Management Officer

Hamad S. AlMulaifi
Director of Sales & Marketing

Shadi Mekdashi
Head of Risk Management

Executive Summary

United Real Estate Company (URC)

United Real Estate Company. K.S.C.P (URC) is one of the Middle East and North Africa's leading real estate developers, with consolidated assets of KD 617 million (US$ 2 Billion) as of 31 December 2018. Headquartered in Kuwait, URC was founded in 1973 and was listed on the Kuwait Stock Exchange in 1984.

URC primarily operates through a number of operating subsidiaries and investment arms across the MENA region. The company's core business is real estate development and operations and enjoys a diversified portfolio of assets that include retail complexes, hotels, residential properties, and high-rise office buildings.

URC's operations extend to construction and contracting, facility management, and project management through its several subsidiaries. The company's portfolio of assets and businesses are geographically spread across a number of countries through several assets such as Marina World, Marina Hotel, and KIPCO Tower in Kuwait, Salalah Gardens Mall & Residences in Oman, Abdali Mall in Jordan, Raouche View 1090 in Lebanon, Hilton Cairo Heliopolis & Waldorf Astoria Hotels in Egypt, Aswar Residences in Egypt, and Assoufid in Morocco.

Key Achievements in 2018

- Design completion for Hessah Towers, located at Hessah Al Mubarak District-Kuwait.
- Enabling works commenced for Hessah Towers.
- Business District design services has been awarded to Japanese Architecture Firm, Nikken, in corporation with Arab Office for Engineering Consultancy (PACE) and the design work has commenced.
- Concept design for Assoufid Phase 2 approved.
- Assoufid Phase 2 Infrastructure Works in progress.
- The company successfully issued five-year bonds worth KD 60 million.
- Completion of the asset swap transaction between Abdali Mall and Abdali Boulevard, whereby the company now owns 100% of Abdali Mall.
- United Building Company a subsidiary company has sold its Kabd land rights of use to Insha'a Holding Company to build a ready-mix concrete plant.
- Sale of Al Furjan land in Dubai as part of the company's strategy of exiting idle assets.
- Acquisition of two additional plots in Hessah Al Mubarak project through an associate company.
- The company sold Marina Plaza to an associate as part of the company's strategy to restructure its assets and rebalance its investment portfolio.
- Executive management's efforts continue to improve Abdali Mall's performance by reaching various agreements to attract tenants, making the Mall the first family entertainment center in the Hashemite Kingdom of Jordan.

Projects Under Development

Assoufid

Spanning across a total area of 2 million square meters, Assoufid is an award-winning integrated tourism and residential resort situated in the vibrant city of Marrakech. The first phase of the development included an 18-hole high-end golf club, complete with a signature restaurant, pro shop, member's lounge, and a private pavilion. The golf course lies on a naturally undulating terrain, with the beautifully snow-capped Atlas Mountains as its backdrop, providing golfers with an exciting and challengingly diverse experience.

The second phase of the project will introduce a five star hotel, The St. Regis Marrakech Resort, and a residential component of luxury branded villas, and apartments. Additionally, the second phase includes an array of amenities and services, providing a uniquely exceptional lifestyle experience.

Hessah Towers

Situated in the prestigious Hessah AlMubarak District, Hessah Towers is URC's first residential offering in the District. The District is the first of its kind in Kuwait, offering residents and visitors alike a new destination that defines the finest in premium, modern living.

Hessah Towers consists of two, 40-floor towers, comprising of three residential types: apartments, duplexes and townhouses. The three-bedroom units enjoy views of the sea and city, where each unit was designed to optimize visual and living experiences. The towers cover a total built-up area of over 63,000 square meters and will offer a number of facilities and services, including a swimming pool, private gardens, recreational and entertaining areas, health club and gym, as well as multi-story parking.

URC Subsidiaries

United Facilities Management (UFM)

United Facilities Management Company K.S.C.C (UFM) is a wholly owned subsidiary of United Real Estate Company K.S.C.P (URC) and is one of the leading companies in the field of integrated facilities management services.

Established in 2007, UFM was the first company in Kuwait to offer comprehensive property and facility management services by utilizing modern applied practices in innovation, technology, and operational standards. UFM delivers its facilities management functions through all phases from design to operation and services to government buildings, commercial and residential complexes, multi-purpose buildings and oil sector facilities. Not to mention providing other various services such as consultancy, maintenance, security and cleaning. UFM's portfolio includes commercial and residential real estate management services in several countries in the Middle East and North Africa, including Kuwait, United Arab Emirates, Oman, Bahrain, Jordan, Egypt and Lebanon.

These accomplishments come in line with UFM's celebration of its 10th anniversary and its acquisition of a large percentage of contracts in Kuwait, which has reflected positively on the company's revenues.

In 2018, UFM signed some of the most important contracts with companies in the private and governmental sectors in Kuwait which are; the new Central Bank of Kuwait building, Gulf University for Science and Technology (GUST), VIVA - Kuwait Telecom Company, and Schlumberger Western Oilfield company.

United International Project Management Company (UIPM)

United International Project Management Company (UIPM), formerly known as Kuwait United Construction Management (KUCM), is a wholly owned subsidiary of United Real Estate Company (URC). Established in Kuwait in 1988, UIPM has over 30 years of expertise in the project management sector and offers a full range of multidisciplinary management services for mega projects in different sectors, specialties, complexities and scales.

UIPM has extended its activities beyond Kuwait and the GCC to the MENA region by establishing a branch in Egypt in 2010, named Egypt United Project Management Co, currently handling the project management services for URC's Aswar and Avaris residential compounds in New Cairo. In 2016, UIPM extended its reach to another market, Morocco, named United Project Management- Morocco, currently managing URC's Assoufid development in the city of Marrakesh.

In 2018, UIPM continues to operate its project management in both Egypt and Morocco.

United Building Company (UBC)

United Building Company (UBC) K.S.C.C. is a pioneer contractor in the State of Kuwait specialized in the construction and contracting industry. Classified as a "first" grade contracting company since 1984, UBC has a long track record with several landmark projects in Kuwait. Currently, UBC has various projects under construction valued at approximately KD 240 million.

In 2017, UBC's operations have significantly expanded and have successfully acquired 40% of Insha'a Holding, a company specialized in manufacturing building materials to support such expansion.

UBC has been awarded various contracting projects from both the public and private sectors such as the Ministry of Health, Ministry of Justice, Ministry of Public Works, Kuwait University, Public Authority for Housing Welfare, EPSCO Kuwait, Mena Homes Real Estate Company, and Sheikh Salem Al-Humoud Al Salem Al Sabah.

The projects under management are Fahaheel Medical Center, Sheikha Salwa Al-Sabah Center for Stem Cell and Umbilical Cord, Public Prosecution Headquarters, EPW & BOT Headquarters, General Department of Experts Headquarters, Multilevel Car Park Building in Kuwait University Khaldiya Campus, Central Utility Plant-3 in Sabah Al-Salem Kuwait University City, Public Buildings in Sabah Al-Ahmed City – Area C.

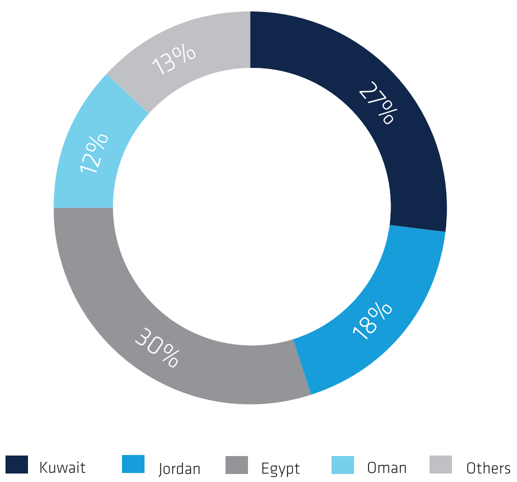
In 2018, UBC commenced additional projects under its management to include West Abdullah Al-Mubarak Area for KD 33 million, Tire Recycling Plant in Salmi Area, as well as Hessah AlMubarak District developments including Hessah Towers, Grand Sea Tower and Grand Park Tower. UBC also signed a contract for KD 75 million with the Public Authority for Housing Welfare for the construction, completion, and maintenance of 40 residential buildings and infrastructure works for the investment suburb of Sabah Al Ahmed City.

UBC has created a new logistics division as a supporting arm to optimize company standards of business process and construction projects. In addition, the paid-up capital has increased from KD 2.5 Million to KD 10 Million and the issued capital has increased to KD 15 Million as stipulated by the Central Agency for Public Tenders to leverage UBC's financial support to enter into larger tenders aside from the current projects.

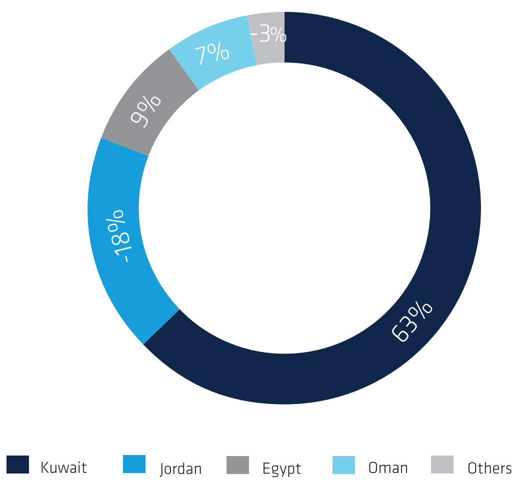
Company Performance

URC Geography & Sector

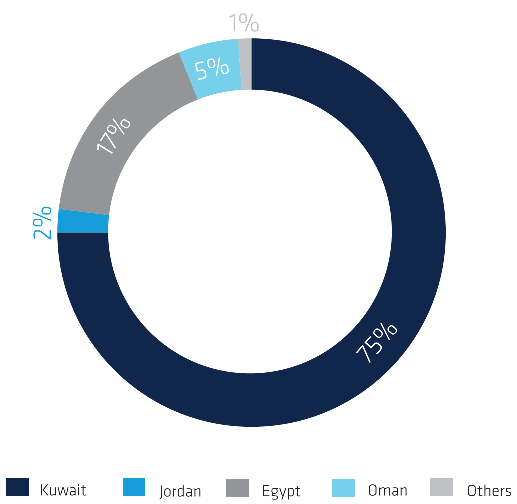
Assets by Geography KD 616.8 Million



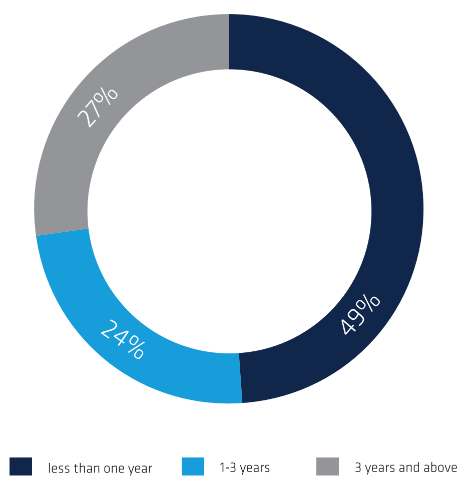
Operating Profit by Geography KD 8.9 Million

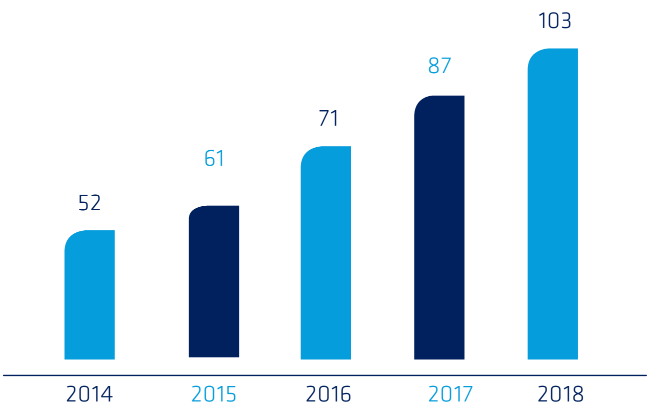


Revenue by Geography KD 103.5 Million

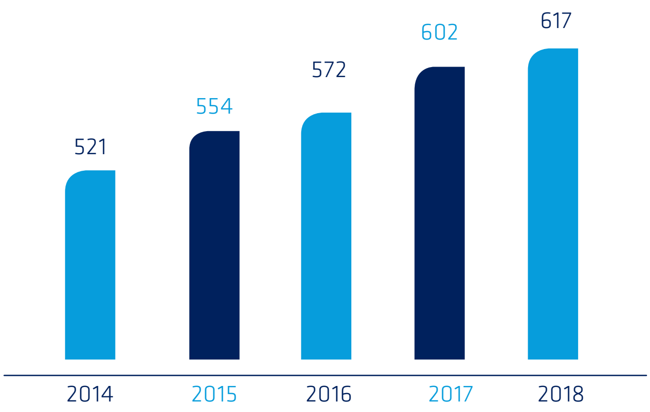


Debt KD 300.6 Million Matturity Profile

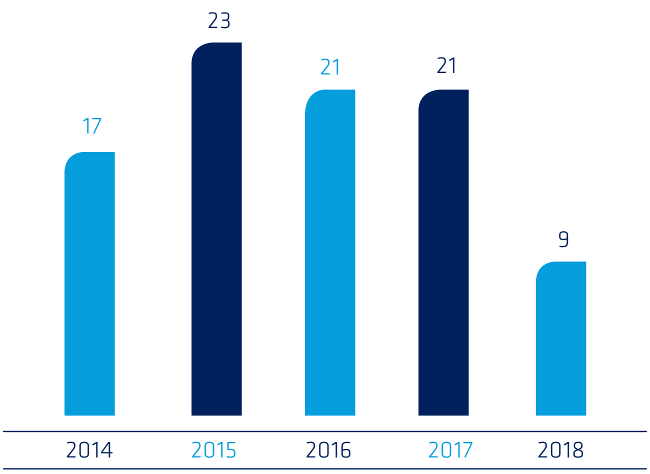




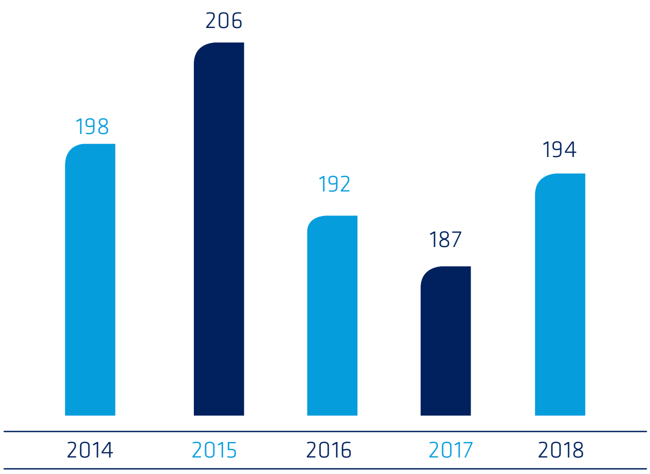
REVENUE
KD million



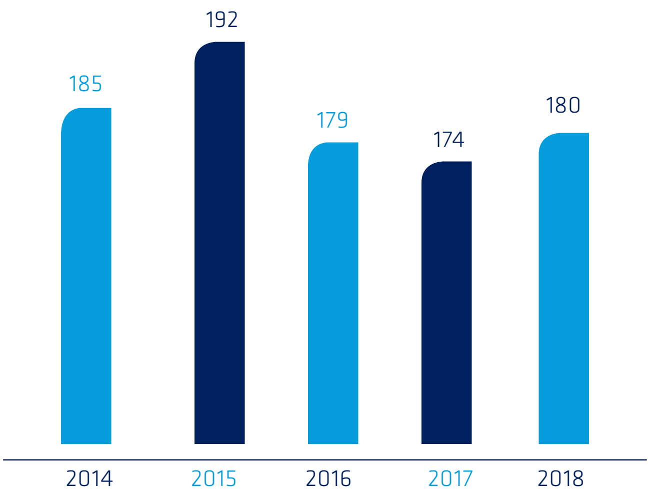
TOTAL ASSETS
KD million



OPERATING PROFIT
KD million



SHAREHOLDERS EQUITY
KD million



BOOK VALUE PER SHARE
Fils

Consolidated Financial Statements

Date: April 29, 2019
Messrs. Esteemed Shareholders

Subject: Confirmation of soundness and accurateness of financial reports for the financial year ended on the 31st of December 2018

