Al Mal Investment Company K.P.S.C. and its subsidiaries
State of Kuwait

Consolidated financial statements and independent auditor's report
For the year ended 31 December 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AL MAL INVESTMENT COMPANY K.P.S.C.
STATE OF KUWAIT

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Al Mal Investment Company K.P.S.C. (the "Parent Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, expect for the possible effects of the matters described in the "*Basis for Qualified Opinion*" section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019, its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

1. We were appointed as auditors of the Group for the first time for the year ended 31 December 2019, and consequently did not report on the consolidated financial statements for the year ended 31 December 2018 which has been audited by another auditor who expressed a qualified opinion on the consolidated financial statements for the year ended 31 December 2018 on 31 March 2019 due to the non-availability of the audited financial statements of Zone Advanced General Trading Company W.L.L., ("Zone"), a former associate, for the year ended 31 December 2018. It was not possible for us to satisfy ourselves as to the existence, completeness, accuracy and valuation of the assets, liabilities and equity as at 31 December 2018. Consequently, we were unable to determine whether any adjustments to these figures are necessary to the Group's consolidated financial statements for the year ended 31 December 2018.

2. Investment in associate, Diyar Al-Kuwait Real Estate Company K.S.C. (Closed)

   As stated in Note 12 to the consolidated financial statements, the Group has investment in an associate ("Diyar Al-Kuwait Real Estate Company K.S.C. (Closed).", or "Diyar" or the "associate"), with a shareholding of 40.25% as at 31 December 2019 and carrying value of KD 5,904,414 and share of results amounted to KD 1,590,938. The associate's carrying value as at 31 December 2019 represents 39.92% of the Group's total consolidated assets and the share of results represents 68.50% of the Group's total consolidated income for the year ended 31 December 2019. We were unable to obtain sufficient appropriate audit evidence about the existence, completeness, accuracy and valuation of Diyar due to the following:

   a) The share of results of Diyar include KD 2,780,418 which represents share of gain on bargain purchase recognised by Diyar on acquisition of Egyptian Saudi Company for Touristic and Real Estate Investment S.A.E. ("Estrico") in the Arab Republic of Egypt. Diyar's auditor was unable to ascertain the validity (legitimacy) of the market in which Diyar's acquisition transaction took place due to the fact that the market is neither the principal market (the market with the greatest volume and level of activity for the asset) nor the most advantageous market (the market that maximises the amount that would be received to sell the asset) for Estrico. Furthermore, Diyar's acquisition transaction does not meet the criteria of an orderly transaction due to the following:
      - There has been no adequate exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for such a transaction.
      - The seller marketed Estrico to the associate only (a single market participant).
      - The seller is distressed.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF AL MAL INVESTMENT COMPANY K.P.S.C.
STATE OF KUWAIT

Report on the Audit of the Consolidated Financial Statements (Continued)

Basis for Qualified Opinion (continued)

2. Investment in associate, Diyar Al-Kuwait Real Estate Company K.S.C. (Closed) (continued)
   b) Diyar's consolidated statement of financial position include an advance amount with a carrying value of KD 1,382,507 (net of impairment amounted to KD 153,612) paid towards purchase of a property (land). Diyar has not performed an assessment of the recoverable amount of the advance and the sufficiency of the impairment loss recorded for the year ended 31 December 2019.

   c) Diyar has an unquoted financial asset at fair value through other comprehensive income ("FVOCI") amounted to KD 333,464 at 31 December 2019 which has been reclassified from investment in an associate. Diyar neither assessed the basis for reclassification from investment in an associate to financial asset at FVOCI nor recognised this financial asset at fair value as at 31 December 2019.

3. Investment in associate, Armila Capital Limited
   As stated in Note 12 to the consolidated financial statements, the Group has investment in an associate ("Armila Capital Limited", or "Armila" or the "associate"), with a shareholding of 40% as at 31 December 2019 and carrying value of KD 1,089,636 as at 31 December 2019 and the share of results amounted to KD 22,652 (loss). Armila's carrying value as at 31 December 2019 represents 7.37% of the Group's total consolidated assets. The share of results of Armila has been recognised based on management accounts for the period ended 30 September 2019 due to the non-availability of the audited financial statements for the year ended 31 December 2019. As a result of the above, we were unable to obtain comfort on the existence, completeness, accuracy and valuation of these amounts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

4. Investment in associate, MAC SA, Stock Brokerage Company
   As stated in Note 12 to the consolidated financial statements, the Group has investment in an associate ("MAC SA, Stock Brokerage Company", or "MAC" or the "associate"), with a shareholding of 48% as at 31 December 2019 and carrying value of KD 258,892 as at 31 December 2019 and the share of results amounted to KD 9,157 (loss). MAC's carrying value as at 31 December 2019 represents 1.75% of the Group's total consolidated assets. The share of results of MAC has been recognised based on management accounts for the period ended 30 September 2019 due to the non-availability of the audited financial statements for the year ended 31 December 2019. As a result of the above, we were unable to obtain comfort on the existence, completeness, accuracy and valuation of these amounts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

5. Accounts receivable and other debit balances

   The Group's accounts receivable and other debit balances include KD 433,247 representing amount due from a related party, Zone Advanced General Trading Company W.L.L. ("Zone") as at the 31 December 2019. No assessment of provision for expected credit losses has been performed as at 31 December 2019. As a result of the above, we were unable to obtain sufficient appropriate audit evidence on the valuation of the account balance. Consequently, we were unable to determine whether any adjustment to this amount is necessary.

Report on the Audit of the Consolidated Financial Statements (Continued)

Basis for Qualified Opinion (continued)

6. Financial asset at fair value through other comprehensive income ("FVOCI")

   As stated in Note 11 to the consolidated financial statements, the Group's financial asset at fair value through other comprehensive income ("FVOCI") Zone Advanced General Trading Company W.L.L. ("Zone") amounted to KD 2,874,328 as at 31 December 2019 which has been reclassified from investment in associates. The Group neither assessed the basis for reclassification from investment in associates to financial asset at FVOCI nor recognised this financial asset at fair value as at 31 December 2019. As a result of the above, we were unable to obtain sufficient appropriate audit evidence about the valuation and presentation of this amount. Consequently, we were unable to determine whether any adjustment to this amount is necessary.

7. Cash and cash equivalents

   The auditor of the Group's subsidiary Saudi Al Mal Company has not been provided with the bank confirmation as at 31 December 2019. As a result of this matter, we were unable to determine whether any adjustments might have been necessary to the Group's consolidated financial statements.

Except for the possible effects of the matters described in the "Basis for Qualified Opinion" section of our report, we conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' 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") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty related to Going Concern

As stated in Note 2 to the consolidated financial statements for the year ended 31 December 2019, the Group incurred a loss of KD 2,562,274 (2018: KD 3,125,196) and, as of that date, the Parent Company has accumulated losses of KD 22,972,953 (2018: KD 20,387,678). Further, the Group's current liabilities exceeded its current assets by KD 1,610,021 (2018: KD 1,708,417). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern without the on-going financial support of the shareholders. Our opinion is not modified in respect of this matter.

Emphasis of Matters

- We draw attention to Note 7 to the consolidated financial statements which state that the former subsidiary First Al-Mal Real Estate K.S.C. (Closed) has been disposed-off during the year ended 31 December 2019, however, the transfer of ownership of the disposed interest is still in process till date of the issuance of the consolidated financial statements.
- We draw attention to Note 10 to the consolidated financial statements which describe the uncertainty related to the outcome of the legal disputes for the recovery of the refundable development expenses.

Our opinion is not modified in respect of the above matters.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF AL MAL INVESTMENT COMPANY K.P.S.C.
STATE OF KUWAIT

Report on the Audit of the Consolidated Financial Statements (Continued)

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. In addition to the matters described in the "Basis for Qualified Opinion" section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of unquoted financial assets at fair value through profit or loss ("FVPL")	**How our audit addressed the matter**
The Group has unquoted financial assets at fair value through profit or loss ("FVPL"), which are measured at fair value using market information, other than quoted prices, and significant observable and unobservable inputs in the amount of KD 1,298,340 (2018: KD 3,295,401), of which KD 308,047 (2018: KD 602,113) represents level 2 financial assets and KD 990,293 (2018: KD 2,693,288) represents level 3 assets. These assets are significant in the context of both the overall consolidated financial position and the results of the Group. The valuation of unquoted financial assets at fair value through profit or loss ("FVPL") is important to our audit as it is highly dependent on estimates (various assumptions and valuation techniques) which contain assumptions that are not observable in the market. Valuation techniques used included price to book value, price to earnings, and discounted cash flows and the dividend discount models. Management has engaged an external valuation expert to assist with the valuations of the unquoted financial assets. Refer to Note 9 and Note 24 to the consolidated financial statements for the related disclosures.	Our audit procedures included carrying out the following among others: 1. Our audit focused on carrying out procedures to assess techniques adopted and multiples used for valuing unquoted financial assets at fair value through profit or loss ("FVPL"). As part of our audit procedures, we used our valuation experts to assist us in evaluating the management's external valuation expert's methodologies and assumptions. 2. Evaluating the independence, professional qualification and the scope of work of management's external valuation expert. 3. We assessed the adequacy of the disclosures in Note 9 and Note 24 to the consolidated financial statements, particularly on completeness and accuracy of level 2 and 3 assets and related sensitivities.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group for the year ended 31 December 2019, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report of the Group for the year ended 31 December 2019 is expected to be made available to us after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information, and we do 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF AL MAL INVESTMENT COMPANY K.P.S.C.
STATE OF KUWAIT

Report on the Audit of the 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 are 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 skepticism 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.
- 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF AL MAL INVESTMENT COMPANY K.P.S.C.
STATE OF KUWAIT

Report on the Audit of the Consolidated Financial Statements (Continued)

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

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" section of our report, 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, 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, except for the fact that the Parent Company violated Article 3-2 of Module Five of the Executive Regulations, as amended, of Law No. 7 of 2010 concerning the establishment of Capital Markets Authority and organization of securities activity as the Parent Company have not appointed employees' to fulfill the position of Risk Management Officer and Internal Audit Officer during the year, no violations of the Companies' Law No. 1 of 2016, its Executive Regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, or of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business and its related regulation, or Law No. 7 of 2010 concerning the establishment of Capital Markets Authority and organization of securities activity and its Executive Regulations, as amended, have occurred during the financial year ended 31 December 2019 that might have had a material effect on the business or financial position of the Group.

