

Al Khaleej Investment (P.J.S.C) and subsidiaries

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2019

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AL KHALEEJ INVESTMENT P.J.S.C

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Al Khaleej Investment P.J.S.C (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the interim consolidated statement of financial position as at 31 March 2019, and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Emphasis of a matter

We draw attention to note 10 to the interim condensed consolidated financial statements which describes that undistributed dividends include dividends amounting to AED 44.3 million payable to a former member of the Board of Directors of the Company and his related parties (collectively referred to as the “Defendants”), which are withheld due to ongoing legal proceedings. As of the date of this report, the final outcome is not concluded in this respect. Our conclusion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 were audited by another auditor who issued an unmodified audit report on those statements on 24 February 2019, with an emphasis of matter paragraph drawing attention to the same matter reported in note 10.



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AL KHALEEJ INVESTMENT P.J.S.C (continued)

Other Matters (continued)

Furthermore, the interim condensed consolidated financial statements of the Group as at and for the three-month period ended 31 March 2018 were reviewed by another auditor who issued an qualified review conclusion on those statements on 10 May 2018, with an emphasis of matter paragraph drawing attention to the same matter reported in note 10.

For Ernst & Young

A handwritten signature in blue ink, appearing to read 'Ashraf', is written over a horizontal line.

Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

13 May 2019

Dubai, United Arab Emirates

Al Khaleej Investment P.J.S.C. and subsidiaries
 INTERIM CONSOLIDATED INCOME STATEMENT
 Period ended 31 March 2019 (Unaudited)

	Notes	Three months ended	
		31 March 2019 AED (Unaudited)	31 March 2018 AED (Unaudited)
Revenue from:			
Property rentals		5,800,605	6,473,179
Service contracts with customers		379,600	112,757
		<u>6,180,205</u>	<u>6,585,936</u>
Cost of revenue		(1,051,723)	(585,136)
GROSS PROFIT		<u>5,128,482</u>	<u>6,000,800</u>
Dividend income	3	1,064,678	871,355
Net loss from investments carried at fair value through profit and loss	3	(6,342,867)	(4,450,636)
General and administrative expenses		(1,911,699)	(2,434,324)
Other income		67,319	96,303
Finance income		116,475	-
Foreign exchange loss		(52,385)	-
(LOSS)/PROFIT FOR THE PERIOD		<u>(1,929,997)</u>	<u>83,498</u>
Earnings per share in AED	4	<u>(0.02)</u>	<u>0.001</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Al Khaleej Investment P.J.S.C. and subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2019 (Unaudited)

	<i>Three months ended</i>	
	<i>31 March 2019 AED (Unaudited)</i>	<i>31 March 2018 AED (Unaudited)</i>
(Loss)/ profit for the period	(1,929,997)	83,498
Other comprehensive income/ (loss)		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	32,387	147,100
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Net change in fair value of investments measured at FVTOCI	283,077	(640,117)
Gain on sale of investments measured at FVTOCI	114,280	-
OTHER COMPREHENSIVE INCOME/ (LOSS)	429,744	(493,017)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(1,500,253)	(409,519)

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Al Khaleej Investment P.J.S.C. and subsidiaries

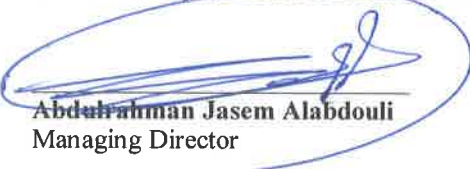
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019 (Unaudited)