Reference is hereby made to the above-mentioned subject, and in compliance with United Real Estate Co KSCP. ("The Company") policies and procedures to ensure the soundness and accurateness of its financial statements as one of the major indicators of the Company's integrity, credibility and transparency in presenting its financial position to increase investors' confidence and the realization of shareholders' rights, and in compliance with Article No. 5-3 of the Corporate Governance Rules of book No. 15, chapter No. 5 of the CMA executive bylaws;
We, members of the Board of Directors of The Company., hereby confirm that to the best of our knowledge and our periodic review of the interim financial statements, the Company's financial reports for the financial year ended on the 31st of December 2018 are presented accurately and soundly, and expose all of the Company's financial aspects including information and results related to the Company's activities. Furthermore, said financial reports have been prepared in accordance with international financial reporting standards.

Tariq M. AbdulSalam
Chairman

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED REAL ESTATE COMPANY S.A.K.P.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of United Real Estate Company S.A.K.P. (the "Parent Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED REAL ESTATE COMPANY S.A.K.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

a) Valuation of investment properties
Investment properties are significant to the Group's consolidated financial statements. Investment properties constitute of lands for development, properties under construction and developed properties. Management determined the fair value of its investment properties and has used external appraisals to support the valuation as at 31 December 2018. The valuation of the investment properties at fair value is highly dependent on estimates and assumptions, such as average net initial yield, reversionary yield, inflation rate, vacancy rates, growth in rental rates, market knowledge and historical transactions. Due to the estimation uncertainty, this is considered a key audit matter. The Group's policies on fair valuation of investment properties are presented in Note 2.5 and in Note 9 of the consolidated financial statements.

As part of our audit procedures, we evaluated the quality and objectivity of the valuation process and the independence and expertise of external appraisers. We also evaluated the accuracy of the property data provided by the Group to the external appraisers, which are used as input for the purpose of valuations. We have assessed the appropriateness and reasonableness of the valuation methodologies, key assumptions and estimates used in the valuations on a sample basis, based on evidence of comparable market transactions and other publicly available information of the property industry. We evaluated the management's sensitivity analysis to ascertain the impact of reasonably possible changes to key assumptions on the fair value of investment properties. We further assessed that the main assumptions and related uncertainties are appropriately reflected in the sensitivity disclosure in Note 9 of the consolidated financial statements.

b) Adoption of voluntary changes in accounting policies and revaluation of freehold lands and buildings

At 31 December 2018, the Group has adopted a voluntary accounting policy change related to the measurement of freehold lands and buildings classified under 'Property and equipment'. The Group reassessed its accounting policy for freehold lands and buildings and adopted revaluation model as permitted under IAS 16: Property, plant and equipment ("IAS 16"). Freehold land and buildings were previously carried at cost and cost less accumulated depreciation and impairment losses respectively. The Group has adopted decided to change its accounting policy to the revaluation model as the management believes that under the revaluation model the value of the freehold lands and buildings provide more relevant information and therefore improving the understandability, usefulness and comparability of the consolidated financial statements. Management determined the fair value of its freehold lands and buildings and has used external appraisals to support the valuation as at 31 December 2018. The impact of adoption of voluntary change in accounting policy is presented in Note 2.3 and Note 10 of the consolidated financial statements.

The change in accounting policy is considered as a key audit matter due to its financial magnitude and judgement involved in the assessment of the fair value of freehold lands and buildings.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED REAL ESTATE COMPANY S.A.K.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

b) Adoption of voluntary changes in accounting policies and revaluation of freehold lands and buildings (continued)

As part of our audit procedures, we involved internal accounting specialists, ensuring the voluntary change was in accordance with IFRS requirements. We assessed the business purpose of the accounting policy changes in the context of the Group as a whole and relevant industry practice. We have assessed management's position of the impact and subsequent application of accounting policy change.

Further, we evaluated the quality and objectivity of the valuation process and the independence and expertise of external appraisers. We also evaluated the accuracy of the property data provided by the Group to the external appraisers, which are used as input for the purpose of valuations. We have assessed the appropriateness and reasonableness of the valuation methodologies, key assumptions and estimates used in the valuations on a sample basis, based on evidence of comparable market transactions and other publicly available information of the property industry. We also assessed the adequacy of the disclosures regarding the voluntary accounting change in the consolidated financial statements to determine it was in accordance with IFRS.

Other information included in the Group's 2018 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2018 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Parent Company's Board of Directors prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED REAL ESTATE COMPANY S.A.K.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED REAL ESTATE COMPANY S.A.K.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED REAL ESTATE COMPANY S.A.K.P. (continued)

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no 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 year ended 31 December 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

28 March 2019
Kuwait

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	***2018 KD***	*2017 KD*
ASSETS			
Non-current assets			
Property and equipment	10	**137,474,540**	80,104,450
Investment properties	9	**278,622,370**	294,627,605
Investment in associates	8	**50,445,326**	77,960,687
Available for sale investments	7	**-**	14,452,576
Financial assets at fair value through other comprehensive income	7	**4,349,142**	-
Loan to an associate	8	**16,898,333**	-
Intangible assets		**2,037,433**	2,332,402
		489,827,144	469,477,720
Current assets			
Properties held for trading	6	**57,802,898**	58,639,720
Accounts receivable, prepayments and other assets	5	**49,764,833**	57,785,729
Cash, bank balances and short term deposits	4	**19,436,714**	16,527,864
		127,004,445	132,953,313
TOTAL ASSETS		**616,831,589**	602,431,033
LIABILITIES AND EQUITY			
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	12	**94,930,719**	124,885,062
Deferred tax liabilities	20	**30,097,090**	16,740,732
Bonds	13	**60,000,000**	-
		185,027,809	141,625,794
Current liabilities			
Interest bearing loans and borrowings	12	**145,679,981**	107,779,324
Bonds	13	**-**	60,000,000
Accounts payable, accruals and other payables	11	**69,240,888**	61,890,933
		214,920,869	229,670,257
Total liabilities		**399,948,678**	371,296,051
EQUITY			
Share capital	14	**118,797,442**	118,797,442
Share premium	14	**15,550,698**	15,550,698
Statutory reserve	15	**20,511,526**	20,511,526
Voluntary reserve	16	**2,582,767**	2,582,767
Treasury shares	17	**(14,478,743)**	(14,478,743)
Treasury shares reserve		**491,325**	491,325
Other reserve		**(16,357,247)**	152,073
Cumulative changes in fair values		**(1,099,697)**	79,553
Foreign currency translation reserve		**(16,409,854)**	(14,445,961)
Revaluation surplus		**37,796,520**	-
Retained earnings		**46,497,681**	57,485,872
Equity attributable to equity holders of the Parent Company		**193,882,418**	186,726,552
Non-controlling interests		**23,000,493**	44,408,430
Total equity		**216,882,911**	231,134,982
TOTAL LIABILITIES AND EQUITY		**616,831,589**	602,431,033

Tariq M. AbdulSalam
Chairman

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

	Notes	***2018 KD***	*2017 KD*
REVENUE			
Gross rental income		**21,200,584**	21,608,612
Hospitality income		**17,855,647**	16,484,841
Contracting and services revenue		**54,739,268**	46,038,026
Sale of properties held for trading		**5,554,332**	-
Other operating revenue		**4,126,878**	2,928,111
		103,476,709	87,059,590
COST OF REVENUE			
Properties operating costs		**(6,083,836)**	(4,298,664)
Rental expense on leasehold properties		**(2,046,649)**	(1,987,998)
Hospitality costs		**(11,881,194)**	(11,385,389)
Depreciation of hospitality assets	10	**(3,479,217)**	(3,995,113)
Contracting and services costs		**(51,845,059)**	(44,362,815)
Cost of properties held for trading sold	6	**(5,788,482)**	-
		(81,124,437)	(66,029,979)
GROSS PROFIT		**22,352,272**	21,029,611
Investment income	18	**10,205**	10,164
General and administrative expenses	19	**(7,734,773)**	(7,341,661)
Depreciation of property and equipment	10	**(864,402)**	(413,771)
Amortisation of intangible assets		**(103,547)**	-
Gain (loss) from disposal of investment properties		**1,322,840**	(98,916)
Valuation (loss) gain on investment properties	9	**(3,285,384)**	9,046,491
Provision for maintenance on leasehold properties		**(264,000)**	(264,000)
Provision for a legal case		**(936,425)**	(1,135,924)
Net provision (reversed) charged during the year	5	**(1,504,915)**	162,542
OPERATING PROFIT		**8,991,871**	20,994,536
Gain on disposal of investment in an associate and subsidiary	8	**167,723**	98,801
Gain on disposal of property and equipment		**17,229**	2,444
Interest income		**339,510**	289,715
Other income		**542,089**	838,843
Finance costs		**(16,919,628)**	(14,686,040)
Share of results of associates	8	**(1,630,074)**	(4,342,545)
Foreign exchange gain (loss)		**12,494**	(92,623)
(LOSS) PROFIT BEFORE TAXATION AND DIRECTORS' REMUNERATION		**(8,478,786)**	3,103,131
Taxation expense	20	**(392,462)**	(1,582,055)
Directors' remuneration		**(42,000)**	(42,000)
(LOSS) PROFIT FOR THE YEAR		**(8,913,248)**	1,479,076
Attributable to:			
Equity holders of the Parent Company		**(8,994,266)**	2,217,810
Non-controlling interests		**81,018**	(738,734)
		(8,913,248)	1,479,076
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY			
Basic (loss) earnings per share	21	**(8.37) fils**	2.1 fils
Diluted (loss) earnings per share	21	**(8.37) fils**	2.1 fils

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	2018	*2017*
	KD	*KD*
(Loss) profit for the year	**(8,913,248)**	1,479,076
Other comprehensive income (loss):		
Items that are or may be reclassified to consolidated income statement in subsequent periods:		
Net changes in fair value of available-for-sale investments	**-**	22,620
Exchange difference on translation of foreign operations	**(4,564,718)**	(3,554,801)
Realised gain on sale of available-for-sale investments transferred to the consolidated income statement	**-**	18,518
Net other comprehensive loss that are or may be reclassified to consolidated income statement in subsequent periods	**(4,564,718)**	(3,513,663)
Items that will not be reclassified to consolidated income statement subsequent periods:		
Changes in fair value of equity instruments at fair value through other comprehensive income	**(3,395)**	-
Revaluation gain of property and equipment (Note 10)	**58,163,680**	-
Deferred tax on revaluation gain of property and equipment (Note 20)	**(13,062,383)**	-
Net other comprehensive income that will not be reclassified to consolidated income statement in subsequent periods	**45,097,902**	-
Other comprehensive income (loss)	**40,533,184**	(3,513,663)
Total comprehensive income (loss) for the year	**31,619,936**	(2,034,587)
Attributable to:		
Equity holders of the Parent Company	**26,834,966**	(347,815)
Non-controlling interests	**4,784,970**	(1,686,772)
	31,619,936	(2,034,587)

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2018

	Equity attributable to equity holders of the Parent Company												
	Share capital KD	*Share premium KD*	*Statutory reserve KD*	*Voluntary reserve KD*	*Treasury shares KD*	*Treasury shares reserve KD*	*Other reserve KD*	*Cumulative changes in fair values KD*	*Foreign currency translation reserve KD*	*Retained earnings KD*	*Sub total KD*	*Non-controlling interests KD*	*Total equity KD*
As at 1 January 2017	118,797,442	15,550,698	20,253,562	2,582,767	(14,478,743)	491,325	152,073	38,415	(11,839,198)	60,897,549	192,445,890	46,095,202	238,541,092
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	2,217,810	2,217,810	(738,734)	1,479,076
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	41,138	(2,606,763)	-	(2,565,625)	(948,038)	(3,513,663)
Total comprehensive income (loss) income for the year	-	-	-	-	-	-	-	41,138	(2,606,763)	2,217,810	(347,815)	(1,686,772)	(2,034,587)
Dividends paid (Note 22)	-	-	-	-	-	-	-	-	-	(5,371,523)	(5,371,523)	-	(5,371,523)
Transfer to statutory reserve	-	-	257,964	-	-	-	-	-	-	(257,964)	-	-	-
At 31 December 2017	118,797,442	15,550,698	20,511,526	2,582,767	(14,478,743)	491,325	152,073	79,553	(14,445,961)	57,485,872	186,726,552	44,408,430	231,134,982