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

Kuwait: 15 July 2020

Al Mal Investment Company K.P.S.C. and its subsidiaries
State of Kuwait

Consolidated statement of financial position
As at 31 December 2019

	Notes	2019	2018
		KD	KD
ASSETS			
Cash and cash equivalents	8	330,298	849,245
Financial assets at fair value through profit or loss ("FVPL")	9	1,397,305	4,262,226
Accounts receivable and other debit balances	10	2,793,083	3,718,794
Other financial assets		99,000	99,000
Financial asset at fair value through other comprehensive income ("FVOCI")	11	2,874,328	-
Investment in associates	12	7,252,942	3,482,172
Investment properties	13	42,910	11,991,471
Property and equipment		-	50,315
Total assets		14,789,866	24,453,223
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts payable and other credit balances	14	6,130,707	6,520,579
Murabaha payables		-	3,118,103
Bonds payable	15	900,000	900,000
Employees' end of service benefits		220,435	451,101
Total liabilities		7,251,142	10,989,783
EQUITY			
Share capital	16	31,024,591	31,024,591
Foreign currency translation reserve		(524,000)	(1,837,185)
Accumulated losses		(22,972,953)	(20,387,678)
Equity attributable to equity holders of the Parent Company		7,527,638	8,799,728
Non-controlling interests		11,086	4,663,712
Total equity		7,538,724	13,463,440
Total liabilities and equity		14,789,866	24,453,223

The notes on pages 12 to 53 form an integral part of these consolidated financial statements.

Ayman Ahmed Sheet
Vice Chairman

Consolidated statement of profit or loss
For the year ended 31 December 2019

	Notes	2019	2018
		KD	KD
Income:			
Rental income	17	141,123	818,356
Management and consultancy fee income	17	74,156	176,765
Net income from communication services	17	44,894	30,830
Other income	17	33,005	2,830
Derecognition of foreign currency translation differences	7	(1,020,329)	-
Change in fair value of investment properties	13	(9,946)	(292,424)
Share of results of associates	12	1,498,952	(4,578)
Impairment of investment in associates	12	(31,504)	-
Loss on liquidation of an associate	12	-	(142,708)
Net investments loss	18	(927,078)	(1,271,654)
Foreign exchange (loss)/gain		(724)	5,893
		(197,451)	(676,690)
Expenses and other charges:			
Provision for expected credit losses	10	(241,183)	(305,432)
Write-back of provision for expected credit losses	10	-	78,590
Impairment of advances	10	(916,249)	(106,520)
Impairment of accounts receivable and other debit balances		-	(49,417)
Finance costs		(77,846)	(197,092)
General and administrative expenses	19	(1,129,545)	(1,868,635)
		(2,364,823)	(2,448,506)
Loss for the year		(2,562,274)	(3,125,196)
Attributable to:			
Equity holders of the Parent Company		(2,585,275)	(3,073,835)
Non-controlling interests		23,001	(51,361)
		(2,562,274)	(3,125,196)
Basic and diluted loss per share attributable to the equity holders of the Parent Company (fils)	21	(8.33)	(9.91)

The notes on pages 12 to 53 form an integral part of these consolidated financial statements

Consolidated statement of comprehensive income
For the year ended 31 December 2019

	Notes	2019	2018
		KD	KD
Loss for the year		(2,562,274)	(3,125,196)
Other comprehensive (loss)/income items:			
Items that may be reclassified subsequently to the consolidated statement of profit or loss:			
Reclassification of foreign currency translation differences on liquidation of an associate		-	283,540
Derecognition of foreign currency translation differences	7	1,020,329	-
Reclassification of foreign currency translation differences on derecognition of an associate		66,162	-
Group's share of foreign currency translation reserve of associates	12	68,510	-
Foreign currency translation differences		158,184	(50,843)
Other comprehensive income for the year		1,313,185	232,697
Total comprehensive loss for the year		(1,249,089)	(2,892,499)
Attributable to:			
Equity holders of the Parent Company		(1,272,090)	(2,842,474)
Non-controlling interests		23,001	(50,025)
		(1,249,089)	(2,892,499)

The notes on pages 12 to 53 form an integral part of these consolidated financial statements.

Al Mal Investment Company K.P.S.C. and its subsidiaries
State of Kuwait

Consolidated statement of changes in equity
For the year ended 31 December 2019

	Equity attributable to equity holders of the Parent Company						
	Share capital	**Foreign currency translation reserve**	**Cumulative changes in fair value**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total equity**
	KD	KD	KD	KD	KD	KD	KD
At 31 December 2017 *("as previously reported")*	31,024,591	(2,068,546)	420,197	(17,573,965)	11,802,277	4,713,737	16,516,014
Impact on adoption of IFRS 9 at 1 January 2018	-	-	(420,197)	260,122	(160,075)	-	(160,075)
At 1 January 2018 *("restated")*	31,024,591	(2,068,546)	-	(17,313,843)	11,642,202	4,713,737	16,355,939
Loss for the year	-	-	-	(3,073,835)	(3,073,835)	(51,361)	(3,125,196)
Other comprehensive income for the year	-	231,361	-	-	231,361	1,336	232,697
Total comprehensive income/(loss) for the year	-	231,361	-	(3,073,835)	(2,842,474)	(50,025)	(2,892,499)
At 31 December 2018	31,024,591	(1,837,185)	-	(20,387,678)	8,799,728	4,663,712	13,463,440
At 1 January 2019	31,024,591	(1,837,185)	-	(20,387,678)	8,799,728	4,663,712	13,463,440
(Loss)/profit for the year	-	-	-	(2,585,275)	(2,585,275)	23,001	(2,562,274)
Other comprehensive income for the year	-	1,313,185	-	-	1,313,185	-	1,313,185
Total comprehensive income/(loss) for the year	-	1,313,185	-	(2,585,275)	(1,272,090)	23,001	(1,249,089)
Effect of derecognition of subsidiaries (Note 7)	-	-	-	-	-	(4,675,627)	(4,675,627)
At 31 December 2019	31,024,591	(524,000)	-	(22,972,953)	7,527,638	11,086	7,538,724

The notes on pages 12 to 53 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2019

	Notes	2019 KD	2018 KD
OPERATING ACTIVITIES			
Loss for the year		(2,562,274)	(3,125,196)
Adjustments for:			
Derecognition of foreign currency translation differences	7	1,020,329	-
Change in fair value of investment properties	13	9,946	292,424
Net investments loss	18	927,078	1,271,654
Share of results of associates	12	(1,498,952)	4,578
Loss on liquidation of an associate		-	142,708
Impairment of investment in associates	12	31,504	-
Provision for expected credit losses	10	241,183	305,432
Write-back of provision for expected credit losses	10	-	(78,590)
Impairment of advances		916,249	106,520
Depreciation		2,537	81,305
Loss on sale of property and equipment		-	2,642
Provision for employees' end of service benefits		71,807	111,066
Finance costs		77,846	197,092
Foreign exchange (loss)/gain		724	(5,893)
		(762,023)	(694,258)
Changes in working capital:			
Accounts receivable and other debit balances		12,351	(187,724)
Accounts payables and other credit balances		(53,059)	(870,653)
Cash flows used in operations		(802,731)	(1,752,635)
Employees' end of service benefits paid		(187,933)	(68,003)
Net cash flows used in operating activities		(990,664)	(1,820,638)
INVESTING ACTIVITIES			
Purchases of financial assets at fair value through profit or loss ("FVPL")		-	(306,560)
Proceeds from sale of financial assets at fair value through profit or loss ("FVPL")		1,891,328	794,454
Purchase of investment properties	13	(31,717)	(91,635)
Purchase of property and equipment		-	(47,225)
Proceeds from sale of property and equipment		-	10,000
Dividend income received	18	32,637	119,141
Interest income received	18	8,447	15,515
Net cash flows generated from investing activities		1,900,695	493,690
FINANCING ACTIVITIES			
Net movement in murabaha payables		29,970	(115,829)
Finance costs paid		(47,417)	(196,915)
Net cash flows used in financing activities		(17,447)	(312,744)
Foreign currency translation differences		91,660	-
Net increase/(decrease) in cash and cash equivalents		984,242	(1,639,692)
Cash and cash equivalents of derecognised subsidiaries		(1,503,189)	-
Cash and cash equivalents at the beginning of the year		849,245	2,488,937
Cash and cash equivalents at the end of the year	8	330,298	849,245