	Notes	31 March 2019 AED (Unaudited)	31 December 2018 AED (Audited)
ASSETS			
Non-current assets			
Property and equipment		866,241	726,326
Intangible assets		21,939	24,954
Investment properties	5	287,367,886	287,118,231
Investments carried at fair value through other comprehensive income (FVTOCI)	6	5,339,399	7,077,530
		<u>293,595,465</u>	<u>294,947,041</u>
Current assets			
Investments carried at fair value through profit or loss (FVTPL)	6	57,570,146	64,765,954
Trade and other receivables		6,083,522	5,904,735
Bank balances and cash	7	37,715,320	31,306,495
		<u>101,368,988</u>	<u>101,977,184</u>
TOTAL ASSETS		<u><u>394,964,453</u></u>	<u><u>396,924,225</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	105,000,000	105,000,000
Statutory reserve	9	52,500,000	52,500,000
Voluntary reserve		50,000,000	50,000,000
Revaluation reserve		344,663	344,663
Fair value reserve		4,164,148	4,739,569
Foreign currency translation reserve		818	(31,569)
Retained earnings		109,946,734	110,903,953
Total equity		<u>321,956,363</u>	<u>323,456,616</u>
Non-current liability			
Employees' end of service benefits		1,003,948	963,362
Current liabilities			
Undistributed dividends	10	65,761,983	65,910,395
Trade and other payables		6,242,159	6,593,852
		<u>72,004,142</u>	<u>72,504,247</u>
Total liabilities		<u>73,008,090</u>	<u>73,467,609</u>
TOTAL EQUITY AND LIABILITIES		<u><u>394,964,453</u></u>	<u><u>396,924,225</u></u>

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors and signed by:


Abdulaziz Abdulla Alzaabi
 Chairman


Abdulrahman Jasem Alabdouli
 Managing Director

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Al Khaleej Investment P.J.S.C. and subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2019 (Unaudited)

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Revaluation reserve AED	Fair value reserve AED	Foreign currency translation reserve AED	Retained earnings AED	Total AED
Balance as of 31 December 2018	105,000,000	52,500,000	50,000,000	344,663	4,739,569	(31,569)	110,903,953	323,456,616
Loss for the period	-	-	-	-	-	-	(1,929,997)	(1,929,997)
Other comprehensive income for the period	-	-	-	-	283,077	32,387	114,280	429,744
Total comprehensive income for the period	-	-	-	-	283,077	32,387	(1,815,717)	(1,500,253)
Transfer of fair value reserve on disposal of investments carried at FVTOCI	-	-	-	-	(858,498)	-	858,498	-
Balance as of 31 March 2019 (Unaudited)	105,000,000	52,500,000	50,000,000	344,663	4,164,148	818	109,946,734	321,956,363

At the Annual General Meeting held on 4 April 2019, a cash dividend of AED 10.5 million (AED 1 fil per share) was approved by the shareholders of the Company related to 2018. (2018: AED 15 per share totaling to AED 15 million relating to 2017).

Al Khaleej Investment P.J.S.C. and subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2019 (Unaudited)

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Revaluation reserve AED	Fair value reserve AED	Foreign currency translation reserve AED	Retained earnings AED	Total AED
Balance as of 1 January 2018	105,000,000	52,500,000	50,000,000	344,663	5,218,601	17,028	123,999,030	337,079,322
Profit for the year	-	-	-	-	-	-	5,896,609	5,896,609
Other comprehensive (loss) for the period	-	-	-	-	(606,723)	(48,597)	-	(655,320)
Total comprehensive (loss)/income for the period	-	-	-	-	(606,723)	(48,597)	5,896,609	5,241,289
Transfer of fair value reserve on disposal of investments carried at FVTOCI	-	-	-	-	127,691	-	(127,691)	-
Board of Directors' remuneration	-	-	-	-	-	-	(3,113,995)	(3,113,995)
Dividends declared	-	-	-	-	-	-	(15,750,000)	(15,750,000)
Balance as of 31 December 2018 (Audited)	105,000,000	52,500,000	50,000,000	344,663	4,739,569	(31,569)	110,903,953	323,456,616

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Al Khaleej Investment P.J.S.C. and subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 31 March 2019 (Unaudited)