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	***2018*** ***KD***	*2017* *KD*
OPERATING ACTIVITIES			
(Loss) profit for the year		**(8,913,248)**	1,479,076
Adjustments for:			
Depreciation	10	**4,343,619**	4,408,884
Amortisation		**103,547**	-
Valuation loss (gain) on investment properties	9	**3,285,384**	(9,046,491)
Loss on disposal of properties held for trading		**234,150**	-
Gain on disposal of property and equipment		**(17,229)**	(2,444)
(Gain) loss on disposal of investment properties		**(1,322,840)**	98,916
Gain on disposal of investment in an associate and subsidiary		**(167,723)**	(98,801)
Loss on sale of available-for-sale investments	18	-	18,518
Provision for maintenance on leasehold properties		**264,000**	264,000
Dividend income	18	**(22,125)**	(28,682)
Provision for a legal case		**936,425**	1,135,924
Net provision provided (reversed) during the year	5	**1,504,915**	(162,542)
Interest income		**(339,510)**	(289,715)
Finance costs		**16,919,628**	14,686,040
Share of results of associates	8	**1,630,074**	4,342,545
Foreign exchange (gain) loss		**(12,494)**	92,623
End of service benefit charge for the year		**706,294**	413,239
		19,132,867	17,311,090
Changes in operating assets and liabilities:			
Accounts receivable, prepayments and other assets		**(5,410,378)**	(24,203,355)
Properties held for trading		**1,573,622**	(2,124,732)
Accounts payable, accruals and other payables		**2,226,554**	7,423,950
End of service benefit paid		**(255,551)**	(174,750)
Net cash from (used in) operating activities		**17,267,114**	(1,767,797)
INVESTING ACTIVITIES			
Additions to available-for-sale investments		-	(1,129,754)
Additions and capital contribution in investment in associates	8	**(5,759,525)**	(5,371,856)
Additions to lands for development	9	**(194,577)**	(68,679)
Additions to developed properties	9	**(582,907)**	(2,138,286)
Payments for properties under construction	9	**(206,112)**	(172,354)
Purchase of property and equipment	10	**(3,450,992)**	(2,442,711)
Additions to intangible assets		**(553,373)**	-
Additions to loan to an associate		**(1,784,672)**	-
Acquisition of additional equity interest in a subsidiary	8	**(8,572,100)**	-
Proceed from disposal of property and equipment		**769,290**	4,904
Proceeds from disposal of investment properties		**15,839,322**	1,382,823
Proceed from disposal of investment in subsidiary		-	546,185
Proceeds from disposal of available-for-sale investments		-	1,378,133
Interest income received		**15,887**	289,715
Dividends received from an associate	8	-	819,946
Dividends received		**22,125**	28,682
Net cash used in investing activities		**(4,457,634)**	(6,873,252)
FINANCING ACTIVITIES			
Proceeds from interest bearing loans and borrowings		**55,881,324**	68,257,757
Repayment of interest bearing loans and borrowings		**(46,886,671)**	(40,037,379)
Proceeds from issuance of bond	13	**60,000,000**	-
Repayment of bond	13	**(60,000,000)**	-
Dividend paid	22	-	(5,371,523)
Finance costs paid		**(16,919,628)**	(18,012,720)
Net cash (used in) from financing activities		**(7,924,975)**	4,836,135
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**4,884,505**	(3,804,914)
Foreign currency translation adjustments		**(927,316)**	1,451,042
Cash and cash equivalents at the beginning of the year		**3,742,577**	6,096,449
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	**7,699,766**	3,742,577

The attached notes 1 to 29 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

United Real Estate Company ("URC") S.A.K.P. (the "Parent Company") is a public shareholding company incorporated in the State of Kuwait in accordance with an Amiri Decree issued in 1973, and is listed on the Kuwait Stock Exchange. The address of the Parent Company's registered office is P.O. Box 2232 Safat, 13023 - State of Kuwait.

The Parent Company is a subsidiary of Kuwait Projects Company Holding K.S.C.P. (the "Ultimate Parent Company"), which is listed on the Boursa Kuwait.

The consolidated financial statements of the Group for the year ended 31 December 2018 were authorised for issue by the Board of Directors of the Parent Company on 28 March 2019, and are issued subject to the approval of the Ordinary General Assembly of the shareholders of the Parent Company. The shareholders' General Assembly has the power to amend the consolidated financial statements after issuance.

The activities of the Parent Company are carried out in accordance with the Articles of Association. The principal activities of the Parent Company are:

- Owning, selling and acquiring real estate properties and lands and developing the same to the account of the Parent Company inside the State of Kuwait and abroad; and managing properties for third parties in accordance with the provisions stipulated under the existing laws and the restrictions on construction of private housing plots in the manner stipulated under these laws.
- Owning, selling and acquiring stocks and bonds of real estate companies for the account of the Parent Company in the State of Kuwait and abroad.
- Preparing studies and providing real estate advisory services provided that certain required conditions are met.
- Carry-out maintenance works of buildings and real estate properties owned by the Parent Company and others, including all civil, mechanical and electrical works, elevators and air conditioning works and other related maintenance work to ensure the safety of the buildings.
- Owning, managing, operating, investing, leasing and renting hotels, clubs, motels, entertainment houses, rest places, gardens, parks, exhibitions, restaurants, cafes, residential compounds, touristic and health spas, entertainment and sports facilities and stores at all degrees and levels, including all the original and supporting services, the related facilities and other necessary services whether inside or outside the State of Kuwait.
- Organizing real estate exhibitions related to the real estate projects of the Parent Company.
- Holding real estate bids pursuant to the regulations set forth by the Ministry.
- Owning commercial markets and residential compounds.
- Utilizing financial surpluses available for the Parent Company by investing the same in financial portfolios managed by competent companies and entities in the State of Kuwait and abroad.
- Contribution in establishment and management of real estate funds inside and outside the State of Kuwait.
- Direct contribution to development of infrastructure projects for residential, commercial and industrial areas in BOT system.

The Parent Company is allowed to conduct the above mentioned operations inside or outside the State of Kuwait by its own or as an agent for other parties.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared on the historical cost basis, except for investment properties, financial assets at fair value through other comprehensive income and freehold land and buildings classified under property and equipment that have been measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinars ("KD"), being the functional and presentational currency of the Parent Company.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies applied are consistent with those used in the previous year except for the adoption of IFRS 9: Financial Instruments, IFRS 15: Revenue from Contracts with Customers and voluntary changes in accounting policy for property and equipment.

New and Amended Standards
Adoption of 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 scope of other standards. The new standard established 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 of transferring goods or services to customer.

The standard requires the Group 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 Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The adoption of this standard will result only into change in accounting policies and did not result in any material effect on the Group's consolidated financial statements.

Adoption of IFRS 9: Financial Instruments
The Group has adopted IFRS 9 - Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The Group has not restated comparative information for 2017 as permitted by the transitional provisions of the standard. Therefore, the information presented for 2017 does not reflect the requirements of IFRS 9 and is not comparable to the information presented for 2018. Differences in the carrying amount of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings, non-controlling interest and reserves as at 1 January 2018 and are disclosed in Note 23.

The key changes to the Group's accounting policies resulting from the adoption of IFRS 9 are summarised below:

Classification and measurement of financial assets and financial liabilities
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair value through other comprehensive income (FVOCI) and Fair value through profit or loss (FVTPL). The new standard requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. IFRS 9 eliminated the previous IAS 39 categories of held to maturity, loans and receivables and available for sale and have been replaced by:

- Debt instruments measured at amortised cost,
- Debt instruments measured at fair value through profit or loss (FVTPL),
- Equity instruments at FVOCI with no recycling of gains or losses to statement of income on derecognition; and
- Financial assets carried at fair value through profit or loss (FVTPL)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and Amended Standards (continued)
Adoption of IFRS 9: Financial Instruments (continued)
Classification and measurement of financial assets and financial liabilities (continued)
IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or FVOCI instruments as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the consolidated income statement.

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements will be presented in other comprehensive income (OCI) with no subsequent reclassification to the statement of income, unless an accounting mismatch in profit or loss would arise.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The impact of adoption of IFRS 9 is disclosed in Note 23.

Impairment of financial assets
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 debt financial assets not held at fair value through profit or loss.

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.

The Group's accounting policies for impairment of financial assets is explained in Note 2.5. The quantitative impact of adoption of IFRS 9 as at 1 January 2018 is disclosed in Note 23.

Hedge accounting
The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required.

The Group does not have any hedges and therefore there is no impact of hedge accounting.

Adoption of voluntary changes in accounting policy of property and equipment
The Group reassessed its accounting policy for property and equipment with respect to the measurement of freehold land and buildings after initial recognition. The Group has previously measured the freehold land and buildings using the cost model whereby, after initial recognition, the respective assets were carried at cost less accumulated depreciation and any impairment in value.

On 31 December 2018, the Group elected to change the method of accounting for freehold land and buildings using the revaluation model as permitted under IAS 16: Property, plant and equipment. The Group has adopted the accounting change as it believes that the revaluation model demonstrates the fair value of these assets and such change provides more reliable and relevant information on the Group's equity. The Group applied the revaluation model prospectively. After initial recognition, freehold land and buildings are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. For details refer to Note 10.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations those are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases
In January 2016, the IASB issued IFRS 16 'Leases' with an effective date of annual periods beginning on or after 1 January 2019 and it replaces 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 the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the financing expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 'Leases'. Lessees will recognise a 'right of use' asset and a corresponding financial liability on the balance sheet. The asset will be amortised over the length of the lease and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as in IAS 17. The Group is in the process of evaluating the impact of IFRS 16 on the Group's consolidated financial statements.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16
The Group plans to adopt IFRS 16 using the modified retrospective method. Applying this method, the comparative information will not be restated. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office spaces and equipment that are considered of low value.

The Group is in the process of evaluating the impact of adoption of IFRS 16 on the Group's consolidated financial statements. The potential impact is not expected to be material as the Group is acting as a lessor in majority of its leasing arrangements.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted.

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries (investees which are controlled by the Parent Company) including special purpose entities. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)
The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. All inter-group balances and transactions, including inter-group profits and unrealised profits and losses and dividends are eliminated on consolidation.

Non-controlling interests represent the equity in the subsidiaries not attributable directly, or indirectly, to the shareholders of the Parent Company. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of changes in equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises, the related assets (including goodwill), liabilities, non-controlling interest and other component of equity while any resultant gain or loss is recognised in consolidated income statement. Any investment retained is recognised at fair value.

The principal subsidiaries of the Group are as follows:

Name of company	*Equity interest as at 31 December*		*Country of incorporation*	*Principal business*
	2018	*2017*		
Directly held				
United Building Company S.A.K. (Closed)	**98%**	98%	Kuwait	Real estate development
Souk Al-Muttaheda Joint Venture – Salhia	**92.17%**	92.17%	Kuwait	Real estate development
Tamleek United Real Estate Company W.L.L.	**99%**	99%	Kuwait	Real estate development
United International Project Management Company W.L.L.	**96%**	96%	Kuwait	Facilities management
United Facilities Management Company S.A.K. (Closed)	**96.8%**	96.8%	Kuwait	Facilities management
United Facility Development Company K.S.C. (Closed)	**63.5%**	63.5%	Kuwait	Real estate development
United Building Company Egypt, S.A.E.	**100%**	100%	Egypt	Real estate development
United Real Estate Investment Company S.A.E.	**100%**	100%	Egypt	Investment company
United Real Estate Jordan P.S.C.	**100%**	100%	Jordan	Real estate development
United Areej Housing Company W.L.L.	**100%**	100%	Jordan	Real estate development
United Real Estate Company W.L.L.	**70%**	70%	Syria	Real estate development
United Company for Investment W.L.L.	**95%**	95%	Syria	Real estate development
United Lebanese Real Estate Company S.A.L. (Holding)	**99.9%**	99.9%	Lebanon	Real estate development
Al Reef Real Estate Company S.A.O.(Closed)	**100%**	100%	Oman	Real estate development
Al Dhiyafa Holding Company K.S.C. (Closed)	**81.07%**	81.07%	Kuwait	Real estate development
Universal United Real Estate W.L.L.	**63%**	63%	Kuwait	Real estate development
Greenwich Quay Limited	**100%**	100%	UK	Real estate development

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Name of company	*Equity interest as at 31 December* **2018**	*2017*	*Country of incorporation*	*Principal business*
Held through United Real Estate Investment Company S.A.E.				
United Ritaj for Touristic investment S.A.E. (Closed)	**100%**	100%	Egypt	Touristic development
Manazel United for Real Estate Investment Company S.A.E. (Note 25)	**91.49%**	91.49%	Egypt	Real estate development
Aswar United Real Estate Company S.A.E.	**100%**	100%	Egypt	Real estate development
Held through Al Dhiyafa Holding Company K.S.C. (Closed)				
Al Dhiyafa – Lebanon SAL (Holding Company)	**100%**	100%	Lebanon	Real estate development
Gulf Egypt Hotels and Tourism S.A.E.(2)	**85.9%**	85.9%	Egypt	Real estate development
Bhamdoun United Real Estate Company SAL (1)	**75%**	75%	Lebanon	Hotel management
Raouche Holding SAL (1)	**55%**	55%	Lebanon	Real estate development
United Lebanese Real Estate Company SAL (owned by Raouche Holding SAL)	**100%**	100%	Lebanon	Real estate development
Held through United Real Estate Jordan P.S.C.				
Abdali Mall Company P.S.C. (Note 8)	**100%**	60%	Jordan	Real estate development
Held through United Facilities Management Company S.A.K.				
United Facilities Management L.L.C.	**100%**	100%	Oman	Facilities management
UFM for Cleaning and Technical Services L.L.T.	**100%**	100%	UAE	Technical Services and Cleaning
UFM Facilities Management Services L.L.C.	**100%**	100%	UAE	Services Facilities
ABM1 Building Maintenance L.L.C.	**100%**	100%	UAE	Buildings Service and management

(1) The Parent Company holds 45% in Raouche Holding SAL and 25% in Bhamdoun United Real Estate SAL through United Lebanese Real Estate Company SAL (Holding).
(2) The Parent Company holds directly 14.1% in Gulf Egypt Hotels and Tourism S.A.E.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated income statement in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in consolidated income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)
Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of recognition
Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.

Measurement categories of financial assets and liabilities
From 1 January 2018, the Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:
- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

Before 1 January 2018, the Group classified its financial assets as loans and receivables and financial assets available for sale. Whereas, the Group financial liabilities included interest bearing loans and accounts and other payables.