The Group has the following non-cash transactions during the year, which are not reflected in the consolidated statement of cash flows:

	2019 KD	2018 KD
Non-cash transactions:		
Accounts receivable and other debit balances	(402,307)	-
Derecognition of investment in subsidiaries through swap of assets agreement	8,961,452	-
Derecognition of non-controlling interests through swap of assets agreement	(4,675,627)	-
Investment in associates through swap of assets agreement	(5,386,707)	-
Transfer of investment in associates to financial assets at fair value through profit or loss ("FVPL") and financial asset at fair value through other comprehensive income ("FVOCI")	3,221,231	-

The notes on pages 12 to 53 form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Al Mal Investment Company K.P.S.C. (the "Parent Company") is a public Kuwaiti shareholding company registered in the State of Kuwait. The Parent Company was incorporated on 2 January 1980 as per the Memorandum of Incorporation, as amended, under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The Parent Company is listed on Boursa Kuwait.

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

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (together referred to as the "Group") (Note 7).

The registered address of the Parent Company is P.O. Box 26308, Safat 13124, State of Kuwait.

The objectives of the Parent Company are:
i) Investment in various economic sectors through participating in establishing specialised companies or purchasing securities or shares in those companies;
ii) Act as investment trustees and manage different investment portfolios for others; and
iii) Act as intermediary in borrowing operations in return for commission;

The Parent Company has the right to participate and subscribe, in any way with other firms which operate in the same field or those which would assist in achieving its objectives in Kuwait and abroad and to purchase those firms or participate in their equity.

The Board of Directors of the Parent Company in their meeting held on 26 September 2019 proposed to change the legal form and activities of the Parent Company from an investment company to a holding company. This proposal is subject to approval by the shareholders of the Parent Company through an Extraordinary General Assembly Meeting. The Parent Company's Extraordinary General Assembly Meeting has not been held as at the date of the issuance of these consolidated financial statements.

These consolidated financial statements of the Group for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 15 July 2020.

2. FUNDAMENTAL ACCOUNTING CONCEPT

The Group incurred a loss of KD 2,562,274 (2018: KD 3,125,196) for the year ended 31 December 2019 and, as of that date, the accumulated losses has reached an amount of KD 22,972,953 (2018: KD 20,387,678). Further, the Group's current liabilities exceeded its current assets by KD 1,610,021 (2018: KD 1,708,417).

Management of the Group has been evaluating various strategies to improve the operating performance, financial position and adequacy of the Group's financial resources to enable the Group to continue to operate as a going concern. Therefore, the consolidated financial statements have been prepared under the going concern concept

If the Group is unable to continue in operational existence for the foreseeable future, it may be unable to discharge its liabilities in the normal course of business. Accordingly, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to the consolidated financial statements.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention except for financial assets at fair value through profit or loss ("FVPL"), financial asset at fair value through other comprehensive income ("FVOCI") and investment properties that are measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is also the functional currency of the Parent Company.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the IFRS interpretations Committee applicable to companies reporting under IFRSs as issued by the International Accounting Standards Board ("IASB"), and applicable requirements of the Companies' Law No. 1 of 2016, its Executive Regulations, as amended (the "Companies' Law"), and the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK") and the Capital Markets Authority ("CMA").

These regulations require adoption of all IFRSs as issued by IASB except for the measurement and disclosure requirements of expected credit losses ("ECL") on credit facilities under IFRS 9: Financial Instruments. Accordingly, the provision for expected credit losses on credit facilities is the higher of ECL under IFRS 9, determined in accordance with the CBK guidelines, and the provisions required by the CBK rules on classification of credit facilities and calculation of their provisions.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

a) New standards, interpretations and amendments effective from 1 January 2019

The accounting policies applied by the Group are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards as of 1 January 2019:

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 recognise most leases on the balance sheet using single recognition and measurement approach.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach using the modified retrospective approach for all leases where the Group is the lessee except for short-term and lease of low-value assets. Accordingly, the comparative information is not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of accumulated losses (or other component of equity, as appropriate) at the date of initial application.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

a) New standards, interpretations and amendments effective from 1 January 2019 (Continued)

IFRS 16 – Leases (continued)

The Group elected to use the transition practical expedient to not reassess whether contracts contain lease at the date of application (i.e. 1 January 2019). Instead, the Group applied the standard only to the contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Impact on Lessee Accounting

Former operating leases:
IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet. Applying IFRS 16, for all leases (except as noted below), the Group:

a) Recognizes right of use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
b) Recognizes amortization of right of use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest charges (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognized as part of the measurement of the right of use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortized as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right of use assets is tested for impairment in accordance with IAS 36 "Impairment of Assets". This replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within general and administrative expenses in the consolidated statement of profit or loss.

Former finance leases:
The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Group recognizes as part of its lease liabilities only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have an effect on the Group's consolidated financial statements.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

a) New standards, interpretations and amendments effective from 1 January 2019 (Continued)

IFRS 16 – Leases (continued)

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as finance or operating lease by reference to the right of use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

Financial impact of initial application of IFRS 16

Adoption of IFRS 16 at 1 January 2019 did not have a material impact on the Group's consolidated financial statements as the Group's leases have a lease term of 12 months or less from the date of initial application of IFRS 16 and does not contain a purchase option.

Amendments to IFRS 9: Prepayment features with negative compensation
The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. Under IFRS 9, a debt instrument can be measured at amortized 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.

These amendments had no material impact on the consolidated financial statements.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. 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, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28: Investments in Associates and Joint Ventures.

These amendments had no material impact on the consolidated financial statements.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

a) New standards, interpretations and amendments effective from 1 January 2019 (Continued)

Annual Improvements to IFRSs 2015 – 2017 Cycle (issued in December 2017)

IFRS 3 – Business Combinations
The amendments apply to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2019, with early application permitted. The amendments clarify that, obtaining control of a business that is a joint operation is a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

IFRS 11 – Joint Arrangements
The amendments apply to transactions in which it obtains joint control on or after the first annual reporting period beginning on or after 1 January 2019, with early application permitted. A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

IAS 23 – Borrowing Costs
An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

Since the Group's current practice is in line with these amendments, the Group had no material impact on its consolidated financial statements.

b) Standards and interpretations issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been early adopted by the Group:

IFRS 17 – Insurance Contracts
This standard will be effective for annual periods beginning on or after 1 January 2023 and replaces IFRS 4 - Insurance Contracts. The new standard applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (Variable fee approach).
- A simplified approach (premium allocation approach) mainly for short duration contracts.

Early application is permitted, provided an entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not expected to have any impact to the Group.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (CONTINUED)

b) Standards and interpretations issued but not effective (Continued)

Annual Improvements to IFRSs 2015 – 2017 Cycle (issued in December 2017) (continued)

Definition of a Business (Amendments to IFRS 3)
The amendments in definition of a business in IFRS 3 (Business combinations) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

These amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

This amendment is not expected to have any material impact to the Group.

Amendments to IAS 1 and IAS 8: Definition of Material
The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of material throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- That the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- The meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

These amendments are effective for annual reporting period beginning on or after 1 January 2020.

This amendment is not expected to have any material impact to the Group.

Revised Conceptual Framework for Financial Reporting
The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting.
- Reinstating prudence as a component of neutrality.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

b) Standards and interpretations issued but not effective (Continued)

Revised Conceptual Framework for Financial Reporting (continued)

- Defining a reporting entity, which may be a legal entity, or a portion of an entity.
- Revising the definitions of an asset and a liability.
- Removing the probability threshold for recognition and adding guidance on derecognition.
- Adding guidance on different measurement basis, and
- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period or;
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period or;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Group classifies all other liabilities as non-current.

5.2 Basis of consolidation

The consolidated financial statements comprise the Parent Company and its subsidiaries (together referred to as the "Group") (Note 7). All subsidiaries have a reporting date of 31 December.

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The Parent Company controls an investee if all of three of the following elements are present:

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.2 Basis of consolidation (Continued)

- Power over the investee;
- Exposure to variable returns or obtains rights from involvement with the investee; and
- Ability of the investor to use its power to affect the investee returns.

When the Parent Company does not have majority voting rights in the investee, the Parent Company takes into consideration facts and other factors in assessing the control, which include:
- Contractual arrangement between the Parent Company and other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Parent Company's voting rights;
- Other potential voting rights.

The financial statements of subsidiaries acquired or disposed are included in the consolidated financial statements from the date the control effectively commences until the date that control effectively ceases.

The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together alike items of assets, liabilities, revenues and expenses. All inter-company balances and transactions, including unrealized profits or losses arising from inter-company transactions, are fully eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events which accrue in similar conditions.