		<i>Three months ended</i>	
		<i>31 March 2019 AED (Unaudited)</i>	<i>31 March 2018 AED (Unaudited)</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
(Loss)/profit for the period		(1,929,997)	83,498
Adjustments for:			
Depreciation of property and equipment		50,164	32,301
Amortisation of intangible assets		3,016	3,298
Provision for employees' end of service benefits		40,586	43,960
Dividend income	3	(1,064,678)	(871,355)
Unrealised loss on investments carried at FVTPL	3	6,355,121	4,450,636
Gain on sale of property and equipment		(2,499)	(1,099)
Finance income		(116,475)	-
Gain on sale of investments carried at FVTPL		(12,254)	-
		3,322,984	3,741,239
Working capital adjustments:			
Trade and other receivables		(178,787)	448,536
Trade and other payables		(351,693)	(171,829)
Cash generated from operating activities		2,792,504	4,017,946
Employees' end of service benefits paid		-	(7,587)
Net cash generated from operating activities		2,792,504	4,010,359
INVESTING ACTIVITIES			
Dividend income		1,064,678	871,355
Additions to investment properties		(249,655)	(353,900)
Proceeds from sale of property and equipment		2,500	1,100
Proceeds from disposal of investments carried at FVTOCI		2,207,345	-
Proceeds from sale of investments carried at FVTPL		1,775,781	-
Purchase of investments carried at FVTPL		(930,216)	-
Term deposits with original maturity more than three months		(15,000,000)	-
Purchase of property and equipment		(190,081)	-
Finance income		116,475	-
Net cash (used in)/ from investing activities		(11,203,173)	518,555
FINANCING ACTIVITY			
Dividends paid		(148,412)	(72,403)
Net cash used in financing activity		(148,412)	(72,403)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(8,559,081)	4,456,511
Cash and cash equivalents at 1 January		31,306,495	35,915,319
Effect of exchange rate changes on the balances held in foreign currencies		(32,094)	55,776
CASH AND CASH EQUIVALENTS AT 31 MARCH	7	22,715,320	40,427,606
Non-cash transaction:			
Board of Directors' remuneration		-	3,113,995
Dividend		-	15,750,000

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Al Khaleej Investment P.J.S.C. and subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

1 ACTIVITIES

Al Khaleej Investment P.J.S.C (the "Company") is a public joint stock company registered and incorporated under license No. 6061 of the Department of Economic Development in Ras Al Khaimah. The Company has commenced its operations on 2 July 1982. The Company is listed in the Abu Dhabi Securities Market. The address of the Company's registered office is P.O. Box 5662, Ras Al Khaimah, United Arab Emirates.

These interim condensed consolidated financial statements as at the period end comprise the Company and its subsidiaries (together the "Group"). The Group carries out its operation through its branches in Ras Al Khaimah and Sharjah.

The subsidiaries included in the interim condensed consolidated financial statements and the principal activities of the subsidiaries are set out below:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Proportion of beneficial ownership interest</u>	<u>Principal activities</u>
Masila Beach General Trading L.L.C	Kuwait	100%	Investment activities
Al Khaleej Facilities Management Services (KFM) L.L.C.	UAE	100%	Facility management services

The principal activities of the Group are real estate and commercial enterprises investments, private fund investments, building maintenance and service management over real estates.

The interim condensed consolidated financial statements have been approved by the Board of Directors on 11 May 2019.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

In addition, results for the three months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for investment properties, financial assets at fair value through profit or through other comprehensive income that have been measured at fair value.

2.2 New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Al Khaleej Investment P.J.S.C. and subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Group applies, for the first time, IFRS 16 Leases that requires restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

IFRS 16 Leases

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

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. The IFRS 16 implementation does not have an impact on the interim condensed consolidated financial statements, since the Group is not a lessee in any of its leases relationship.

3 NET LOSS FROM INVESTMENTS

	<i>Three months ended</i>	
	<i>31 March 2019 AED (Unaudited)</i>	<i>31 March 2018 AED (Unaudited)</i>
Unrealised loss on revaluation of investments carried at FVTPL	(6,355,121)	(4,450,636)
Gain on sale of investments carried at FVTPL	12,254	-
	(6,342,867)	(4,450,636)
Dividend income	1,064,678	871,355
	(5,278,189)	(3,579,281)