Financial liabilities, other than commitments and guarantees, are measured at amortised cost or at FVTPL when they are held for trading or the fair value designation is applied.

i) Financial assets
The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

i) Financial assets (continued)

Business model assessment
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVTPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

The Group classifies its financial assets upon initial recognition into the following categories:
- Debt instruments at amortised cost
- Equity instrument at fair value through other comprehensive income (FVOCI)
- Financial assets carried at fair value through profit or loss (FVTPL)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Debt instruments at amortised cost
A financial asset which is a debt instrument, is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Bank balances, short-term deposits, accounts receivables and loan to an associate is classified as debt instruments at amortised cost.

Debt instruments at amortised cost are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated income statement. Any gain or loss on derecognition is recognised in the consolidated income statement.

Equity instruments at FVOCI
Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognised in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognised in other comprehensive income are transferred to retained earnings on derecognition and are not recognised in the consolidated income statement. Dividends are recognised in statement of income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity investments at FVOCI are not subject to impairment assessment.

Financial asset at FVTPL
Financial assets at FVTPL includes 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.

The Group has determined the classification and measurement of its financial assets as follows:

a. Loan to an associate
Loan to an associate is a non-derivative financial asset with fixed or determinable payments which is not quoted in an active market. After initial measurement, loan to an associate is subsequently measured at amortised cost using the effective interest (EIR) method and is subject to impairment. Gains and losses are recognised in the consolidated income statement when the asset is derecognised, modified or impaired.

b. Accounts receivables and amount due from related parties
Accounts receivables and amount due from related parties are carried at original invoice amount less expected credit losses and are stated at amortised cost.

c. Bank balances, cash and deposits
Bank balances, cash and deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. These are stated at amortised cost using effective interest rate method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Financial asset at FVTPL (continued)

c. Bank balances, cash and deposits (continued)
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and on hand and short-term deposits net of bank overdraft.

d. Other current assets
Other current assets are carried at their cost, less impairment, if any.

e. Financial assets available for sale (AFS) – Policy applicable before 1 January 2018
Financial assets available for sale are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables or held for trading. After initial measurement, financial assets available for sale are measured at fair value with unrealised gains or losses being recognised in other comprehensive income until the investment is derecognised, at which time the cumulative gain or loss recorded in other comprehensive income is recognised in the consolidated income statement, or determined to be impaired, at which time the cumulative loss previously recorded in other comprehensive income is recognised in the consolidated income statement. Financial assets available for sale whose fair value cannot be reliably measured are carried at cost less impairment losses, if any. Interest earned whilst holding financial assets available for sale is reported as interest income using the effective interest rate method.

Reclassification of financial assets
The Group does not reclassify its financial assets subsequent to their initial recognition except under circumstances in which the Group acquires, disposes of, or terminates a business line.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

ii) Financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Group's financial liabilities include trade and other payables, interest bearing loans and derivative financial instruments.

The Group has determined the classification and measurement of its financial liabilities as follows:

a. Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

b. Interest bearing loans
After initial recognition, interest bearing loans are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated income statement.

Installments due within one year are shown as current liabilities. Interest is charged as an expense as it accrues in the consolidated income statement, with unpaid amounts included in accrued expenses under 'trade and other payables'.

c. Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated income statement.

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

iii) Offsetting of financial instruments (continued)

Impairment of financial and non-financial assets
Financial assets (Policy applicable from 1 January 2018)
The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. 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. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

a. Determination of ECL on accounts receivable and bank balances
The Group applies a simplified approach in calculating ECLs with respect to accounts receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group does not determine ECLs on bank balances as these are considered to be of low risk and the Group does not expect to incur any credit losses on these instruments.

b. Determination of ECL on loan to an associate
The Group has opted for the low credit risk operational simplification in assessing the significant increase in credit risk of its loan to an associate recognising an allowance based on 12-month ECLs.

The Group assesses the low credit risk applicability to loan to an associate at each reporting date and if the loan to an associate is not, or no longer, considered to have low credit risk at the reporting date, it does not follow that the Group will recognise lifetime ECLs. In such instances, the Group assesses whether there has been a significant increase in credit risk since initial recognition which requires the recognition of lifetime ECLs.

c. Determination of ECL on amounts due from related parties
The Group has applied the general approach under IFRS 9 for determination of ECLs on amounts due from related parties. Under the general approach, the ECLs are recognized in three stages. For exposures where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit loss that result from default events that are possible within next 12 months (a 12-month ECL classified in Stage 1). With respect to exposures, for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL classified in Stage 2). Further, the Group measures loss allowances at an amount equal to lifetime ECL that are determined to be credit impaired based on objective evidence of impairment (a lifetime ECL classified in Stage 3). Counter party that has a strong capacity to meet its contractual cash flow obligations in the near term, is considered to be low credit risk.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

iii) Offsetting of financial instruments (continued)

i) Determining the stage of expected credit losses
At each reporting date, the Group assesses whether there has been significant increase in credit risk since initial recognition by comparing risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition of the financial instrument. The Group uses a mix of qualitative and quantitative criteria to determine a significant increase in credit risk. The amounts due from related parties are transitioned to stage 2 once it is determined that there has been a significant increase in credit risk.

At each reporting date, the Group also assesses whether any amounts due from related parties are credit impaired. The Group considers amounts due from related parties to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of these financial instruments. All credit impaired amounts due from related parties are classified as stage 3 for ECL measurement purposes. Evidence of credit impairment includes observable data about the following:

- Significant financial difficulty of the counter party;
- A breach of the contractual terms;
- The borrower having granted a concession that the Group would otherwise not consider, for economic or contractual reasons relating to the counter party's financial difficulty.

At the reporting date, if credit risk of amounts due from related parties has not increased significantly since initial recognition nor credit impaired, these are classified as stage 1.

ii) Measurement of ECLs and forward looking information
ECL is a probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at an appropriate discount rate relevant to the amounts due from related parties. Cash shortfall represents the difference between cash flows due to the Group and the cash flows that are expected to be received. For amounts due from related parties receivable on demand, the Group does not consider the impact of discounting the future cash flow shortfalls to be material as these balances are expected to be settled in a short period of time. The key elements in the measurement of ECL included probability of default (PD), loss given default (LGD) and exposure at default (EAD). The determination of these elements require considerable judgment from the management.

The Group considers key economic variables that are expected to have an impact on the credit risk and the ECL in order to incorporate forward looking adjustments into the determined ECL. These primarily reflect reasonable and supportable forecasts of the future macro-economic conditions. The management reviews these forecasts and estimates on a regular basis.

Financial assets (Policy applicable before 1 January 2018)
An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) may have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.
Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults. If such evidence exists, an impairment loss is recognised in the consolidated income statement. Impairment is determined as follows:

- for assets carried at fair value, impairment loss is the difference between carrying value and fair value;
- for assets carried at amortised cost, impairment is based on estimated future cash flows discounted at the original effective interest rate, and
- for assets carried at cost, impairment is the difference between the cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

iii) Offsetting of financial instruments (continued)

Financial assets (Policy applicable from 1 January 2018) (continued)
In addition, an allowance is made to cover impairment for specific groups of assets where there is a measurable decrease in estimated future cash flows.

Impairment losses on equity investments classified as available for sale are not reversed through the consolidated income statement; increases in their fair value after impairment are recognised directly in other comprehensive income. In the case of debt instruments classified as available for sale, if the fair value of a debt instrument increases in a subsequent year and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated income statement, the impairment loss is reversed through the consolidated income statement.

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than, investment property and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's segment information reporting format determined in accordance with *IFRS 8: Operating Segment*.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Impairment of financial and non-financial assets (Continued)

Non-financial assets (continued)

Fair values

The Group measures financial instruments, such as, financial assets at FVOCI, and non-financial assets such as investment properties, freehold land and buildings, at fair value at each reporting date.

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

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

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. An analysis of fair values of financial instruments and and non-financial assets and further details as to how they are measured are provided in Note 9, Note 10 and Note 27.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial 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
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for the valuation of Group's investment properties and property and equipment carried at the revaluation model. Involvement of external valuers is decided upon annually by the management. Selection criteria include regulatory requirements, market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

The management, in conjunction with the Group's external valuers, also compares changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Fair values (continued)
For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For investments in equity instruments, where a reasonable estimate of fair value cannot be determined, the investment is carried at cost.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Properties held for trading
Properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as properties held for trading and are measured at lower of cost and net realisable value.

Cost includes free hold and leasehold rights for land, amount paid to contractors for construction, borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated cost of sale. Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

The cost of properties held for trading recognised in consolidated income statement on disposal is determined with reference to the specific cost incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. Write down of properties held for trading are charged to other operating expenses.

Investment in associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in its associate, an entity in which the Group has significant influence, is accounted for using the equity method. Under the equity method, the investment in the associate is initially recognised at cost.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of consolidated income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for different reporting period as the Group, which is three months. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Investment in associates (continued)
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'impairment of investment in associate' in the consolidated income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in consolidated income statement.

Investment properties
Investment property comprises of developed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease is classified as an investment property when the definition of an investment property is met.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is carried at fair value that is determined based on valuation performed by accredited independent valuators periodically using valuation methods consistent with the nature and usage of investment properties. Gains or losses arising from changes in the fair values are included in the consolidated income statement in the year in which they arise. For the purposes of these consolidated financial statements the assessed fair value is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.
- Increased by the carrying amount of any liability to the superior leaseholder or freeholder included in the consolidated statement of financial position as a finance lease obligation.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated income statement in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period consolidated financial statements.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value except for freehold land and buildings that are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. The freehold land is not depreciated.

The initial cost of property and equipment comprises their cost and any directly attributable costs of bringing an item of property and equipment to its working condition and location. Expenditure incurred after the property and equipment has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated statement income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property and equipment.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)
In respect to the freehold and buildings, valuations are performed annually to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Any revaluation changes are recorded to the revaluation surplus in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the consolidated income statement, in which case the increase is recognised in the consolidated income statement. A revaluation deficit is recognised in the consolidated income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the leasehold land and buildings and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight line basis over the estimated useful lives of other assets to their residual values as follows:

Buildings	20 to 50 years
Tools and equipment	3 to 5 years
Computer hardware and software	3 to 5 years
Furniture and fixtures	3 to 5 years
Motor vehicles	4 to 5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair values less costs to sell and their value in use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period the asset is derecognised. The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

End of service indemnity
The Group provides end of service benefits to its employees. Provision is made for amounts payable to employees under the Kuwaiti Labour Law, employee contracts and applicable labour laws in the countries where the subsidiaries operate. The expected costs of these benefits are accrued over the period of employment. These liabilities which are unfunded represents the amount payable to each employee as a result of involuntary termination on the reporting date.

Further, with respect to its national employees, the Group also makes contributions to Public Institution for Social security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Treasury shares
Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged a contra account in equity. When the treasury shares are reissued, gains are credited to a separate account in equity (the "treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance in that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Other reserve
Other reserve is used to record the effect of changes in ownership interest in subsidiaries, without loss of control.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Revenue recognition
The Group is primarily engaged in providing the following services:

Rental services
The Group generates rental income from properties leased to its customers under an operating lease. The rental income excludes contingent rental income and is recognised over time based on the lease term, using an input method to measure progress towards complete satisfaction of the service.

Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Hospitality services
The Group generates hospitality income from its owned hotels. These include revenues from room occupancies and food and beverages sales. Before 1 January 2018, the Group recognised revenues when the rooms were occupied and food and beverages were sold.

After 1 January 2018, the Group concluded that revenue from these operations will continue to be recognised at a point in time when the obligations are performed.

Contracting services
The Group generates contracting and services revenues from its construction and property development operations conducted on third party properties and various facility management services such as maintenance, cleaning and security services that are routine or recurring in nature.

i) Construction and property development operations
Before 1 January 2018, the Group's revenues associated with construction and property development operations were recognized by reference to the percentage-of-completion method of the contracting activity in accordance with IAS 11: Construction Contracts.

After 1 January 2018, the Group concluded that revenue from these operations will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service.

i) Facility management operations
Before 1 January 2018, the Group's revenues associated with the facility management operations were recognised by at the fair value of consideration received or receivable for services were determined as earned.

After 1 January 2018, the Group concluded that revenue from these operations will be recognised over time, using an input method to measure progress towards complete satisfaction of the service.

Sale of properties held for trading
The revenues from disposal of a properties held for trading are recognised when the customer (buyer) obtains control of the asset, i.e. the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset, which is normally on unconditional exchange of contracts. For conditional exchanges, the revenues are recognised only when all the significant conditions are satisfied and the control of the asset is determined to be transferred to the customer.

Interest income
Interest income is recognised as interest accrues using the effective interest method ("EIR") that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income
Dividend income is recognised when the right to receive payment is established.

The significant accounting judgements related to the revenue from contracts with customers is detailed in Note 2.6.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services performed for the customer. If the Group performs services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional based on the contractual terms.

Contract liabilities

A contract liability is the obligation for the performance of services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group performs services for the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate and where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be incurred to settle the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefit is probable.

Taxation

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

The Parent Company calculates the contribution to KFAS at 1% in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

National Labour Support Tax (NLST)

The Parent Company calculates the NLST in accordance with Law No. 19 of 2000 and the Ministry of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

Zakat

Contribution to Zakat is calculated at 1% of the profit of the Parent Company in accordance with the Ministry of Finance resolution No. 58/2007.

Taxation on overseas subsidiaries

Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate. Income tax payable on taxable profit ('current tax') is recognised as an expense in the period in which the profits arise in accordance with the fiscal regulations of the respective countries in which the Group operates.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Taxation on overseas subsidiaries (continued)

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets and liabilities are measured using tax rates and applicable legislation at the reporting date.

Segment information

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenues and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance and the reporting is consistent with the internal reports provided to the chief operation decision maker. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

Foreign currency

The consolidated financial statements are presented in Kuwaiti Dinars which is also the functional of the Parent Company. Each entity in the Group determines its own functional currency and items included in financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Kuwaiti Dinars at rates of exchange prevailing on that date. Any resultant gains or losses are recognised in the consolidated income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Kuwaiti Dinars at the foreign exchange rates ruling at the dates that the values were determined. In case of non-monetary assets whose change in fair values are recognised directly in other comprehensive income, foreign exchange differences are recognised directly in other comprehensive income and for non-monetary assets whose change in fair values are recognised in the consolidated income statement.