The financial statements of the subsidiaries are prepared for the same date or within three months of the reporting period of the Parent Company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist between the subsidiaries' financial year date and the Parent Company's financial year date.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of amount of those interests at the date of original business combination and the non-controlling entity's share of changes in equity since the date of the combination. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs).

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.2 Basis of consolidation (Continued)

De-facto control exists in situations where the Parent Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Parent Company considers all relevant facts and circumstances, including:

- The size of the Parent Company’s voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the Parent Company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

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

5.3 Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit and loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit and loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss where such treatment would be appropriate if that interest were disposed off.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments

The Group classifies its financial instruments as financial assets and financial liabilities. Financial assets and financial liabilities are recognized when the Group becomes a party of the contractual provisions of such instruments.

Financial assets and financial liabilities carried in the consolidated statement of financial position include cash and cash equivalents, financial assets at fair value through profit or loss, accounts receivable and other debit balances (excluding advances), other financial assets, financial asset at fair value through other comprehensive income ("FVOCI"), accounts payable and other credit balances, murabaha payables and bonds payable.

5.4.1 Financial assets

Recognition, initial measurement and derecognition
To determine their classification and measurement category, IFRS 9 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.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. 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 FVPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Purchases and sales of those financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. With the exception of accounts receivable that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component are measured at the transaction price.

A financial asset is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Classification of financial assets
Financial assets are classified in the consolidated financial statements into the following categories upon initial recognition:
- Financial assets at amortised cost;
- Financial assets at fair value through profit or loss; and
- Financial asset at fair value through other comprehensive income ("FVOCI").

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments (Continued)

5.4.1 Financial assets (continued)

Subsequent measurement

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method adjusted for impairment losses if any. Gains and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets carried at amortised cost consist of cash and cash equivalents, accounts receivable and other debit balances (excluding advances) and other financial assets.

Effective interest/profit rate method ("EIR")
The EIR method is a method of calculating the amortised cost of a financial asset. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and bank balances and cash with portfolio managers. Bank balances and cash with portfolio managers that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial assets at FVPL
The Group classifies financial assets as financial assets at FVPL when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there evidence of a recent pattern of short-term profit is taking. Financial assets at FVPL are recorded and measured in the consolidated statement of financial position at fair value.

Gain or loss on disposal, interest income and dividends are recorded in consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

The financial assets at FVPL are represented in investments in quoted and unquoted securities, mutual funds and investment portfolios

Accounts receivable
Accounts receivable are amounts due from customers for services performed in the ordinary course of business and recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments (Continued)

5.4.1 Financial assets (continued)

Subsequent measurement (continued)

Due from related parties and other debit balances
These amounts generally arise from transactions outside the usual operating activities of the Group and are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Other financial assets
Other financial assets represent bonds, which are carried at amortised cost.

Financial asset at fair value through other comprehensive income ("FVOCI")
Upon initial recognition, the Group may elect to classify irrevocably some of its financial assets 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.

Gains and losses on these financial assets are never recycled to consolidated statement of profit or loss. Dividends are recognized in the consolidated statement of profit or loss 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 the consolidated statement of comprehensive income. Financial asset at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the consolidated statement of changes in equity.

The financial asset at FVOCI as at 31 December 2019 represents unquoted security.

Impairment of financial assets
The Group recognises a provision for expected credit losses (ECLs) for financial assets measured at amortised cost.

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/profit rate.

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).

For accounts receivable and other debit balances (excluding advances), the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk and assesses impairment on a collective basis. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship where applicable.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments (Continued)

5.4.1 <u>Financial assets (continued)</u>

Impairment of financial assets (continued)

For cash and cash equivalents for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, the Group's policy to measure ECLs on such instruments on a 12-month basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, 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.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

For related party balances, the Group has applied a forward looking approach wherein recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, the Group applies a three stage assessment to measuring ECL as follows:
- Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk; and
- Stage 2 - (not credit impaired) - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low.
- Stage 3* - (credit impaired) - financial assets that have objective evidence of impairment at the reporting date and assessed as credit impaired when one or more events have a detrimental impact on the estimated future cash flows have occurred.

*12-month expected credit losses' are recognised for Stage 1 while 'lifetime expected credit losses' are recognised for Stage 2.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and charged to consolidated statement of profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments (Continued)

5.4.2 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 case of loans and borrowings, plus directly attributable transactions costs.

The Group's financial liabilities include accounts payable and other credit balances, murabaha payables and bonds payable.

Subsequent measurement

Accounts payable
Accounts payable are obligation to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are recognized initially at fair value, net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest/profit rate method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non - current liabilities.

Murabaha payables
Murabaha payables represent amounts due on a deferred settlement basis for assets purchased under murabaha arrangements. Murabaha payables are stated at the gross amount of the payable, net of deferred profit payable. Effective interest/profit rate is expensed on a time apportionment basis taking account of the profit rate attributable and the balance outstanding.

Bonds payable
Bonds payable are obligations to repay a principal amount on maturity at a future date and pay interest/profit rate semiannually. Bonds payable are recognized initially at fair value, net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest/profit rate method. Bonds payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non - current liabilities.

Derecognition of financial liabilities
A financial liability is derecognized 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

5.4.3 Offsetting of financial assets and liabilities

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 recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.5 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by accredited and registered independent external real estate valuers with relevant experience in the market in which the property is situated. The valuation reflects market conditions at the reporting date. Changes in the fair values of investment properties are included in the consolidated statement of profit or loss.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the period of derecognition.

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

5.6 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has 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.

Depreciation is calculated based on estimated useful life of the applicable assets on a straight line basis. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

The assets’ residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

5.7 Impairment of non-financial assets

At each consolidated financial position date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.7 Impairment of non-financial assets (Continued)

Where a reasonable and consistent basis of allocation can be identified, group assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount and the impairment loss is recognised immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

5.8 Investment in associates

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. 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 results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5: Current Assets Held for Sale and Discontinued Operations.

Under the equity method, investment in associates is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and other comprehensive income of the associates. When the Group’s share of losses of an associate exceeds the Group’s interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in consolidated statement of profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.8 Investment in associates (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The associate's financial statements are prepared either to the Parent Company's consolidated financial position date or to a date not earlier than three months of the Parent Company's consolidated financial position date. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the financial position date of the associates and the Parent Company's consolidated financial position date.

5.9 Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the consolidated financial position date.

With respect to its Kuwaiti national employees, the Group also makes contributions to the Public Institution for Social Security ("PIFS") calculated as a percentage of the employees' salaries. The Group's social security obligations are limited to these contributions, which are expensed when due.

5.10 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.11 Contingent assets and contingent liabilities

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

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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.12 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019 under IFRS 16
This policy is applied to contracts entered into, on or after 1 January 2019.

The Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from the lease is accounted for on a straight-line basis over the lease terms and is included in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging 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. Contingent rents are recognised as revenue in the period in which they are earned.

The Group as a lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. When a contract is or contain a lease, the Group recognizes right of use assets and lease liabilities at the commencement date of the lease (i.e., the date the underlying asset is available for use)

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Policy applicable before 1 January 2019 under IAS 17 and IFRIC 4
Lease contracts, in which the Group holds a significant portion of risks and rewards related to ownership and in which the Group is the lessor, are classified as operating lease contracts. Amounts received under operating lease contracts, less any incentives provided to customers, are recognised as income in the consolidated statement of profit or loss on a straight-line basis over the lease contract period.

Where the Group is the lessee - operating lease:
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

Where the Group is the lessee - finance lease:
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the asset leased and the present value of minimum lease payments.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.13 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group follows a 5-step process:

- Identifying the contract with a customer.
- Identifying the performance obligations.
- Determining the transaction price.
- Allocating the transaction price to the performance obligations.
- Recognising revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated among the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

IFRS 15 requires entities to exercise judgment, 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. In addition, the standard requires extensive disclosures.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised services to its customers.

The Group transfers control of a service over time (rather than at a point in time) when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
  The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Control is transferred at a point in time if none of the criteria for a service to be transferred over time is met.

The Group considers the following factors in determining whether control of an asset has been transferred:

- The Group has a present right to payment for the services
- The customer has legal title to the services.
- The Group has transferred the services.
- The customer has the significant risks and rewards of ownership of the services.
- The customer has accepted the services.

<u>The Group's revenue arises from:</u>

Management and consultancy fee income
Revenue from asset management and consultancy services are recognised over time using the output method since the customer receives and consumes the benefits provided by the Group's performance as the Group performs.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.13 Revenue recognition (Continued)

Communication services
Revenue from communication services is recognised over time using the output method since the customer receives and consumes the benefits provided by the Group's performance as the Group performs.

Rental income
Income from leasing investment properties is recognised on a straight line basis over the contract duration.

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

Interest/yield income
Interest/yield income is recognised using the effective interest/profit rate method.

5.14 Finance costs

Finance costs primarily comprise interest on the Group's financing. Finance costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other finance costs are expensed in the period in which they are incurred and are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

5.15 Foreign currencies

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Kuwaiti Dinars' (KD).