4 EARNINGS PER SHARE

	<i>Three months ended</i>	
	<i>31 March 2019 AED (Unaudited)</i>	<i>31 March 2018 AED (Unaudited)</i>
(Loss)/profit for the period (AED)	(1,929,997)	83,498
Number of shares	105,000,000	105,000,000
Basic earnings per share (AED)	(0.02)	0.001

Basic earnings per share is calculated by dividing the profit for the year by the number of shares outstanding at the end of the reporting period. The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

Al Khaleej Investment P.J.S.C. and subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

5 INVESTMENT PROPERTIES

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Balance at the beginning of the period/year	287,118,231	286,240,586
Additions during the period/year	249,655	841,908
Increase in fair value during the period/year	-	35,737
Balance at the end of the period/ year	<u>287,367,886</u>	<u>287,118,231</u>

Investment properties represents land and buildings located in United Arab Emirates.

As at 31 December 2018, the fair values of the properties were based on valuations performed by an accredited independent registered valuer. A valuation model in accordance with that recommended by the International Valuation Standards Council has been applied.

The independent registered valuer carried out the valuation based on comparable and investment method (market value) in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors, using established valuation techniques.

The Company's Board of Directors reviewed the assumptions and methodology used by the independent registered valuer, and in its opinion, these assumptions and valuation methodology were appropriate and prudent as at that reporting date.

Management believes that the fair value did not materially change during the three months period ended 31 March 2019 and therefore no further revaluation exercise is performed.

6 INVESTMENTS

6.1 Investments carried at fair value through other comprehensive income (FVTOCI)

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Balance at the beginning of the period/year	7,077,530	8,234,668
Sold during the period/year	(2,010,317)	(455,541)
Increase/(decrease) in fair value	283,077	(654,614)
Change in foreign currencies exchange rate	(10,891)	(46,983)
Balance at the end of the period/ year	<u>5,339,399</u>	<u>7,077,530</u>

The category of investments in financial asset is as follows:

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Quoted equity instruments – at fair value	<u>5,339,399</u>	<u>7,077,530</u>

Al Khaleej Investment P.J.S.C. and subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

6 INVESTMENTS (continued)

6.1 Investments carried at fair value through profit or loss (FVTOCI) (continued)

The geographical distribution of financial asset is as follows:

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
In Kuwait	<u>5,339,399</u>	<u>7,077,530</u>

6.2 Investments carried at fair value through profit or loss (FVTPL)

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Balance at the beginning of the period/year	64,765,954	75,637,915
Purchases made during the period/year	930,216	1,833,096
Sold during the period/year	(1,762,765)	(1,419,173)
Decrease in fair value during the period/year	(6,355,121)	(11,248,055)
Change in foreign currencies exchange rate	(8,138)	(37,829)
Balance at the end of the period/ year	<u>57,570,146</u>	<u>64,765,954</u>

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Equity Quoted	56,663,055	63,583,798
Equity Unquoted	907,091	1,182,156
	<u>57,570,146</u>	<u>64,765,954</u>

The geographical distribution of financial asset is as follows:

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
In United Arab Emirates	53,801,772	59,362,818
In Kuwait	3,768,374	5,403,136
	<u>57,570,146</u>	<u>64,765,954</u>

Al Khaleej Investment P.J.S.C. and subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the interim condensed consolidated statement of cash flows consist of the following interim condensed consolidated statement of financial position amounts:

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Cash in hand	93,998	1,050
Bank balances:		
Current accounts	22,634,822	25,305,445
Fixed deposits	15,000,000	6,000,000
Less: Provision for expected credit loss	(13,500)	-
Bank balances and cash	<u>37,715,320</u>	<u>31,306,495</u>
Less: deposits with an original maturity exceeding three months	(15,000,000)	-
Cash and cash equivalents for the purpose of statement of cash flows	<u>22,715,320</u>	<u>31,306,495</u>
In United Arab Emirates	34,053,281	27,531,910
In Kuwait	3,662,039	3,774,585
	<u>37,715,320</u>	<u>31,306,495</u>

Bank balances and cash of the group comprise of current accounts and are placed with reputed local banks in the United Arab Emirates and Kuwait in which the Group operates.