Assets (including goodwill) and liabilities, both monetary and non-monetary, of foreign operations are translated to Kuwaiti Dinars at the exchange rates prevailing at the reporting date. Operating results of such operations are translated at average rates of exchange for the foreign operation's period of operations. The resulting exchange differences are accumulated in a separate component of other comprehensive income (the foreign currency translation reserve) until the disposal of the foreign operation. On disposal of foreign operations, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES (continued)

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessor
Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Group as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

A property interest that is held by the Group under an operating lease may be classified and accounted for as an investment property when the property otherwise meets the definition of an investment property, evaluated property by property, and based on management's intention. The initial cost of a property interest held under a lease and classified as an investment property is determined at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a liability.

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue from contracts with customers
The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a. Identifying performance obligations in a bundled contract
The Group provides certain contracting and hospitality services to its customers as part of a single arrangement and these arrangements may include various performance obligations that represents performing a contractually agreed-upon task(s) for a customer. The Group determined that each of these performance obligations are capable of being distinct as these services are separately identifiable from other obligations in the contract and the customer can benefit from each service on its own.

Furthermore, the Group also determined that the promises of such services are distinct within the context of each contract, the transaction price is determined separately based on each obligation and these services are not highly interdependent or highly interrelated.

The transaction prices is allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, the Group estimates separate transaction price for each performance obligation based on expected cost plus margin.

b. Determine transaction price
The transaction price is the amount of consideration that is enforceable and to which the Group expects to be entitled in exchange for services promised to the customer. The Group determines the transaction price by considering the terms of the contract and business practices that are customary.

c. Determining the timing of satisfaction of services
i. Hospitality income

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)
Revenue from contracts with customers (continued)
c. Determining the timing of satisfaction of services (continued)
i. Construction and property development operations (continued)
The Group concluded that revenue from room occupancy and food and beverages sales to its customers is to be recognised at the point in time when the obligations are performed as upon rendering of such services or sales, the Group is entitled to a present right to payment for the service or sale. Furthermore, the customer obtains the ability to direct the use of, and obtain substantially all of the remaining benefits from each service or sale.

ii. Construction and property development operations
The Group concluded that revenue from contracting in relation to construction and property development service to its customers is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform such services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs. The Group has a right to payment for the performance completed to date as, under each contractual agreement with a customer, the Group is entitled to an amount that at least compensates the Group for its performance completed to date in the event that the customer terminates the contract for reasons other than the Group's failure to perform as promised. Furthermore, certain assets are created by the Group's performance of contracting obligations. However, these assets are determined to be restricted contractually from readily directing the assets for another use by the customer during the creation or enhancement of the respective assets.

The Group has determined to utilize the input method for measuring progress of such services because there is a direct relationship between the Group's effort and the transfer of service to the customer. The Group recognises revenue on these services on the basis of the costs incurred relative to the total expected costs to complete the performance obligations. The Group assesses the percentage of costs incurred as a proportion to the total estimated costs relative to each contract in order to determine the revenues to be recognised to date and accounting for the estimated margin for the entire term of the contract.

ii. Facility management operations
The Group concluded that revenue from contracting in relation to facility management services to its customers is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Group has a right to payment for the performance completed to date as, under each contractual agreement with a customer, the Group is entitled to an amount that at least compensates the Group for its performance completed to date in the event that the customer terminates the contract for reasons other than the Group's failure to perform as promised. Furthermore, the Group's performance does not create an asset with an alternative use to the entity.

The Group has determined to utilize the output method for measuring progress of such services on the basis of direct measurements of the value to the customer of the services performed to date relative to the remaining services promised under the contract. The Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date. In regards to service contracts that are performed with the same pattern of consumption over time and whose consideration consists of a fixed amount over the term of the contract, the Group recognises revenues on a straight-line basis as the Group's efforts being evenly expended throughout the performance period. Whereas, in regards to the service contracts with consideration dependent on the measurement of the services performed, such as number of hours, the Group recognises revenues based on the performance completed to date.

d. Principal versus agent considerations
During the performance of contracting services to its customer, the Group involves certain third parties in providing certain services. The Group has concluded that it is a principal in such arrangements as the Group retains the right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the Group's behalf and the Group is primarily held responsible for fulfilling each obligation to the customer.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

e. Consideration of significant financing component in a contract
The Group does not expect to have any contracts where the period between the transfer of promised services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Classification of financial assets - applicable from 1 January 2018
The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Classification of financial assets – applicable before 1 January 2018
Management decides upon acquisition of an investment whether it should be classified as financial assets available for sale or financial assets at fair value through profit or loss.

Classification of financial assets at fair value through profit or loss depends on how management monitors the performance of those financial assets. When financial assets have readily available and reliable fair values and the changes in fair values are reported as part of the consolidated statement of income in the management accounts, they are classified at fair value through profit or loss. All other financial assets are classified as financial assets available for sale.

Impairment of financial assets available for sale – applicable before 1 January 2018
The Group treats available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Classification of property
The Group determines whether a property is classified as investment property or property held for trading:

- Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Properties held for trading comprise property that is held for sale in the ordinary course of business.

Operating Lease Commitments – Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases, which requires considerable judgement.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of net realisable value for properties held for trading
Properties held for trading is stated at the lower of cost and net realisable value (NRV). NRV is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions.

Valuation of investment properties, freehold land and buildings
Fair value of investment properties, freehold land and buildings have been assessed by independent real estate appraisers. Two main methods were used to determine the fair value of interests in investment properties, freehold land and building; (a) Discounted cash flow analysis and (b) Property market value method as follows:

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Valuation of investment properties, freehold land and buildings (continued)

(a) Discounted cash flow is based on a series of projected free cash flows supported by the terms of any existing lease and other contracts and discounted at a rate that reflects the risk of the asset.

(b) Property market value method is based on the assessment made by an independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition, and based on the knowledge and experience of the real estate appraiser.

Volatility in the global financial system is reflected in commercial real estate markets. There was a significant reduction in transaction volumes in 2011 and, to a lesser extent, into 2012. Therefore, in arriving at their estimates of market values as at 31 December 2018 and 31 December 2017, valuers used their market knowledge and professional judgment and did not rely solely on historical transactional comparables. In these circumstances, there was a greater degree of uncertainty in estimating the market values of investment properties than would exist in a more active market.

Investment property under construction is also valued at fair value as determined by independent real estate valuation experts, except if such values cannot be reliably determined. The fair value of investment properties under construction is determined using either the Discounted Cash Flow Method or the Residual Method.

The significant methods and assumptions used by valuers in estimating fair value of investment property, freehold land and buildings are stated in Note 9 and Note 10.

Techniques used for valuing investment properties
The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross rental income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the fair value of the property.

The Residual Method (or Hypothetical Development Approach) to estimating fair value is a combination of the Capitalisation (income) approach and a Cost approach (summation). The Residual Method is defined as: "A method of determining the value of a property which has potential for development, redevelopment or refurbishment. The estimated total cost of the work, including fees and other associated expenditures, plus allowance for interest, developer's risk and profit, is deducted from the gross value of the completed project. The resultant figure is then adjusted back to the date of valuation to give the residual value."

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:
- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

3 MATERIAL PARTLY-OWNED SUBSIDIARIES

The Group has concluded that at 31 December 2018 Al Dhiyafa Holding Company K.S.C. (Closed) ("Al Dhiyafa") is the only subsidiary with non-controlling interests that is material to the Group. The summarised financial information of Al Dhiyafa, before inter-company eliminations, is provided below:

	2018	*2017*
	KD	*KD*
Summarised statement of income		
Revenues	**13,665,316**	11,680,894
Loss for the year	**(62,747)**	(1,498,971)
Profit (loss) attributable to non-controlling interests	**60,497**	371,770
Summarised statement of financial position		
Total assets	**107,478,677**	109,735,197
Total liabilities	**(47,846,697)**	(47,417,195)
Total equity	**59,631,980**	62,318,002
Accumulated balances of non-controlling interests	**19,239,857**	14,887,698

	2018	*2017*
	KD	*KD*
Summarised cash flow information		
Operating	**11,620,099**	7,045,386
Investing	**(351,924)**	(377,282)
Financing	**(11,285,462)**	(6,914,158)
Net decrease in cash and cash equivalents	**(17,287)**	(246,054)

4 CASH, BANK BALANCES AND SHORT TERM DEPOSITS

	2018	*2017*
	KD	*KD*
Cash at banks and on hand	**17,557,205**	7,138,368
Short term deposits	**1,879,509**	9,389,496
Cash, bank balances and short term deposits	**19,436,714**	16,527,864
Less: Bank overdraft (Note 12)	**(11,736,948)**	(12,785,287)
Cash and cash equivalents for the purpose of consolidated statement of cash flows	**7,699,766**	3,742,577

Short term deposits are made for varying periods ranging from one day and three months, and earn interest at the respective short term deposit rates.

Cash and short term deposits amounting to KD 8,664,419 (2017: KD 4,184,972) are placed with related parties (Note 24).

5 ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER ASSETS

	2018 KD	*2017 KD*
Accounts receivables	**43,706,849**	40,078,555
Accrued rental and hospitality income	**371,551**	1,292,026
Due from related parties (Note 24)	**4,554,092**	13,670,169
Prepayments	**1,031,245**	570,161
Other receivables	**5,377,088**	4,310,131
	55,040,825	59,921,042
Provision for impairment	**-**	(2,135,313)
Allowance for expected credit losses	**(5,275,992)**	-
	49,764,833	57,785,729

The movement in the provision for impairment of receivables is as follows:

	2018 KD	*2017 KD*
As at 1 January	**2,135,313**	2,297,855
Impact on recognition of ECL on financial assets at 1 January (Note 23)	**1,635,764**	-
As at 1 January (restated)	**3,771,077**	2,297,855
Expected credit losses for the year	**1,504,915**	-
Provided during the year	**-**	83,458
Reversal of provisions during the year	**-**	(246,000)
As at 31 December	**5,275,992**	2,135,313

6 PROPERTIES HELD FOR TRADING

	2018 KD	*2017 KD*
As at 1 January	**58,639,720**	54,114,363
Additions during the year	**3,980,710**	5,451,412
Disposals	**(5,788,482)**	-
Foreign exchange difference	**970,950**	(926,055)
As at 31 December	**57,802,898**	58,639,720

The accumulated capitalised finance costs included in the carrying value of properties held for trading (under construction) is KD 2,696,651 (2017: KD 3,326,680). The rate used to determine the amount of borrowing costs eligible for capitalization was 5.86% (2017: 5.86%). During the current year, no finance costs were capitalised to the properties held for trading (2017: Nil).

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND AVAILABLE FOR SALE

	2018	*2017*
	KD	*KD*
Quoted equity shares	**140,070**	477,678
Unquoted equity shares	**4,209,072**	5,300,348
Unquoted debt securities	**-**	8,674,550
	4,349,142	14,452,576
Classified as followed:		
Financial assets at fair value through other comprehensive income	**4,349,142**	-
Financial asset available for sale		
- at fair value	**-**	1,214,828
- at cost less impairment	**-**	13,237,748
	-	14,452,576

Investments with aggregate carrying amounts of KD 2,379,285 (2017: KD 13,020,104) represent investments in related parties (Note 24) and investments with aggregate carrying amounts of KD 1,664,032 (2017: KD 1,495,445) are managed by a related party (Note 24).

8 INVESTMENT IN ASSOCIATES

Name of company	***Country of Incorporation***	***Equity interest***		***Carrying value***	
		2018	*2017*	***2018***	*2017*
				KD	*KD*
Kuwait Hotels Company K.S.C.(a)	Kuwait	**29.97%**	29.97%	**1,552,023**	1,547,568
Dar SSH International Engineering Consultants Co. W.L.L.	Bahrain	**29.03%**	22.50%	**253,665**	639,461
Abdali Boulevard Company P.S.C. (b)	Jordan	**-**	40.00%	**-**	36,396,145
Al Thaniya Real Estate Company P.S.C.	Jordan	**50.00%**	50.00%	**9,133**	8,700
Al-Fujeira Real Estate Limited	United Arab Emirates	**50.00%**	50.00%	**6,266,294**	7,813,783
United Towers Holding Company K.S.C. (Closed) (c)	Kuwait	**40.06%**	39.165%	**26,198,360**	24,840,729
Ikarus United for Marine Services Company S.A.K. (Closed)	Kuwait	**20.00%**	20.00%	**708,151**	307,194
Assoufid B.V.	Netherlands	**49.00%**	49.00%	**-**	154,658
Insha'a Holding Company K.S.C.C.	Kuwait	**40.00%**	40.00%	**5,885,985**	5,812,037
Mena Homes Real Estate Company K.S.C. (Closed) (d)	Kuwait	**33.33%**	33.33%	**9,571,715**	440,412
				50,445,326	77,960,687

8 INVESTMENT IN ASSOCIATES (continued)

(a) The associate is quoted on Kuwait Stock Exchange, with a market value of KD 2,056,304 (2017: KD 3,872,311).

(b) During the year, the Group entered into a share purchase agreement ("SPA") with Abdalli Investment and Development Company P.S.C. ("AID") for the sale of its 40% equity interest in the associate Abdali Boulevard Company P.S.C. ("ABC") and acquisition of 40% equity interest in Abdalli Mall Company ("AMC") with an additional cash consideration of KD 8,572,100.

The value of investment in ABC at the transaction date is determined to be KD 33,859,795 resulting in a loss of KD 270,332 representing the difference between the carrying value of the investment in the associate and the fair value of Group's equity interest in the associate at the date of disposal. Upon disposal of investment in ABC, the Group has reclassified its related foreign currency translation gain amounting to KD 438,055 from reserve to consolidated income statement and accordingly, the Group reported a net gain on disposal of investment in the associate of KD 167,723.

Furthermore, as a result of abovementioned transaction, the Group acquired additional 40% equity interest in AMC. Upon acquisition of additional 40% interest in AMC, the Group recognised KD 16,509,320 in other reserves representing the excess consideration over the non-controlling interest of ABC.

(c) During the year, the Group purchased an additional 0.90% equity interest in the associate United Towers Holding Company K.S.C. (Closed) for a consideration of KD 240,830 from a related party.

(d) During the year, Mena Homes Real Estate Company K.S.C. (Closed) ("Mena Homes") an associate, increased its capital through conversion of shareholders' loan. Accordingly, the Group has reclassified its loan to Mena Homes, previously classified as 'accounts receivable, prepayments and other assets' to investments in associates, amounting to KD 3,951,114 and contributed an additional capital of KD 5,067,122.