Transactions and balances
Foreign currency transactions are translated to Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. Monetary items in foreign currencies are re-translated at the dates of the consolidated statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency (except for companies which are operated in countries with very high inflation rates) are translated into the presentation currency as follows:
- Assets and liabilities for each reporting date presented are translated at the closing rate at the reporting date.
- Income and expenses for each statement of profit or loss are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant management judgments

In the process of applying the Group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of financial instruments
On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortised cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets as explained in Note 5.

Classification of properties
Upon acquisition of a property, the management classifies the properties into either property and equipment or investment property, based on the intention of the management for the use of the property.

The property is classified as investment properties when the intention to earn rentals from property or hold the property for capital appreciation or if the intention is not determined by Group.

The Group classifies property as property under development if it is acquired with the intention of development.

The Group classifies properties as property and equipment if they are purchased to be used in production, services, or for administrative purposes, and are expected to be used during more than one period.

Principal versus agent considerations
The Group enters into contracts to render services to its customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group determined that it is a principal in all its contracts with its customers.

- The Group controls the promised services before the Group transfers the services to the customer.
- The Group satisfies the performance obligations by itself and does not engage another party in satisfying its performance obligations in its contracts with customers.

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated financial position 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:

Impairment of non-financial assets
The Group reviews its non-financial assets on a continuous basis to determine whether a provision for impairment should be recorded in the consolidated statement of profit or loss. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required.

Fair value measurement and valuation techniques
Some of the Group's assets are measured at fair value for financial reporting purposes. The Group's management determines the appropriate valuation techniques and input for fair value measurement. In estimating the fair value of an asset, the management uses market observable data to the extent it is available. In case no market observable data are available, the Group shall assign an external qualified valuer to carry out the valuation process. Information about valuation techniques and inputs used in determining the fair value of various assets are disclosed in Note 24.

Impairment of investment in associates
After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the impairment in the consolidated statement of profit or loss.

Provision for expected credit losses of accounts receivable
The Group uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, services type, customer and type). The provision matrix is initially based on the Group's historical observed default rates.

The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increase in number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's accounts receivable is disclosed in Note 23.

7. SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of the subsidiary	Country of incorporation	Voting rights and equity interest 2019 (%)	Voting rights and equity interest 2018 (%)	Principal activity
Trasul Telecom Company K.S.C. (Closed)	Kuwait	96.69%	96.69%	Communication services
Al Mal International for Project Management Company W.L.L.	Kuwait	80%	80%	Real estate project management
*Al Mal Qatari Holding Company K.S.C. (Closed)	Kuwait	97.50%	97.50%	Real estate project management
Saudi Al Mal Company W.L.L.	Kingdom of Saudi Arabia	100%	100%	Investment activities
*Quick Facilities Management L.L.C.	United Arab Emirates	100%	100%	Financial management services
Takharoj Financial and Administrative Consulting Company K.S.C. (Closed)	United Arab Emirates	99%	99%	Consulting services
**Diyar Al-Kuwait Real Estate Company K.S.C. (Closed)	Kuwait	-	60.25%	Real estate Development
**First Al-Mal Real Estate K.S.C. (Closed)	Kuwait	-	90.70%	Real estate development

Certain subsidiaries' shares are held through letters of assignment in favor of the Parent Company.

*These subsidiaries have been consolidated based on management accounts prepared by management of the subsidiaries as at 31 December 2019.

**During the year ended 31 December 2019, the Group lost control over its former subsidiaries, First Al-Mal Real Estate K.S.C. (Closed) and Diyar Al-Kuwait Real Estate Company K.S.C. (Closed) ("Diyar") through the swap of assets agreement (the "swap"). The swap involves exchange of 76.56% of the former subsidiary First Al-Mal Real Estate K.S.C. (Closed) which in turn owns 20% of Diyar, in exchange of 40% equity interest in Armila Capital Limited, a company incorporated and registered in England and Wales (Note 12).

Following is the consequence of the swap of assets agreement signed on 10 March 2019:

- The Group ceased consolidating Diyar however, classified its retained interest of 40.25% amounting to KD 4,244,966 as investment in an associate due to loss of control and retention of significant influence through representation in the Board of Directors (Note 12).
- The Group ceased consolidating First Al-Mal Real Estate K.S.C. (Closed) as it disposed the 76.56% direct equity interest in addition to 14.14% indirect equity interest held by a former subsidiary (Diyar).
- The Group recognised the 40% equity interest in Armila Capital Limited as an investment in associate amounting to KD 1,141,741 (Note 12).

The transfer of ownership of the disposed shares in First Al-Mal Real Estate K.S.C. (Closed) is still in process till date of the issuance of the consolidated financial statements

7. SUBSIDIARIES (CONTINUED)

The carrying amount of the net assets equals the consideration. No profit or loss resulted from derecognition of the subsidiaries.

Analysis of assets and liabilities of the former subsidiaries derecognised is as follows:

	10 March 2019
	KD
ASSETS	
Cash and cash equivalents	1,503,189
Financial assets at fair value through profit or loss ("FVPL")	418,496
Accounts receivable and other debit balances	157,511
Investment properties	11,971,929
Property and equipment	47,778
	14,098,903
LIABILITIES	
Accounts payable and other credit balances	336,191
Murabaha payables	3,179,001
Employees' end of service benefits	119,070
	3,634,262
	10,464,641
Derecognition of non-controlling interests	(4,675,627)
Net assets derecognised	5,789,014
Consideration:	
Less: assets recognised in the swap agreement (Note 12 (a) & (b))	5,789,014
	-

The Group derecognised foreign currency translation differences amounted to KD 1,020,329.

8. CASH AND CASH EQUIVALENTS

	2019	**2018**
	KD	KD
Cash on hand and bank balances	322,651	839,344
Cash with portfolio managers	7,647	9,901
	330,298	849,245

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVPL")

	2019	**2018**
	KD	KD
Quoted securities	98,965	966,825
*Unquoted securities	833,888	2,053,011
Mutual funds	436,671	840,081
Investment portfolios	27,781	402,309
	1,397,305	4,262,226

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVPL") (CONTINUED)

*Unquoted securities include KD 89,565 represents the Group's investment in United Insurance Company ("UIC"), a former associate, that has been reclassified from investment in an associate upon loss of significant influence during the year ended 31 December 2019 (Note 12 (d)).

The movement in financial assets at fair value through profit or loss ("FVPL") during the year is as follows:

	2019 KD	2018 KD
At 1 January	4,262,226	1,488,323
Impact on adoption of IFRS 9	-	4,668,087
Additions	-	306,560
Transfers from investment in associates (Note 11)	89,565	-
Disposals	(1,923,976)	(869,610)
Effect of derecognition of a subsidiary (Note 7)	(418,496)	-
Change in fair value (Note 18)	(612,014)	(1,331,134)
At 31 December	1,397,305	4,262,226

During the year ended 31 December 2019, the Group sold certain financial assets at fair value through profit or loss ("FVPL") amounted to KD 1,923,976 (2018: KD 869,610). An amount of KD 32,648 has been recognised as loss on sale in the consolidated statement of profit or loss (2018: KD 75,176) (Note 18).

Valuation techniques of financial assets at fair value through profit or loss ("FVPL") are disclosed in Note 24.

10. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	2019 KD	2018 KD
*Refundable development expenses	17,808,246	17,808,246
Less: provision for expected credit losses	(16,040,318)	(16,040,318)
	1,767,928	1,767,928
**Advances	1,189,703	1,190,104
Less: impairment	(1,189,703)	(273,454)
	-	916,650
Accounts receivable	68,866	109,424
Less: provision for expected credit losses	(68,866)	(68,866)
	-	40,558
Due from related parties (Note 20)	588,562	431,427
Less: provision for expected credit losses (Note 20)	(16,574)	-
	571,988	431,427
Staff receivables	75,040	115,146
Other debit balances	637,736	482,085
Less: provision for expected credit losses	(259,609)	(35,000)
	453,167	562,231
	2,793,083	3,718,794

10. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES (CONTINUED)

Movement in the provision for expected credit losses is as follows:

	2019	2018
	KD	KD
At 1 January	(16,144,184)	(15,873,384)
Impact on adoption of IFRS 9	-	(160,075)
Charge during the year	(241,183)	(305,432)
Write-off during the year	-	116,117
Write-back during the year	-	78,590
At 31 December	(16,385,367)	(16,144,184)

*Refundable development expenses represent development costs incurred for developing "Prince Musaed Abdul Aziz Bin Musaed" economic city in the Kingdom of Saudi Arabia (the "Project"), under the development agreement signed between the Parent Company, and the Economic Cities Authority-Kingdom of Saudi Arabia ("ECA"). During the year ended 31 December 2014, ECA announced the termination of the development agreement and the assignment of the project to Governmental parties. As a result, during the year ended 31 December 2016, the Parent Company filed a legal case against ECA to recover the refundable development expenses. Management believes that, based on the terms and conditions of the development agreement and consultations with legal advisors, the refundable development expenses are reimbursable in full. However, management applied the guidelines of the Central Bank of Kuwait and recorded a provision to the extent of the refundable development expenses less certain direct dues to ECA related to the project amounting to KD 1,767,928 as at 31 December 2019 (2018: KD 1,767,928) (included in accounts payable and other credit balances) (Note 14) for which ECA requested these dues to be paid through the same legal case. Accordingly, a provision for expected credit losses of KD 16,040,318 (2018: KD 16,040,318) has been provided in prior years.