Term deposits at AED 15,000,000 (2018: AED Nil) are made for a period of six months period and earn interest at 3.5% p.a (2018: Nil). The Group accrued interest income AED 116,475 (31 March 2018, AED Nil) for the three months period.

Included in the cash and bank balance is amount of KWD 303,174 denominated in Kuwaiti Dinar (KWD) (2018: KWD 303,174).

8 SHARE CAPITAL

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Issued and fully paid:		
105 million (2018: 105 million) ordinary shares of AED 1 each	<u>105,000,000</u>	<u>105,000,000</u>

9 STATUTORY RESERVE

According to the Company's Articles of Association and the requirements of the UAE Federal Law No. (2) of 2015, 10% of the profit for each year is required to be transferred to the statutory reserve. The transfer to statutory reserve may be suspended when its balance reaches 50% of the paid-up share capital. The statutory reserve is not available for distribution except as stipulated by the Law. There was no transfer made during the period ended 31 March 2019 as statutory reserve already reached 50% of the capital.

Al Khaleej Investment P.J.S.C. and subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

10 UNDISTRIBUTED DIVIDENDS

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Undistributed dividends	65,761,983	65,910,395

Undistributed dividends included approximately AED 44.3 million payable to former board member and his related parties. Based on the investigation conducted by the public prosecutor in Ras Al Khaimah against that board member and his related parties (the “Defendants”), the public prosecutor has resolved to halt the trading of the shares held by the Defendants as well as bar them from voting in the General assembly and to refrain them from dealing in their shares in any way till the final decision on the subject complaint. As a result of the above, the Company has withheld dividend payable to the Defendants. The complaint was referred to the court and a judgment was passed on 9 October 2018 by terminating the criminal case on the basis of passage of time. The Company has submitted a request to the public prosecutor in Ras Al Khaimah to appeal the said judgment, however the same was rejected. The Company has not been notified regarding the status of the shares owned by the Defendants and the dividends payable withheld by the Company up to the approval date of these interim condensed consolidated financial statements.

As at 31 March 2019, the books of accounts of the Company show a dividend payable of approximately AED 44.3 million (31 December 2018, approximately AED 39 million) payable to this defendants. Further, subsequent to period ended 31 March 2019, the Company declared dividend including dividend of AED 4,029,000 relating to the shares of Defendant

11 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel 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 Group’s management.

Significant transactions with related parties included in the interim consolidated income statement are as follows:

	<i>Three months ended</i>	
	<i>31 March 2019 AED (Unaudited)</i>	<i>31 March 2018 AED (Unaudited)</i>
Board of Directors’ remuneration	-	3,113,995
Executive committee fees	37,364	61,040

Compensation of key management personnel

The remuneration of directors and other key members of management during the period was as follows:

	<i>Three months ended</i>	
	<i>31 March 2019 AED (Unaudited)</i>	<i>31 March 2018 AED (Unaudited)</i>
Short-term benefits	246,935	255,000
	21,940	30,237

Directors’ fees represent fees to the Company’s directors for serving on committees as well as for other services provided to the Company. In accordance with Article 169 of the UAE Federal Law No. 2 of 2015, these fees have been accounted for directly in equity.

Al Khaleej Investment P.J.S.C. and subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

12 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, investments properties, investments and trade and other receivables receivables. Financial liabilities consist of trade and other payables.

The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or 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.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not base on observable market data.

As at 31 March 2019, the Group held the following financial instruments carried at fair value on the consolidated statement of financial position:

	<i>2019</i> <i>AED</i> <i>(Unaudited)</i>	<i>Level 1</i> <i>AED</i> <i>(Unaudited)</i>	<i>Level 2</i> <i>AED</i> <i>(Unaudited)</i>	<i>Level 3</i> <i>AED</i> <i>(Unaudited)</i>
FVTPL				
Quoted equity instruments	57,570,146	57,570,146	-	-
Unquoted equity instruments	907,091	-	-	907,091
FVTOCI				
Quoted equity instruments	5,339,399	5,339,399	-	-
	<u>63,816,636</u>	<u>62,909,545</u>	<u>-</u>	<u>907,091</u>