The movement in the carrying amount of investment in associates during the year is as follows:

	2018 KD	*2017 KD*
At the beginning of the year	**77,960,687**	78,780,297
Impact on adoption of IFRS 9 by an associate at 1 January 2018 (Note 23)	**(358,161)**	-
As at 1 January (restated)	**77,602,526**	78,780,297
Additions and capital contributions during the year	**5,759,525**	5,371,856
Transfer from accounts receivable, prepayments and other assets (d)	**3,951,114**	-
Disposals during the year (b)	**(34,130,128)**	-
Transfer from investment in subsidiaries	**-**	440,412
Share of results	**(1,630,074)**	(4,342,545)
Foreign exchange differences	**(1,107,637)**	(1,469,387)
Dividends received during the year	**-**	(819,946)
At 31 December	**50,445,326**	77,960,687

As at 31 December 2018, interest bearing loan provided by the Group to Assoufid B.V. amounted to KD 16,898,333 (Note 24) and is maturing on 1 January 2036.

8 INVESTMENT IN ASSOCIATES (continued)

The Group determines that ABC, United Towers Holding Company K.S.C. (Closed) ("UTHC") and Mena Homes Real Estate Company K.S.C. (Closed) ("Mena Homes") as the material associates of the Group and the following table provides summarised financial information of the Group's investment in associates:

	ABC		***UTHC***		***Mena Homes***		***Others***	
	2018 KD	*2017 KD*	***2018 KD***	*2017 KD*	***2018 KD***	*2017 KD*	***2018 KD***	*2017 KD*
Summarised statement of financial position:								
Non-current assets	-	152,498,794	**129,411,504**	114,482,723	**87,666,389**	86,462,859	**92,054,027**	102,867,902
Current assets	-	2,421,432	**2,962,490**	2,911,795	**49,352,182**	34,665,688	**19,874,375**	10,442,133
Non-current liabilities	-	(44,860,621)	**(66,474,261)**	(49,773,731)	**(53,962,902)**	(107,953,630)	**(59,410,849)**	(59,074,156)
Current liabilities	-	(19,069,243)	**(501,929)**	(4,194,481)	**(54,340,366)**	(11,853,681)	**(12,745,174)**	(13,689,483)
Equity	-	90,990,362	**65,397,804**	63,426,306	**28,715,303**	1,321,236	**39,772,379**	40,546,396
Proportion of the Group's ownership	-	40%	**40.06%**	39.165%	**33.33%**	33.33%		
Group's share in the net assets	-	36,396,145	**26,198,360**	24,840,729	**9,571,715**	440,412	**14,675,251**	16,283,401
Summarised statement of income:								
Revenues	**3,866,874**	5,324,391	**6,797,627**	6,212,866	**10,962**	337,818	**53,413,666**	47,778,006
(Loss) profit for the year	**(3,442,900)**	(7,613,468)	**1,969,099**	1,136,337	**1,921,032**	466,838	**(3,751,384)**	(4,833,054)
Group's share in (loss) profit for the year	**(1,377,160)**	(3,045,387)	**788,821**	445,043	**640,280**	155,597	**(1,682,015)**	(1,897,798)

9 INVESTMENT PROPERTIES

	2018	*2017*
	KD	*KD*
Land for development (a)	**74,721,807**	74,816,622
Investment properties under construction (b)	**11,444,211**	11,199,212
Developed properties (c)	**192,456,352**	208,611,771
	278,622,370	294,627,605

Valuation of lands for development, investment properties under construction and developed properties were conducted as at 31 December 2018 by independent appraisers with a recognised and relevant professional qualification and recent experience of the location and category of investment property being valued. The discounted future cash flow method or property market value method have been used for developed properties as deemed appropriate considering the nature and usage of the property. The fair value of lands for development and investment property under construction has been determined through market value method or depreciation cost replacement method.

a) Land for development

The movement in lands for development during the year was as follows:

	2018	*2017*
	KD	*KD*
As at 1 January	**74,816,622**	69,963,716
Additions	**194,577**	68,679
Disposals	**(718,900)**	-
Valuation gain	**170,992**	5,324,051
Foreign exchange differences	**258,516**	(539,824)
As at 31 December	**74,721,807**	74,816,622

Land for development include a plot of land in Sharm El Sheikh, Egypt amounting to KD 15,721,738 (2017: KD 15,425,561) which is not yet registered in the name of the subsidiary (Gulf Egypt) and the subsidiary is not permitted to register it until it completes its construction project on this land.

b) Investment properties under construction

	2018	*2017*
	KD	*KD*
As at 1 January	**11,199,212**	11,115,669
Capital expenditure	**206,112**	172,354
Foreign exchange differences	**25,017**	(63,601)
Valuation gain (loss)	**13,870**	(25,210)
As at 31 December	**11,444,211**	11,199,212

c) Developed properties

	2018	*2017*
	KD	*KD*
Developed land and buildings:		
Developed land and buildings	**98,765,426**	112,138,887
Buildings constructed on land leased from the Government	**93,690,926**	96,472,884
	192,456,352	208,611,771

The lease periods for the plots of land leased from the Government of Kuwait and others range from less than 1 year to 50 years.

9 INVESTMENT PROPERTIES (continued)

The movement during the year was as follows:

	2018 KD	*2017 KD*
As at 1 January	**208,611,771**	205,870,778
Additions	**582,907**	2,138,286
Disposal of investment properties	**(13,797,582)**	(1,481,739)
Valuation (loss) gain	**(3,470,246)**	3,747,650
Foreign exchange differences	**529,502**	(1,663,204)
As at 31 December	**192,456,352**	208,611,771

Fair value hierarchy
The fair value measurement of investment properties has been categorised as level 3 fair value based on inputs to the valuation technique used. The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values:

	2018 KD	*2017 KD*
Opening balance	**294,627,605**	286,950,163
Additions and capital expenditures	**983,596**	2,379,319
Disposals and transfers	**(14,516,482)**	(1,481,739)
Valuation (loss) gain	**(3,285,384)**	9,046,491
Foreign exchange differences	**813,035**	(2,266,629)
Closing balance	**278,622,370**	294,627,605

Significant assumptions used for valuation of investment properties with the same characteristics are as follows:

	2018 %	*2017 %*
Average net initial yield	**9.50**	9.50
Average reversionary yield	**10.75**	10.75
Average inflation rate	**3.50**	3.25
Long-term vacancy rate	**10.00**	10.00
Long-term growth in real rental rates	**3.25**	3.00

9 INVESTMENT PROPERTIES (continued)

Sensitivity analysis
The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment properties.

		Impact on fair value	
Significant unobservable inputs	***Sensitivity***	***2018***	*2017*
		KD	*KD*
		1,630,210	1,828,330
Average net initial yield	+/- 1%	**(1,594,472)**	(1,802,430)
		3,104,556	3,355,830
Average reversionary yield	+/- 1%	**(2,908,473)**	(2,960,784)
	+/- 25	**1,648,376**	1,720,448
Average inflation rate	basis points	**(1,237,340)**	(1,280,446)
		1,832,539	1,897,338
Long-term vacancy rate	+/- 1%	**(1,789,285)**	(1,826,520)
		1,734,659	1,822,730
Long-term growth in real rental rates	+/- 1%	**(1,935,729)**	(1,984,700)

10 PROPERTY AND EQUIPMENT

	Freehold land KD	*Buildings KD*	*Tools and equipment KD*	*Computer hardware and software KD*	*Furniture and fixtures KD*	*Motor vehicles KD*	*Working under progress KD*	*Total KD*
Cost:								
As at 1 January 2018	10,146,556	78,511,971	10,925,463	3,134,465	7,474,424	962,875	2,059,148	**113,214,902**
Additions	-	209,987	1,450,011	254,558	462,873	438,646	634,917	**3,450,992**
Revaluation adjustment	45,939,496	12,224,184	-	-	-	-	-	**58,163,680**
Disposal	(751,815)	-	-	(270)	(4,655)	(55,611)	-	**(812,351)**
Exchange adjustment	118,053	796,578	120,126	28,726	72,131	5,452	25,912	**1,166,978**
As at 31 December 2018	55,452,290	91,742,720	12,495,600	3,417,479	8,004,773	1,351,362	2,719,977	**175,184,201**
Depreciation:								
As at 1 January 2018	-	(17,063,689)	(6,479,672)	(3,010,961)	(6,178,521)	(377,609)	-	**(33,110,452)**
Charge for the year	-	(1,927,073)	(848,504)	(236,618)	(1,137,803)	(193,621)	-	**(4,343,619)**
Disposal	-	-	-	270	4,410	55,610	-	**60,290**
Exchange adjustment	-	(151,987)	(70,317)	(26,153)	(65,384)	(2,039)	-	**(315,880)**
As at 31 December 2018	-	(19,142,749)	(7,398,493)	(3,273,462)	(7,377,298)	(517,659)	-	**(37,709,661)**
Net carrying amount								
As at 31 December 2018	**55,452,290**	**72,599,971**	**5,097,107**	**144,017**	**627,475**	**833,703**	**2,719,977**	**137,474,540**

10 PROPERTY AND EQUIPMENT (continued)

	Freehold land KD	*Buildings KD*	*Tools and equipment KD*	*Computer hardware and software KD*	*Furniture and fixtures KD*	*Motor vehicles KD*	*Working under progress KD*	*Total KD*
Cost:								
As at 1 January 2017	10,432,767	80,597,743	10,303,793	3,065,394	6,647,328	847,526	2,074,303	113,968,854
Additions	-	122,150	1,002,618	69,071	1,047,706	168,409	32,757	2,442,711
Disposal	-	-	-	-	(20,996)	(28,573)	-	(49,569)
Exchange adjustment	(286,211)	(2,207,922)	(380,948)	-	(199,614)	(24,487)	(47,912)	(3,147,094)
As at 31 December 2017	10,146,556	78,511,971	10,925,463	3,134,465	7,474,424	962,875	2,059,148	113,214,902
Depreciation:								
As at 1 January 2017	-	(15,501,102)	(5,726,821)	(2,897,798)	(5,169,987)	(384,600)	-	(29,680,308)
Charge for the year	-	(2,042,819)	(1,019,952)	(113,163)	(1,200,718)	(32,232)	-	(4,408,884)
Disposal	-	-	-	-	18,536	28,573	-	47,109
Exchange adjustment	-	480,232	267,101	-	173,648	10,650	-	931,631
As at 31 December 2017	-	(17,063,689)	(6,479,672)	(3,010,961)	(6,178,521)	(377,609)	-	(33,110,452)
Net carrying amount								
As at 31 December 2017	10,146,556	61,448,282	4,445,791	123,504	1,295,903	585,266	2,059,148	80,104,450

Depreciation charge amounting to KD 3,479,217 (2017: KD 3,995,113) has been allocated to cost of revenue.

The fair value of the freehold land and building was determined using the market comparable method. The valuations have been performed by an independent valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. The unit of comparison applied by the Group is the price per square meter ('sqm'). As at the reporting date, a gain from the revaluation of the freehold land and buildings of KD 58,163,680 and related deferred tax adjustment arising on the revaluation gain of KD 13,062,383 was recognised in other comprehensive income.

Significant unobservable valuation input
As at 31 December 2018, range of average market price for the freehold land and buildings (per square metre) used by the valuer is KD 1,020. Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

11 ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

	2018	*2017*
	KD	*KD*
Rent received in advance	**915,708**	833,338
Accounts payable	**42,326,798**	36,385,320
Refundable deposits	**5,574,693**	5,633,130
Due to related parties (Note 24)	**1,365,691**	782,016
Other payables	**19,057,998**	18,257,129
	69,240,888	61,890,933

12 INTEREST BEARING LOANS AND BORROWINGS

	2018	*2017*
	KD	*KD*
Loans	**228,873,752**	219,879,099
Bank overdrafts	**11,736,948**	12,785,287
	240,610,700	232,664,386

The following table shows the current and non-current portion of the Group's loans obligations:

	Current portion KD	*Non-current portion KD*	***Total 2018 KD***	*Total 2017 KD*
Bank overdrafts (Note 4)	11,736,948	-	**11,736,948**	12,785,287
Short term loans	110,236,763	-	**110,236,763**	60,669,816
Term loans	23,706,270	94,930,719	**118,636,989**	159,209,283
	145,679,981	94,930,719	**240,610,700**	232,664,386

Term loans are obtained for varying periods ranging from one year to ten years, and carry interest rates ranging from 4% to 19.07% (2017: 4% to 19.52%).

As at 31 December 2018, the Group has short term loans and overdrafts amounting to KD 121,973,711 (31 December 2017: KD 73,455,103) which are renewable on a yearly basis.

Interest bearing loans and borrowings amounting to KD 46,435,422 (2017: KD 10,504,203) are due to related parties (Note 24).

The following table shows the current and non-current portions (analysed by currency) of the Group's loan obligations:

	Current portion KD	*Non-current portion KD*	***Total 2018 KD***	*Total 2017 KD*
US Dollar	4,805,413	34,787,306	**39,592,719**	43,420,893
Omani Riyal	1,590,858	2,523,878	**4,114,736**	5,679,707
British Pound	-	-	**-**	162,313
Egyptian Pound	1,876,509	-	**1,876,509**	3,715,331
Kuwaiti Dinar	137,407,201	57,619,535	**195,026,736**	179,686,142
	145,679,981	94,930,719	**240,610,700**	232,664,386

12 INTEREST BEARING LOANS AND BORROWINGS (continued)

Included in interest bearing loans are loans amounting to KD 56,295,985 (2017: KD 65,330,928) which are obtained and availed by subsidiaries in the Group.

13 BONDS

	2018 KD	*2017* KD
On 24 June 2013, the Parent Company issued unsecured bonds in the principal amount of KD 60,000,000 composed of bonds in two series as follows:		
• Due on 24 June 2018, carrying interest at a fixed rate of 5.75% per annum payable quarterly in arrears. These bonds are repaid on maturity date.	-	36,450,000
• Due on 24 June 2018, carrying interest at a variable rate of 3.25% over the Central Bank of Kuwait discount rate payable quarterly in arrears. These bonds are repaid on maturity date.	-	23,550,000
On 19 April 2018, the Parent Company issued unsecured bonds in the principal amount of KD 60,000,000 composed of bonds in two series as follows:		
• Due on 19 April 2023, carrying interest at a fixed rate of 5.75% per annum payable quarterly in arrears.	**32,150,000**	-
• Due on 19 April 2023, carrying interest at a variable rate of 2.50% over the Central Bank of Kuwait discount rate payable quarterly in arrears.	**27,850,000**	-
	60,000,000	60,000,000

14 SHARE CAPITAL AND SHARE PREMIUM

As at 31 December 2018, the Parent Company's authorised, issued and fully paid share capital consists of 1,187,974,420 shares of 100 fils each (2017: 1,187,974,420 shares of 100 fils each) which is fully paid in cash.