- On 25 June 2019, a first instance judgment has been issued by the Administrative Court of Jeddah rejecting the legal case and obliging the Parent Company to settle Saudi Riyal 22,500,000 (equivalent to KD 1.82 million at 31 December 2019) to ECA. On 17 October 2019, the Group appealed the judgment to the Administrative Court of Appeal in Makkah.

- On 23 January 2020, the Administrative Court of Appeal in Makkah has confirmed the first instance judgment issued by the Administrative Court of Jeddah.

- On 3 March 2020, the Parent Company filed an objection to the Supreme Court. The objection is pending before the Supreme Court as at the issuance date of these consolidated financial statements.

**Advances include an amount of KD 1,022,769 (2018: KD 1,022,769) paid in prior years towards purchase of properties in the Syrian Arab Republic. During the year ended 31 December 2019, the Group recognised additional impairment amounted to KD 916,249 (2018: KD 106,520) based on the assessment of current political situation in the Syrian Arab Republic.

Disclosures relating to the credit risk exposures and analysis relating to the provision for expected credit losses for accounts receivable are set forth in Note 23.2.

11. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”)

	2019	2018
	KD	KD
Unquoted security	2,874,328	-

- This represents the Group’s investment in Zone Advanced General Trading Company W.L.L. (“Zone”), a former associate, that has been reclassified from investment in associates upon loss of significant influence during the year ended 31 December 2019 (Note 12 (c)).
- Valuation techniques of financial asset at fair value through other comprehensive income (“FVOCI”) are disclosed in Note 24.

12. INVESTMENT IN ASSOCIATES

Name of the associate	Country of incorporation	Voting rights and equity interest 2019	Voting rights and equity interest 2018	Carrying value 2019	Carrying value 2018
		%	%	KD	KD
*Diyar Al-Kuwait Real Estate Company K.S.C. (Closed) (a)	Kuwait	40.25%	-	5,904,414	-
**Armila Capital Limited (b)	United Kingdom	40%	-	1,089,636	-
**MAC SA, Stock Brokerage Company	Tunisia	48%	48%	258,892	254,214
Zone Advanced General Trading Company W.L.L. (c)	Kuwait	-	40%	-	2,957,674
United Insurance Company (d)	Syria	-	18%	-	270,284
				7,252,942	3,482,172

*The share of results of this associate has been recorded based on audited financial statements for the year ended 31 December 2019.

**The share of results of these associates has been recorded based on financial information prepared by management of the associates as at 30 September 2019 adjusted for any material transactions for the period from 1 October 2019 to 31 December 2019.

Investment in associates is measured using the equity method.

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

	2019	2018
	KD	KD
At 1 January	3,482,172	4,948,756
Additions during the year (Note (a) and (b))	5,386,707	-
Liquidation of an associate	-	(1,411,988)
Share of results of associates	1,498,952	(4,578)
Reclassified to financial asset at fair value through other comprehensive income (“FVOCI”) (c)	(2,874,328)	-
Reclassified to financial assets at fair value through profit (“FVPL”) (d)	(346,903)	-
Share of foreign currency reserve of associates	68,510	-
Impairment of investment in associate (e)	(31,504)	-
Foreign currency translation differences	69,336	(50,018)
At 31 December	7,252,942	3,482,172

12. INVESTMENT IN ASSOCIATES (CONTINUED)

(a) During the year ended 31 December 2019, the Group lost control over its former subsidiary Diyar Al-Kuwait Real Estate Company K.S.C. (Closed) (“Diyar”) through a swap of assets agreement however, retained significant influence in Diyar through representation in the Board of Directors (Note 7).

(b) During the year ended 31 December 2019, the Group acquired 40% equity interest in Armila Capital Limited through a swap of assets agreement (Note 7).

(c) During the year, the Group’s investment in Zone Advanced General Trading Company W.L.L. (“Zone”), a former associate, has been reclassified from investment in associates to financial asset at fair value through other comprehensive income (“FVOCI”) at its carrying value amounted to KD 2,874,328.

(d) During the year, the Group’s investment in United Insurance Company (“UIC”), a former associate, has been reclassified from investment in associates to financial assets at fair value through profit or loss (“FVPL”) as a result of loss of significant influence over this former associates as the Group no longer has representation in the Board of Directors of this former associate (Note 9). The investment in UIC has been reclassified at fair value on the date of reclassification based on a fair valuation carried out by an external valuer which resulted in a loss of KD 323,500 recognised in the consolidated statement of profit or loss for the year ended 31 December 2019 (Note 18).

(e) During the year, the Group performed an impairment assessment of its investment in Armila Capital Limited and determined that the recoverable amount is lower than the carrying value. Accordingly, the Group recognised an impairment loss of KD 31,504 (2018: Nil).

The summarised financial information in respect of the Group’s significant associates is set out below:

(i) Diyar Al-Kuwait Real Estate Company K.S.C. (Closed)

Associate’s financial position:

	2019
	KD
Total assets	23,330,801
Total liabilities	(1,055,356)
	22,275,445
Less: non-controlling interests	(8,727,365)
Net assets	13,548,080
Group’s share of the associate’s net assets	5,453,102
Goodwill	451,312
Carrying amount	5,904,414

Associate’s income and results:

	2019
	KD
*Income	6,203,108
Expenses and other charges	2,198,011
Profit	4,005,097
Other comprehensive income	186,119
Group’s share of results of the associate	1,590,938
Group’s share of other comprehensive income of the associate	68,510

12. INVESTMENT IN ASSOCIATES (CONTINUED)

*On 31 December 2019, Diyar Al-Kuwait Real Estate Company K.S.C. (Closed) ("Diyar") acquired 50.82% equity interest in Egyptian Saudi Company for Touristic and Real Estate Investment S.A.E. ("ESTRICO"), a real estate company incorporated and registered in the Arab Republic of Egypt at a purchase consideration of KD 2,111,415. The fair value of the net identifiable assets as of the acquisition date exceeded the purchase consideration resulting in a gain on bargain purchase amounted to KD 6,907,872. The Group's share of gain on bargain purchase amounted to KD 2,780,418 (2018: KD Nil).

The fair values of the identifiable assets acquired and liabilities assumed recognized in Diyar's books of accounts at the date of acquisition of ESTRICO are summarised below:

	Fair value
	KD
Assets	18,747,033
Liabilities	999,585
Total identifiable net assets	17,747,448
Less: non-controlling interests share in identifiable net assets	(8,728,161)
Net assets acquired	9,019,287
Less: gain on bargain purchase	(6,907,872)
Purchase consideration	2,111,415

(ii) Armila Capital Limited

Associate's financial position:	**2019**
	KD
Total assets	413,197
Total liabilities	249,108
Net assets	164,089
Group's share of net assets	65,636
Goodwill	1,055,504
*Less: impairment recognised	(31,504)
Carrying amount	1,089,636

Associate's revenues and results:

	2019
	KD
Revenues	240,994
loss	(57,436)
Group's share of results of the associate	(22,652)

*The Group performed an impairment assessment and recognised KD 31,504 impairment in its investment in Armila Capital Limited ("Armila"). The Group's management believes that there is no further impairment in the carrying value of Armila required to be recorded as at 31 December 2019 (Note 12 (e)).

13. INVESTMENT PROPERTIES

	2019	**2018**
	KD	KD
At 1 January	11,991,471	12,185,134
Additions	31,717	91,635
Effect of derecognition of a subsidiary (Note 7)	(11,971,929)	-
Change in fair value	(9,946)	(292,424)
Foreign currency translation differences	1,597	7,126
At 31 December	42,910	11,991,471

14. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

	2019 KD	2018 KD
Accounts payable	91,986	26,827
Due to contractors	1,812,891	1,812,891
Payables for purchase of investments	3,194,990	3,195,357
Due to related parties (Note 20)	-	303,466
Accrued expenses	68,040	105,899
Professional fees payable	838,191	838,191
Other payables	124,609	237,948
	6,130,707	6,520,579

Due to contractors include an amount of KD 1,767,928 (2018: KD 1,767,928) relating to the project and legal dispute described in Note 10.

15. BONDS PAYABLE

	2019 KD	2018 KD
Bonds payable	900,000	900,000

During prior years, the Group reached settlement agreements with bondholders for outstanding bonds amounting to KD 11,088,000. As a result of these agreements, a foreign subsidiary of the Group purchased approximately 92.5% of the issued bond.

- On 26 November 2014, the bondholder of KD 900,000 (Kuwait Investment Authority (“KIA”)) had previously filed a legal case against the Parent Company to recover the full face value of the bonds and outstanding coupons.

- On 24 January 2019, The Court of First Instance rejected KIA’s claim and obliged the Parent Company to pay the outstanding coupon amount of KD 46,762 and the litigation fees. The judgment has been appealed by KIA.

- On 22 May 2019, the Court of Appeal rejected the appeal filed by KIA and approved the judgment of the Court of First Instance. KIA appealed the judgment with the Court of Cassation.