As at 31 December 2018, the Group held the following financial instruments carried at fair value on the statement of financial position:

	<i>2018</i> <i>AED</i> <i>(Audited)</i>	<i>Level 1</i> <i>AED</i> <i>(Audited)</i>	<i>Level 2</i> <i>AED</i> <i>(Audited)</i>	<i>Level 3</i> <i>AED</i> <i>(Audited)</i>
FVTPL				
Quoted equity instruments	63,583,798	63,583,798	-	-
Unquoted equity instruments	1,182,156	-	-	1,182,156
FVTOCI				
Quoted equity instruments	7,077,530	7,077,530	-	-
	<u>71,843,484</u>	<u>70,661,328</u>	<u>-</u>	<u>1,182,156</u>

There were no transfers between the levels during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

Al Khaleej Investment P.J.S.C. and subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

13 SEGMENT REPORTING

The Group's activities comprise three main business segments: 1) real estate, 2) investments and 3) services. The details of segment revenue, result, assets and liabilities have been provided below:

	<i>31 March 2019</i>				
	<i>Real estate</i>	<i>Investments</i>	<i>Services</i>	<i>Elimination</i>	<i>Consolidated</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Rental revenue	5,800,605	-	-	-	5,800,605
Revenue from contract with customers	-	-	564,286	(184,686)	379,600
Dividend income	-	1,064,678	-	-	1,064,678
Net loss from investments carried at fair value through profit and loss	-	(6,342,867)	-	-	(6,342,867)
Finance income	-	116,475	-	-	116,475
Other income	67,319	-	-	-	67,319
	<u>5,867,924</u>	<u>(5,161,714)</u>	<u>564,286</u>	<u>(184,686)</u>	<u>1,085,810</u>
Cost of revenue	(1,061,799)	-	(174,610)	184,686	(1,051,723)
General and administrative expenses	(1,544,752)	(53,118)	(313,829)	-	(1,911,699)
Foreign exchange loss	-	(52,385)	-	-	(52,385)
	<u>(2,606,551)</u>	<u>(105,503)</u>	<u>(488,439)</u>	<u>184,686</u>	<u>(3,015,807)</u>
Segment profit/ (loss)	3,261,373	(5,267,217)	75,847	-	(1,929,997)
Total assets	333,050,418	62,909,545	727,090	(1,722,600)	394,964,453
Total Liabilities	74,607,834	-	122,856	(1,722,600)	73,008,090
	<i>31 March 2018</i>				
	<i>Real estate</i>	<i>Investments</i>	<i>Services</i>	<i>Elimination</i>	<i>Consolidated</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Rental revenue	6,473,179	-	-	-	6,473,179
Revenue from contract with customers	-	-	112,757	-	112,757
Dividend income	-	871,355	-	-	871,355
Net loss from investments carried at Fair value through profit and loss	-	(4,450,636)	-	-	(4,450,636)
Finance income	-	-	-	-	-
Other income	96,303	-	-	-	96,303
	<u>6,569,482</u>	<u>(3,579,281)</u>	<u>112,757</u>	<u>-</u>	<u>3,102,958</u>
Cost of revenue	(547,411)	-	(37,725)	-	(585,136)
General and administrative expenses	(2,243,455)	-	(190,869)	-	(2,434,324)
Foreign exchange loss	-	-	-	-	-
	<u>(2,790,866)</u>	<u>-</u>	<u>(228,594)</u>	<u>-</u>	<u>(3,019,460)</u>
Segment profit/ (loss)	3,778,616	(3,579,281)	(115,837)	-	83,498
	<i>31 December 2018 (audited)</i>				
Total assets	325,776,945	71,843,484	378,052	(1,074,256)	396,924,225
Total liabilities	73,484,213	-	1,057,652	(1,074,256)	73,467,609

14 CONTINGENCIES AND CAPITAL COMMITMENTS

There were no contingent liabilities and capital commitments as at 31 March 2019 (2018: AED Nil).

15 COMPARITIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in these interim condensed consolidated financial statements.