The share premium is not available for distribution.

15 STATUTORY RESERVE

In accordance with the Companies' Law, as amended, and the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, a minimum of 10% of the profit for the year before tax and board of directors' remuneration shall be transferred to the statutory reserve. The annual general assembly of the Parent company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital. No such transfer is made at 31 December 2018 due to losses incurred by the Parent company.

16 VOLUNTARY RESERVE

In accordance with the Parent Company's Articles of Association, 10% of profit for the year attributable to equity holders of the Parent Company before taxation and directors' remuneration is to be transferred to the voluntary reserve. Such annual transfers have been discontinued by a resolution of the shareholders' Annual General Assembly upon a recommendation by the Board of Directors.

17 TREASURY SHARES

	2018	*2017*
Number of treasury shares	**113,669,873**	113,669,873
Percentage to issued shares	**9.568%**	9.568%
Market value in KD	**6,820,192**	9,093,590
Cost in KD	**14,478,743**	14,478,743

Reserves, retained earnings and share premium equivalent to the cost of treasury shares are not available for distribution throughout the period these shares are held by the Group.

18 INVESTMENT INCOME

	2018	*2017*
	KD	*KD*
Dividend income	**22,125**	28,682
Loss on sale of available-for-sale investment	**-**	(18,518)
Other investment loss	**(11,920)**	-
	10,205	10,164

19 GENERAL AND ADMINISTRATIVE EXPENSES

Included in the general and administration expenses are the following staff related costs:

	2018	*2017*
	KD	*KD*
Wages and salaries	**3,589,791**	4,192,267
Post-employment benefits	**770,204**	949,274
	4,359,995	5,141,541

Wages, salaries and post-employment benefits charged to cost of revenue is amounting to KD 13,457,963 (2017: KD 9,752,620).

20 TAXATION

	2018	*2017*
	KD	*KD*
Contribution to KFAS	**-**	9,797
NLST	**-**	267,084
Zakat	**-**	42,952
Taxation on overseas subsidiaries		
Current tax	**123,133**	289,271
Deferred tax	**269,329**	972,951
	392,462	1,582,055

The tax rate applicable to the taxable overseas subsidiaries companies is in the range of 10% to 22.5% (2017: 10% to 22.5%). For the purpose of determining the taxable results for the year, the accounting profit of the overseas subsidiary companies were adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing laws, regulations and practices of each overseas subsidiary companies jurisdiction.

The deferred tax liabilities relates to the following:

	2018	*2017*
	KD	*KD*
Revaluation of investment properties to fair value	**(11,705,103)**	(11,584,234)
Revaluation of property and equipment to fair value	**(13,062,383)**	
Deferred tax – relating to origination and reversal of temporary differences	**(5,329,604)**	(5,156,498)
Deferred tax liabilities	**(30,097,090)**	(16,740,732)

20 TAXATION (continued)

The reconciliation of deferred tax liabilities is detailed as followed:

	2018 ***KD***	*2017* *KD*
As at 1 January	**(16,740,732)**	(15,657,341)
Expense for the year	**(269,329)**	(972,951)
Deferred tax adjustment on revaluation of property and equipment to fair value taken to other comprehensive income	**(13,062,383)**	
Foreign exchange differences	**(24,646)**	(110,440)
As at 31 December	**(30,097,090)**	(16,740,732)

21 BASIC AND DILUTED (LOSS) EARNINGSPER SHARE

Basic (loss) earnings per share is computed by dividing the (loss) profit for the year attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding during the year less treasury shares.

Diluted (loss) earnings per share is calculated by dividing the (loss) profit for the year attributable to the equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all employees stock options. The Parent Company has outstanding share options, issued under the employee stock options plan, which have a dilutive effect on (loss) earnings.

Basic earnings (loss) per share

	2018 ***KD***	*2017* *KD*
Earnings		
(Loss) profit for the year attributable to the equity holders of the Parent Company	**(8,994,266)**	2,217,810
	Shares	*Shares*
Number of shares outstanding		
Weighted average number of paid up shares	**1,187,974,420**	1,187,974,420
Less: Weighted average number of treasury shares	**(113,669,873)**	(113,669,873)
Weighted average number of shares outstanding for basic earnings per share	**1,074,304,547**	1,074,304,547
Basic (loss) earnings per share attributable to equity holders of the Parent Company	**(8.37) fils**	2.1 fils

Dilutive earnings per share

	2018 ***KD***	*2017* *KD*
Earnings		
(Loss) profit for the year attributable to the equity holders of the Parent Company	**(8,994,266)**	2,217,810
Number of shares outstanding	***Shares***	*Shares*
Weighted average number of shares outstanding for basic earnings per share	**1,074,304,547**	1,074,304,547
Effect of share options	**12,000**	12,000
Weighted average number of shares outstanding for diluted earnings per share	**1,074,316,547**	1,074,316,547
Diluted (loss) earnings per share attributable to equity holders of the Parent Company	**(8.37) fils**	2.1 fils

22 DIVIDEND

During the board meeting held on 28 March 2019, the Board of Directors of the Parent Company has not proposed any cash dividend for the distribution to the shareholders. This proposal is subject to the approval by the Shareholders' Annual General Assembly.

The shareholders' annual general assembly held on 16 April 2018 approved the audited consolidated financial statements of the Group for the year ended 31 December 2017. The shareholders' annual general assembly had approved to not distribute any dividend or bonus shares (31 December 2016: 5% cash dividend KD 5,371,523).

23 IMPACT OF IFRS 9 ADOPTION

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied with effect from 1 January 2018, 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 2018 under IFRS 9.

b) The following assessments have been made based on 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

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*	*Transition adjustments*	*New carrying amount under IFRS 9*
			KD	*KD*	*KD*
Bank balances and short-term deposits	Loans and receivables	Amortised cost	16,527,864	-	16,527,864
Accounts receivables	Loans and receivables	Amortised cost	57,785,729	(1,635,764)	56,149,965
Financial assets available for sale – equity securities	Financial assets available for sale	Equity instruments at FVOCI	5,778,026	(1,175,855)	4,602,171
Financial assets available for sale – debt securities	Financial assets available for sale	Amortised cost	8,674,550	(8,674,550)	-
Loan to an associate	-	Amortised cost	-	8,674,550	8,674,550
			88,766,169	**(2,811,619)**	**85,954,550**

Other transition adjustments includes share of ECL on loans and advances included in investment in associates amounting to KD 358,161

23 IMPACT OF IFRS 9 ADOPTION (continued)

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

	Retained earnings KD	***Cumulative changes in fair value KD***
Closing balance under IAS 39 (31 December 2017)	**57,485,872**	**79,553**
Impact on reclassification and re-measurements:		
Fair value adjustment of equity investments previously carried at cost less impairment	-	(1,175,855)
ECL on accounts receivable	(1,635,764)	-
Share of ECL from investment in associates	(358,161)	-
	(1,993,925)	(1,175,855)
Opening balance under IFRS 9 on date of initial application of 1 January 2018	**55,491,947**	**(1,096,302)**

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

24 RELATED PARTY TRANSACTIONS

These represent transactions with the related parties, i.e. the Ultimate Parent Company, major shareholders, associates, directors and key management of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management. Balances and transactions with related parties are as follows:

	Ultimate Parent Company KD	*Associates KD*	*Other related parties KD*	***2018 KD***	*2017 KD*
Consolidated statement of financial position					
Cash and short term deposits (Note 4)	-	-	8,664,419	**8,664,419**	4,184,972
Accounts receivable, prepayments and other assets (Note 5)	186,672	-	4,367,420	**4,554,092**	13,670,169
Financial assets at fair value through other comprehensive income (Note 7)	-	-	2,379,285	**2,379,285**	-
Available-for-sale investments (Note 7)	-	-	-	-	13,020,104
Loan to an associate (Note 8)	-	16,898,333	-	**16,898,333**	-
Accounts payable, accruals and other payables (Note 11)	10,350	436,968	918,373	**1,365,691**	782,016
Interest bearing loans and borrowings (Note 12)	-	-	46,435,422	**46,435,422**	10,504,203
Consolidated income statement					
Property operating costs	-	-	109,767	**109,767**	96,170
General and administrative expenses	-	171,528	84,282	**255,810**	353,497
Finance costs	-	-	1,081,333	**1,081,333**	1,260,337
Rental income	-	2,400	-	**2,400**	2,400
Dividend income	-	-	-	-	(5,023)
Interest income	-	165,052	-	**165,052**	150,855
Other operating revenue	-	1,201,770	-	**1,201,770**	340,912
Contracting and services revenue	-	1,170,214	-	**1,170,214**	1,161,422

24 RELATED PARTY TRANSACTIONS (continued)

Certain available for sale investments with carrying value of KD 1,664,032 (2017: KD 1,495,445) are managed by a related party (Note 7).

Key management personnel compensation

	2018	*2017*
	KD	*KD*
Salaries and short-term employee benefits	**714,744**	682,997
End of service benefits	**96,235**	79,749
	810,979	762,746

25 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

- At 31 December 2018 the Group had contingent liabilities in respect of bank, other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to KD 14,935,789 (31 December 2017: KD 13,512,926).

- On 16 April 2014, the Group entered into an agreement with Al Agha family ("buyer") for disposal of certain shares in a subsidiary; Manazel United for Real Estate Investment Company S.A.E. ("Manazel"). However, no considerations as per the agreement were paid by the buyer and accordingly the agreement was not honoured by the Group.

  Consecutively, multiple suits were filed against the Group and other shareholders of Manazel in respect to the dispute, claiming rights to the shares of Manazel. During prior years, lower court decisions were in favour of the Group and the other Manazel shareholders, however, during the previous year and current period, the rulings of lower courts were overturned by the court of cassation on 71.3% equity interest of the Group in Manazel.

  However, as per the legal counsel of the Group, the provision of the repeal issued and validity and the effectiveness of contracts for the sale issued by the court of cassation is contrary to the previous rulings in similar cases issued by the court of cassation itself. Additionally, the judgment involving the final rulings may be reconsidered as the Group believes that there is sufficient evidence of counterfeiting of documentation submitted by the counter-party and, consequently, the legal counsel believes that the decisions of the court of cassation will be overturned.

  Notwithstanding the above, management had recorded a provisional loss of KD 1,982,349 as at 31 December 2018 relating to the potential loss of equity interest in Manazel (31 December 2017: KD 1,135,924). The legal counsel of the Group believes that this matter will not have a material adverse effect on the consolidated financial statements.

  Furthermore, as per the legal counsel of the Group, despite losing a substantial portion of equity interest in Manazel, the Group has the control on Manazel as it is not yet transferred to buyer.

- The Group has certain fully depreciated assets as at 31 December 2018 (31 December 2017: Nil) which represent Built-Own-Transfer (BOT) projects for the construction of certain properties (the "Properties"). These Properties were built on certain leasehold lands from the Ministry of Finance ("MOF") for an initial period of 25 years which was then extended for additional 10 years. Upon expiry of the renewed lease term, MOF had not extended the lease periods and filed legal cases against the Group to evacuate the Properties and for additional rentals. The Group has filed counter legal cases against MOF to renew the lease period. As per the legal counsel, the Group is entitled for the renewal of the lease period based on the original terms of the contracts with MOF. The Group is still managing the operations of the Properties as legal cases are under consideration of the court of cassation. As per the legal counsel, the Group is entitled to revenues arising from the Properties until final ruling is made and repossession effected. Accordingly, revenue from the Properties and related operational costs have been recognised by the Group in consolidated income statement amounting to KD 3,036,488 (31 December 2017: KD 4,110,584) and KD 1,954,502 (31 December 2017: KD 1,507,509) respectively.

25 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Capital commitments
The Group has agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of investment property under construction amounting to KD 2,817,203 (31 December 2017: KD 3,754,344) and in respect of property held for trading amounting to KD 2,993,112 (31 December 2017: KD 8,194,767).

Operating lease commitments – Group as a lessor
The Group has entered into commercial leases for certain investment properties in the normal course of business. Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2018 ***KD***	*2017* *KD*
Within one year	**21,342,920**	23,094,122
After one year but not more than three years	**37,786,517**	43,579,594
	59,129,437	66,673,716

Operating lease commitments – Group as a lessee
The Group has entered into commercial leases for investment properties in the normal course of business. Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2018 ***KD***	*2017* *KD*
Within one year	**1,994,015**	1,987,998
After one year but not more than three years	**1,287,699**	2,622,771
	3,281,714	4,610,769

26 SEGMENT INFORMATION

The management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss as explained in the table below.

Segment results include revenue and expenses directly attributable to a segment.

The Group has following reportable segments:
- Rental operations: consist of leasing of properties.
- Hospitality operations: consist of hospitality services provided through Marina Hotel, Fairmount Hotel, Bhamdoun Hotel and Salalah Residence.
- Property trading: consist of purchase and resale of properties.
- Contracting and services: consist of managing third party properties.
- Real estate development: consist of development of real estate properties.