- On 31 October 2019, the Court of Cassation rejected the appeal and obliged the Parent Company to pay the outstanding coupon amount of KD 46,762 and the litigation fees of KD 13,953. The judgment has been executed during December 2019.

- On 17 October 2019, the bondholders agreed to extend the due date of the issued bonds to 18 November 2022.

16. SHARE CAPITAL

The authorised, issued and fully paid-up share capital is KD 31,024,591 (2018: KD 31,024,591) divided into 310,245,910 shares (2018: 310,245,910 shares) of 100 fils each. All shares are paid in cash.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

	31 December 2019				
	Real estate	**Asset management**	**Communication**	**Other**	**Total**
	KD	KD	KD	KD	KD
Type of revenue					
Rendering of management and consultancy services	-	74,156	-	-	74,156
*Rendering of communication services	-	-	224,137	-	224,137
Total revenue from contracts with customers	**-**	**74,156**	**224,137**	**-**	**298,293**
Rental of properties	141,123	-	-	-	141,123
Other miscellaneous income	-	-	-	33,005	33,005
Total revenue	**141,123**	**74,156**	**224,137**	**33,005**	**472,421**
Geographical markets					
Kuwait	-	74,156	70,894	-	145,050
GCC	-	-	153,243	-	153,243
Total revenue from contracts with customers	**-**	**74,156**	**224,137**	**-**	**298,293**
Timing of revenue recognition					
Services transferred over time	**-**	**74,156**	**224,137**	**-**	**298,293**
Total revenue from contracts with customers	**-**	**74,156**	**224,137**	**-**	**298,293**

	31 December 2018				
	Real estate	**Asset management**	**Communication**	**Other**	**Total**
	KD	KD	KD	KD	KD
Type of revenue					
Rendering of management and consultancy services	-	176,765	-	-	176,765
*Rendering of communication services	-	-	207,152	-	207,152
Total revenue from contracts with customers	**-**	**176,765**	**207,152**	**-**	**383,917**
Rental of properties	818,356	-	-	-	818,356
Other miscellaneous income	-	-	-	2,830	2,830
Total revenue	**818,356**	**176,765**	**207,152**	**2,830**	**1,205,103**
Geographical markets					
Kuwait	-	176,765	29,435	-	206,200
GCC	-	-	177,717	-	177,717
Total revenue from contracts with customers	**-**	**176,765**	**207,152**	**-**	**383,917**
Timing of revenue recognition					
Services transferred over time	**-**	**176,765**	**207,152**	**-**	**383,917**
Total revenue from contracts with customers	**-**	**176,765**	**207,152**	**-**	**383,917**

*Gross income and cost of income relating to rendering of communication services is set out below:

	2019	**2018**
	KD	KD
Income from rendering of communication services	224,137	207,152
Cost of income	(179,243)	(176,322)
Net income from communication services	44,894	30,830

18. NET INVESTMENTS LOSS

	2019	2018
	KD	KD
Change in fair value of financial assets at fair value through profit or loss ("FVPL") (Note 9)	(612,014)	(1,331,134)
Loss on sale of financial assets at fair value through profit or loss ("FVPL") (Note 9)	(32,648)	(75,176)
Loss on reclassification of investment in associates to financial assets at fair value through profit or loss ("FVPL") (Note 12 (c))	(323,500)	-
Dividend income	32,637	119,141
Interest income	8,447	15,515
	(927,078)	(1,271,654)

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
	KD	KD
Staff costs	618,346	1,127,879
Rent	105,421	129,028
Professional fees	145,083	63,532
Subscriptions	97,499	82,516
Depreciation	2,537	81,305
Others	160,659	384,375
	1,129,545	1,868,635

20. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel, their close family members and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Balances and transactions with related parties are as follows:

	2019	2018
	KD	KD
Consolidated statement of financial position:		
Due from related parties (included in accounts receivable and other debit balances) (Note 10)		
Zone Advanced General Trading Company W.L.L.	433,247	431,265
Diyar Al-Kuwait Real Estate Company K.S.C. (Closed)	57,822	162
Armila Capital Limited	97,493	-
	588,562	431,427
Less: provision for expected credit losses (Note 10)	(16,574)	-
	571,988	431,427
Due to related parties (included in accounts payable and other credit balances) (Note 14)	-	303,466

Amounts due from/to related parties are non-interest bearing and are receivable/payable on demand.

20. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

	2019	**2018**
	KD	KD
Consolidated statement of profit or loss:		
Management and consultancy fee income	74,156	135,821
Key management compensation		
Salaries and other short-term benefits	111,460	246,719
End of service benefits	9,344	17,515
	120,804	264,234
*Committees' fees and other allowances	30,000	-

*Committees' fees and other allowances are subject to the approval of the Annual General Assembly of the shareholders'.

21. BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY

Basic and diluted loss per share attributable to the equity holders of the Parent Company is calculated by dividing the loss for the year attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the year.

	2019	**2018**
	KD	KD
Loss for the year attributable to the equity holders of the Parent Company (KD)	(2,585,275)	(3,073,835)
Weighted average number of shares outstanding (shares)	310,245,910	310,245,910
Basic and diluted loss per share attributable to the equity holders of the Parent Company (fils)	(8.33)	(9.91)

22. SEGMENTAL INFORMATION

The Group identifies its operating segments based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Parent Company's Chief Executive Officer is the Group's chief operating decision maker and has grouped the Group's operations into the following operating segments.

Real estate	Represents real estate management and lease activities.
Asset management	Represents management of different investment portfolios for others.
Communication services	Represents communication services and operations.
Investments	Represents establishing or purchasing specialised companies or securities in those companies.

22. SEGMENTAL INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue and results by operating segment:

	2019	2018	2019	2018
	KD	KD	KD	KD
	Revenue		**Segment results**	
Real estate	141,123	818,356	131,177	525,932
Asset management	74,156	176,765	74,156	176,765
Communication	224,137	207,152	44,894	30,830
Investments	1,540,036	130,078	(479,959)	(1,418,940)
	1,979,452	1,332,351	(229,732)	(685,413)
Other income			33,005	2,830
Foreign exchange (loss)/gain			(724)	5,893
Provision for expected credit losses			(241,183)	(305,432)
Write-back of provision for expected credit losses			-	78,590
Impairment of advances			(916,249)	(106,520)
Accounts receivable and other debit balances written-off			-	(49,417)
Finance costs			(77,846)	(197,092)
General and administrative expenses			(1,129,545)	(1,868,635)
Loss for the year			(2,562,274)	(3,125,196)

The following is the segment analysis of the Group's assets and liabilities as at 31 December:

	2019	2018	2019	2018
	KD	KD	KD	KD
	Segment assets		**Segment liabilities**	
Real estate	42,910	11,991,471	-	3,118,103
Investments	11,623,575	7,843,398	4,094,990	4,095,357
Unallocated	3,123,381	4,618,354	3,156,152	3,776,323
	14,789,866	24,453,223	7,251,142	10,989,783

The following is an analysis of the Group's revenue and segment results by geographical area:

	2019	2018	2019	2018
	KD	KD	KD	KD
	Revenue		**Segment results**	
Kuwait	1,793,765	1,030,263	(1,077,211)	(2,809,151)
GCC	153,243	177,717	(69,783)	(236,016)
Others	32,444	124,371	(1,415,280)	(80,029)
	1,979,452	1,332,351	(2,562,274)	(3,125,196)

The following is an analysis of the Group's assets and liabilities by geographical area:

	2019	2018	2019	2018
	KD	KD	KD	KD
	Assets		**Liabilities**	
Kuwait	10,655,424	16,096,053	4,585,425	8,314,571
GCC	3,120,247	5,350,413	2,665,717	2,675,212
Others	1,014,195	3,006,757	-	-
	14,789,866	24,453,223	7,251,142	10,989,783

23. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Group's activities expose it to variety of financial risks: e.g. market risk (i.e. interest/profit rate risk, foreign currency risk and equity price risk), credit risk and liquidity risk. The Group's management policies for reducing each of the risks are discussed below. The Group does not use derivative financial instruments based on future speculations.

23.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk, interest/profit rate risk and equity price risk.

(a) Interest/profit rate risk

Interest/profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments, which potentially subject the Group to interest/profit rate risk, consist primarily of murabaha payables and bonds payable.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest/profit rates on the Group's loss for the year and equity, based on the floating rate financial assets and liabilities held at 31 December 2019.

	2019		**2018**	
Floating rate financial liabilities	**Increase/ (decrease) in basis points**	**Effect on loss for the year and equity**	**Increase/ (decrease) in basis points**	**Effect on loss for the year and equity**
		KD		KD
Murabaha payables	-	-	25	(±) 7,993
Bonds payable	25	(±) 2,250	25	(±) 2,250

(b) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within established limits.

The Group has set policies for the management of foreign exchange risk which require each company in the Group to manage the foreign risk against its currency of operation. The Group tracks and manages these risks by:
- Monitoring the changes in foreign currency exchange rates on a regular basis.
- Setting up tide limits for dealing in foreign currencies for the basic objectives of the Group's activities.

The carrying amounts of the Group's foreign currency denominated net monetary assets/ (liabilities) at the reporting date are as follows:

	2019	**2018**
	KD	KD
United States Dollars ("USD")	(80,655)	167,621
Saudi Riyal ("SAR")	(2,457,927)	(2,457,927)
Great Britain Pound ("GBP")	101,152	-

23. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

23.1 Market risk (Continued)

(b) Foreign currency risk

The effect of a 5% strengthening in value of the currency rate against the KD from levels applicable at 31 December, with all other variables held constant on the consolidated statement of profit or loss is shown below:

	Effect on loss for the year and equity	
	2019	**2018**
	KD	KD
United States Dollars ("USD")	(4,033)	8,831
Saudi Riyal ("SAR")	(122,896)	(122,896)
Great Britain Pound ("GBP")	5,058	-

The effect of decrease in the value of the currency rate is expected to be equal and opposite to the effect of the increases shown above.

(c) Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate as a result of changes in equity prices. The equity price risk exposure arises from the Group's investment in equity securities classified as financial assets at fair value through profit or loss ("FVPL") and financial asset at fair value through other comprehensive income ("FVOCI"). The Group manages this risk by diversifying its investments on the basis of the pre-determined asset allocations across various categories, continuous appraisal of market conditions and trends and management estimate of long and short term changes in fair value.

The following table demonstrates the sensitivity of the changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The estimated change in equity prices is determined at (±) 5% (2018: (±) 5%).

	Effect on loss for the year and equity	
	2019	**2018**
	KD	KD
Financial assets at fair value through profit or loss ("FVPL")	69,865	213,111

	Effect on other comprehensive income	
	2019	**2018**
	KD	KD
Financial asset at fair value through other comprehensive income ("FVOCI")	143,716	-

23. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

23.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash and cash equivalents (excluding cash on hand), accounts receivable and other debit balances (excluding advances) and other financial assets.

Accounts receivable
The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all accounts receivable as these items do not have a significant financing component. In measuring the expected credit losses, accounts receivable have been assessed on a collective basis and grouped based on shared credit risk characteristics and the days past due.

The Group's management has fully provided provision for expected credit losses amounted to KD 68,866 (2018: KD 68,866) for accounts receivable of KD 68,866 as at 31 December 2019 (2018: KD 109,424).

Accounts receivable are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to engage with the Group on alternative payment arrangement among others is considered indicators of no reasonable expectation of recovery and therefore is considered as credit impaired.

Bank balances and cash with portfolio managers
The Group's bank balances and cash with portfolio managers measured at amortised cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's bank balances and cash with portofolio managers are placed with high credit rating financial and investment institutions with no recent history of default. Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

Refundable development expenses and due from related parties
Credit risk also arises from refundable development expenses and due from related parties. The Group provided provision for expected credit losses amounted to KD 16,040,318 (2018: KD 16,040,318) and KD 16,574 (2018: KD Nil) in respect of refundable development expenses balances of KD 17,808,246 (2018: KD 17,808,246) and due from related parties of KD 588,562 (2018: KD 431,427) as at 31 December 2019.

Provision for expected credit losses for refundable development expenses and due from related parties are recognised based on a forward looking expected credit losses model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of refundable development expenses and due from related parties. For those where the credit risk has not increased significantly since initial recognition. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

23. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

23.2 Credit risk (Continued)

Maximum exposure to credit risk

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the consolidated financial position date, as summarised below:

	2019	2018
	KD	KD
Cash and cash equivalents (excluding cash on hand)	329,838	844,971
Accounts receivable and other debit balances (excluding advances)	2,793,083	2,802,144
Other financial assets	99,000	99,000
	3,221,921	3,746,115

Geographic concentration of maximum exposure to credit risk

The maximum exposure to credit risk for financial assets at the reporting date by geographical region and industry wise sector is as follows:

2019	Kuwait	GCC	Other	Total
	KD	KD	KD	KD
Cash and cash equivalents (excluding cash on hand)	324,243	3,790	1,805	329,838
Accounts receivable and other debit balances	850,443	1,847,097	95,543	2,793,083
Other financial assets	99,000	-	-	99,000
	1,273,686	1,850,887	97,348	3,221,921

2018	Kuwait	GCC	Other	Total
	KD	KD	KD	KD
Cash and cash equivalents (excluding cash on hand)	688,682	138,395	17,894	844,971
Accounts receivable and other debit balances (excluding advances)	841,495	1,843,230	117,419	2,802,144
Other financial assets	99,000	-	-	99,000
	1,629,177	1,981,625	135,313	3,746,115

	2019	2018
	KD	KD
Corporates	2,892,083	2,901,144
Banks and financial institutions	329,838	844,971
	3,221,921	3,746,115

23.3 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 daily basis.

23. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

23.3 Liquidity risk (Continued)

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the consolidated financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2019	**Less than 3 months**	**3 to 12 months**	**1 to 2 years**	**Total**
	KD	KD	KD	KD
Accounts payable and other credit balances	137,439	5,993,268	-	6,130,707
Bonds payable	-	-	904,500	904,500
	137,439	5,993,268	904,500	7,035,207

2018	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 2 years**	**Total**
	KD	KD	KD	KD	KD
Accounts payable and other credit balances	303,466	78,508	6,138,605	-	6,520,579
Murabaha payables	-	-	3,239,899	-	3,239,899
Bonds payable	-	-	904,500	-	904,500
	303,466	78,508	10,283,004	-	10,664,978

23.4 Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the year ended 31 December 2019.

24. FAIR VALUE ESTIMATION

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

24. FAIR VALUE ESTIMATION (CONTINUED)

- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

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

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	KD	KD	KD	KD
Financial assets at fair value through profit or loss ("FVPL")				
Quoted securities	98,965	-	-	98,965
Unquoted securities	-	-	833,888	833,888
Mutual funds	-	308,047	128,624	436,671
Investment portfolios	-	-	27,781	27,781
	98,965	308,047	990,293	1,397,305
Financial asset at fair value through other comprehensive income ("FVOCI")				
Unquoted security	-	-	2,874,328	2,874,328
	98,965	308,047	3,864,621	4,271,633

31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	KD	KD	KD	KD
Financial assets at fair value through profit or loss ("FVPL")				
Quoted securities	966,825	-	-	966,825
Unquoted securities	-	-	2,053,011	2,053,011
Mutual funds	-	602,113	237,968	840,081
Investment portfolios	-	-	402,309	402,309
	966,825	602,113	2,693,288	4,262,226

Reconciliation of level 3 fair value measurements:

	2019	**2018**
	KD	KD
At 1 January	2,693,288	4,099,316
Impact on adoption of IFRS 9	-	931,229
Addition during the year	-	82,820
Reclassified from investment in associates	2,963,893	-
Disposals	(829,200)	(654,343)
Effect of de-recognition of a subsidiary (Note 7)	(376,780)	-
Change in fair value	(586,580)	(1,765,734)
At 31 December	3,864,621	2,693,288

24. FAIR VALUE ESTIMATION (CONTINUED)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

During the year, there were no transfers between level 1, level 2 and level 3.

25. FIDUCIARY ASSETS

The Group manages mutual funds and portfolios on behalf of third parties, and maintains securities in fiduciary accounts which are not reflected in the Group's consolidated financial statements. Assets under management at 31 December 2019 amounted to KD 4,826,648 (2018: KD 16,143,827).

26. ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly Meetings of the shareholders held on 14 May 2019 approved the following:

- The consolidated financial statements of the Group for the financial year ended 31 December 2018.
- The Board of Directors' proposal not to distribute dividends for the financial year ended 31 December 2018 (2017: Nil).
- The Board of Directors' proposal not to pay Board of Directors' remuneration for the financial year ended 31 December 2018 (2017: Nil).

27. BOARD OF DIRECTORS' PROPOSAL

The Board of Directors in their meeting held on 15 July 2020 proposed not to distribute dividends for the financial year ended 31 December 2019 (2018: Nil), and not to pay Board of Directors' remuneration for the financial year ended 31 December 2019 (2018: Nil). This proposal is subject to approval of the shareholders Annual General Assembly.

28. COMPARATIVE FIGURES

Certain comparative information has been reclassified to conform to the current year's presentation. Such reclassification did not affect previously reported consolidated profit or loss, consolidated equity or opening balances of the earliest comparative year presented and accordingly a third consolidated statement of financial position is not presented.

29. SUBSEQUENT EVENTS

Subsequent to the reporting date; as a result of the significant events arising from the spread of the Novel Coronavirus ("COVID-19"), which has affected the global economic environment, which may lead to exposing the Group to various risks including decline in revenues, availability of the required inventories from external suppliers, fluctuations in foreign exchange rates, increase in the expected credit losses of accounts receivable and other debit balances, and impairment of assets due to the expected slowdown in the operating segments.

The Group considers the above event as subsequent to the reporting date and does not require any adjustments. Accordingly, no adjustments were made to the consolidated financial statements as a result of this matter. The outcome of this event is unknown; therefore it is not reasonably possible to determine the financial impact on the Group as at the issuance date of these consolidated financial statements. The Group will take into consideration the effects of COVID-19 upon determining the magnitude of the impact according to the expected duration of these events and their implications.