26 SEGMENT INFORMATION (continued)

The following table presents revenue and profit information regarding the Group's operating segments:

31 December 2018	*Rental operations* *KD*	*Hospitality operations* *KD*	*Property trading* *KD*	*Contracting and services* *KD*	*Real estate development* *KD*	*Total* *KD*
Segment revenues	25,327,462	17,855,647	5,554,332	54,739,268	-	**103,476,709**
Segment results	(9,454,034)	570,758	(227,858)	2,271,973	(713,408)	**(7,552,569)**
Unallocated expenses						**(1,360,679)**
Loss for the year						**(8,913,248)**
Segment assets	194,040,082	138,266,853	57,802,898	48,554,555	95,737,731	**534,402,119**
Unallocated assets						**82,429,470**
Total assets						**616,831,589**
Segment liabilities	188,429,452	28,207,320	6,343,839	37,007,269	20,082,807	**280,070,687**
Unallocated liabilities						**119,877,991**
Total liabilities						**399,948,678**
Other segmental information						
Valuation (loss) gain on investment properties	(3,455,201)	-	-	-	169,817	**(3,285,384)**
Share of results of associates	(1,560,761)	(48,484)	-	209,038	(229,867)	**(1,630,074)**
Investment in associates	42,744,520	1,552,023	-	5,885,985	262,798	**50,445,326**

31 December 2017	*Rental operations* *KD*	*Hospitality operations* *KD*	*Property trading* *KD*	*Contracting and services* *KD*	*Real estate development* *KD*	*Total* *KD*
Segment revenues	24,536,723	16,484,841	-	46,038,026	-	87,059,590
Segment results	(1,068,477)	(774,423)	3,635	344,047	4,298,471	2,803,253
Unallocated expenses						(1,324,177)
Profit for the year						1,479,076
Segment assets	306,169,273	84,859,599	66,201,767	34,960,297	75,761,427	567,952,363
Unallocated assets						34,478,670
Total assets						602,431,033
Segment liabilities	60,356,998	16,160,309	14,676,426	14,354,879	33,481,464	139,030,076
Unallocated liabilities						232,265,975
Total liabilities						371,296,051

26 SEGMENT INFORMATION (continued)

31 December 2017	*Rental operations KD*	*Hospitality operations KD*	*Property trading KD*	*Contracting and services KD*	*Real estate development KD*	*Total KD*
Other segmental information:						
Valuation gain on investment properties	3,747,649	-	-	-	5,298,842	9,046,491
Share of results of associates	(4,536,018)	296,345	-	538,202	(641,074)	(4,342,545)
Investment in associates	69,952,921	1,547,568	-	5,812,037	648,161	77,960,687

Disaggregated revenue information
The following presents the disaggregation of the Group's revenues:

31 December 2018	*Rental operations KD*	*Hospitality operations KD*	*Property trading KD*	*Contracting and services KD*	*Real estate development KD*	*Total KD*
Timing of revenue recognition						
Services performed at a point in time	4,126,878	17,855,647	5,554,332	-	-	**27,536,857**
Services performed over time	21,200,584	-	-	54,739,268	-	**75,939,852**
Total revenue from contracts with customers	**25,327,462**	**17,855,647**	**5,554,332**	**54,739,268**	**-**	**103,476,709**

31 December 2017	*Rental operations KD*	*Hospitality operations KD*	*Property trading KD*	*Contracting and services KD*	*Real estate development KD*	*Total KD*
Timing of revenue recognition						
Services performed at a point in time	2,928,111	16,484,841	-	-	-	19,412,952
Services performed over time	21,608,612	-	-	46,038,026	-	67,646,638
Total revenue from contracts with customers	24,536,723	16,484,841	-	46,038,026	-	87,059,590

26 SEGMENT INFORMATION (continued)

Disaggregated revenue information (continued)
Geographical markets

	2018	*2017*
	KD	*KD*
Kuwait	**77,907,071**	68,722,420
Egypt	**17,239,285**	11,561,709
Lebanon	**1,057,662**	86,343
UAE	**-**	15,570
Oman	**4,999,144**	4,634,899
Jordan	**2,235,119**	1,800,315
Morocco	**-**	176,329
Europe	**38,428**	62,005
	103,476,709	87,059,590

The revenue information above is based on the location of the subsidiaries.

Other geographic information
The following presents information regarding the Group's non-current assets based on its geographical segments:

	2018	*2017*
	KD	*KD*
Kuwait	**107,786,655**	118,938,775
Egypt	**158,605,040**	100,849,971
Lebanon	**6,373,102**	6,454,493
UAE	**14,766,037**	16,964,871
Syria	**3,257,834**	3,241,192
Oman	**69,664,532**	69,780,484
Bahrain	**342,851**	64,539
Jordan	**109,376,111**	141,071,914
Morocco	**16,898,332**	9,031,202
Europe	**1,026,650**	1,350,279
KSA	**1,730,000**	1,730,000
	489,827,144	469,477,720

27 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Financial instruments comprise financial assets and financial liabilities.

The methodologies and assumptions used to determine fair values of financial instruments are as follows:

The fair value of financial instruments that are traded in active markets is determined by reference to the quoted market prices or dealer price quotations (bid prices for long positions and ask price for short position) without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

27 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Determination of fair value and fair value hierarchy:
The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

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

2018	***Level: 1 KD***	***Level: 3 KD***	***Total KD***
Financial assets at fair value through other comprehensive income (Note 7):			
Quoted equity shares	140,070	-	**140,070**
Unquoted equity shares	-	4,209,072	**4,209,072**
	140,070	**4,209,072**	**4,349,142**

2017	*Level: 1 KD*	*Level: 3 KD*	*Total KD*
Financial assets available for sale (Note 7)			
Quoted equity shares	477,678	-	477,678
Unquoted equity shares	-	737,150	737,150
	477,678	737,150	1,214,828

The impact on the consolidated statement of financial position or the consolidated statement of changes in equity would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by 5%.

27 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The following table below shows a reconciliation of the opening and the closing amount of level 3 financial assets measured at fair value:

	31 December 2018 KD	*31 December 2017 KD*
As at 1 January	**737,150**	2,136,779
IFRS 9 impact on reclassification (Note 23)	**4,563,198**	-
IFRS 9 impact on re-measurement (Note 23)	**(1,175,855)**	-
	4,124,493	2,136,779
Re-measurement recognised in other comprehensive income	**(3,395)**	(372,461)
Others including net purchases (sales) and transfer	**87,974**	(1,027,168)
As at 31 December	**4,209,072**	737,150

Fair value of the Group's financial assets that are measured at fair value on a recurring basis:

Financial assets at fair value through other comprehensive income:
Fair values of financial assets classified as fair value through other comprehensive income are determined using valuation techniques that are not based on observable market prices or rates. Unquoted equity shares are valued based on net book value method using latest available financial statements of the investee entities.

28 RISK MANAGEMENT

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability. The Group's principal financial liabilities comprise interest bearing loans, accounts and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group's financial assets comprise accounts and other receivables, due to related parties and cash and short-term deposits. The Group also holds financial assets at fair value through other comprehensive income, loan to an associate.

The major risks to which the Group is exposed in conducting its business and operations, and the means and organisational structure it employs in seeking to manage them strategically in building shareholder value are outlined below.

Risk management structure
The Board of Directors of the Parent Company are ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

Excessive risk concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on country and counter party limits and maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

28 RISK MANAGEMENT (continued)

28.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages credit risk by setting limits for individual counter-parties, monitors credit exposures, and continually assesses the creditworthiness of counterparties, with the result that the Group's exposure to bad debts is not significant.

The Group trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Group management.

With respect to credit risk arising from the other financial assets of the Group, which comprise bank balances and short term deposits, the Group's exposure to credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amount of bank balances, short term deposits and accounts receivable. The Group is also exposed to credit risk on its loan to an associate. Due to the nature of the Group's business, the Group does not take possession of collaterals.

28.1.1 Gross maximum exposure to credit risk

The table below shows the gross maximum exposure to credit risk across financial assets before credit risk mitigation:

	2018 ***KD***	*2017* *KD*
Bank balances and short term deposits	**19,436,714**	16,527,864
Accounts receivable and other assets *(excluding prepayments)*	**48,733,588**	57,215,568
Loan to an associate	**16,898,333**	-
Available for sale investment	-	8,674,550
	85,068,635	82,417,982

As at 31 December 2018, the maximum credit exposure to a single counterparty amounts to KD 16,898,333 (2017: KD 6,220,588).

The abovementioned, financial assets of the Group are distributed over the following geographical regions:

Geographical regions	***2018*** ***KD***	*2017* *KD*
Kuwait	**73,461,806**	68,207,830
Jordan	**4,641,409**	6,218,361
Egypt	**4,391,571**	5,451,065
Lebanon	**47,020**	315,576
Oman	**2,329,721**	1,731,498
Europe	**172,916**	104,810
UAE	**21,789**	69,321
Syria	-	86,718
Bahrain	**2,403**	232,803
	85,068,635	82,417,982

The Group's exposure is predominately to real estate and construction sectors. There is no concentration of credit risk with respect to real estate receivables, as the Group has a large number of tenants.

28 RISK MANAGEMENT (continued)

28.1 Credit risk (continued)

Bank balances and short-term deposits

The credit risk on bank balances is considered negligible, since the counterparties are reputable banks and financial institutions.

Accounts receivables

The Group generally trades only with recognized and creditworthy counter parties. The Group has policies and procedures in place to limit the amount of credit exposure to any counter party. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

With respect to trade accounts receivable, an impairment analysis is performed at each reporting date using a provision matrix to measure the expected credit losses. The provision rates are based on days past due and customer segments with similar loss patterns (i.e., product and customer type etc). The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade accounts receivable are written-off if past due more than one year are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each trade accounts receivable. The Group does not have a policy to obtain collaterals against trade accounts receivable.

28.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a periodic basis.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations. The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities.

	***Within* one year**					
	Within 1 month KD	***Within 3 months KD***	***3 to 12 months KD***	***Sub total KD***	***1 to 5 years KD***	***Total KD***
31 December 2018						
Accounts payable, accruals and other payables	439,152	11,004,141	57,797,595	69,240,888	-	**69,240,888**
Interest bearing loans and borrowings	1,012,865	6,272,121	150,391,007	157,675,993	128,260,406	**285,936,399**
Bonds	281,698	563,396	2,535,281	3,380,375	71,831,313	**75,211,688**
TOTAL LIABILITIES	**1,733,715**	**17,839,658**	**210,723,883**	**230,297,256**	**200,091,719**	**430,388,975**

28 RISK MANAGEMENT (continued)

28.2 Liquidity risk (continued)

31 December 2017	*Within one year* Within 1 month KD	Within 3 months KD	3 to 12 months KD	Sub total KD	1 to 5 years KD	Total KD
Accounts payable, accruals and other payables	1,626,065	3,252,130	57,012,738	61,890,933	-	61,890,933
Interest bearing loans and borrowings	2,315,990	4,631,979	125,438,130	132,386,099	212,642,816	345,028,915
Bonds	292,406	584,813	60,877,219	61,754,438	-	61,754,438
TOTAL LIABILITIES	4,234,461	8,468,922	243,328,087	256,031,470	212,642,816	468,674,286

Interest bearing loans and borrowings includes an amount of short term loans and overdraft KD 121,973,711 (2017: KD 89,472,361). The balance is due within one year from the reporting date and is renewable on maturity.

28.3 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

28.3.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. Interest rate risk is managed by the finance department of the Parent Company. The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, loans and borrowings and bonds) as a result of mismatches of interest rate repricing of assets and liabilities. It is the Group's policy to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to keep a substantial portion of its borrowings at variable rates of interest.

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the Group's profit before directors' remuneration and taxation, based on floating rate financial assets and financial liabilities held at 31 December 2018 and 31 December 2017. There is no impact on equity.

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible increase in interest rates, with all other variables held constant.

	50 basis points increase Effect on profit before directors' remuneration and taxation	
	2018 KD	*2017 KD*
US Dollars	**(197,964)**	(217,104)
Kuwaiti Dinars	**(975,134)**	(1,016,181)
British Pound	**-**	(812)
Omani Riyal	**(20,574)**	(28,399)
Egyptian Pound	**(9,383)**	(18,577)

The effect of decrease in the basis points on the results will be symmetric to the effect in increased in the basis points.

28 RISK MANAGEMENT (continued)

28.3.2 Equity price risk

Equity price risk arises from changes in the fair values of equity investments. The Group manages this through diversification of investments in terms of geographical distribution and industry concentration. The majority of the Group's quoted investments are quoted on the regional Stock Exchanges.

The effect on other comprehensive income as a result of a change in the fair value of equity instruments held as available for sale financial assets at 31 December 2018 and 31 December 2017 due to 5% increase in the following market indices with all other variables held constant is as follows:

Market indices	*Effect on equity*	
	2018	*2017*
	KD	*KD*
Kuwait	**2,544**	20,657
Others	**4,459**	3,227

The effect on the profit before directors' remuneration and taxation represents decrease in fair value of impaired available for sale investments which will be recorded in the consolidated income statement. Sensitivity to equity price movements will be on a symmetric basis to the effect of increase in equity prices.

28.3.3 Foreign currency risk

Currency risk is the risk that the value of the financial instrument on monetary items will fluctuate due to changes in the foreign exchange rates. The Group incurs foreign currency risk on transactions denominated in a currency other than the Kuwaiti Dinar. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a change in currency rate by 1%, with all other variables held constant:

	Increase by 1% Effect on profit before directors' remuneration and taxation	
	2018	*2017*
	KD	*KD*
US Dollars	**36,873**	73,028
Egyptian Pounds	**83,986**	47,322
EURO	**-**	3,257
British Pound	**4,033**	1,203
Bahraini Dinar	**9,375**	9,603
UAE Dirham	**10,848**	11,323
Omani Riyal	**61,644**	103,285
Syrian Pound	**-**	867
Jordanian Dinar	**6,694**	8,455

The effect of decrease in the currency rate by 1% will be symmetric to the effect of increase in the basis.

29 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business, maximise shareholder value and remain within the quantitative loan covenants.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. During the current year, upon issuance of certain unsecured bonds (Note 13), certain changes were made in the objectives, policies or processes. The Group monitors capital using a gearing ratio as per the debt covenant for their loans, which is net debt divided by total equity (31 December 2017: net debt divided by equity attributable to the Parent Company). Accordingly, the Group has restated the comparative gearing ratio in-line with the changes made to the debt covenant.

The Group's policy is to keep the gearing ratio below 150%. In accordance with the debt covenants of their loans, the Group includes within net debt, interest bearing loans and borrowings and bonds, less cash and short term deposits.

	2018	*2017*
	KD	*KD*
Interest bearing loans and borrowings	**240,610,700**	232,664,386
Bonds	**60,000,000**	60,000,000
Less: Cash, bank balances and short term deposits	**(19,436,714)**	(16,527,864)
Net debt	**281,173,986**	276,136,522
Total equity	**216,882,911**	231,134,982
Gearing ratio	**129.64%**	119.47%

How to obtain our 2018 Financial Statements:

Shareholders attending our General Assembly meeting will be provided with a draft printed copy of the Financial Statements for their approval. Shareholders can request a printed copy of the Financial Statements to be sent to them by courier seven days before the advertised date of the General Assembly; please call URC's Sales & Marketing Department on +965 2295 3500 to arrange this.

Shareholders can request a copy of the Financial Statements to be sent to them by email seven days before the advertised date of the General Assembly; please contact info@urc.com.kw to arrange this.

Shareholders can download a PDF copy of the Financial Statements seven days before the advertised date of the General Assembly from our company website www.urc.com.kw

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