



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

**Interim condensed consolidated financial information (Unaudited)
and review report**
For the three month period ended 31 March 2019

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

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For the three month period ended 31 March 2019**

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

**The Board of Directors,
Al Mal Investment Company K.P.S.C.
State of Kuwait**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Mal Investment Company K.P.S.C. (the “Parent Company”) and its subsidiaries (together referred to as the “Group”) as at 31 March 2019, and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three month period then ended. The Parent Company’s management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2 to the interim condensed consolidated financial information. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Basis for Qualified Conclusion

We were appointed as auditors of the Group for the first time for the three month period ended 31 March 2019, and consequently did not report on the consolidated financial statements for the financial year ended 31 December 2018 and the interim condensed consolidated financial information for the three month period ended 31 March 2018 which were audited and reviewed, respectively, 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 an associate, for the year ended 31 December 2018, and an unmodified conclusion on the interim condensed consolidated financial information for the three month period ended 31 March 2018 on 14 May 2018. It was not possible for us to satisfy ourselves as to the existence and the 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, and the interim condensed consolidated financial information for the three month period ended 31 March 2019.

Qualified Conclusion

Based on our review, except for the possible effect of the matter described in the “Basis for Qualified Conclusion” paragraph above, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2 to the interim condensed consolidated financial information.



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

**The Board of Directors,
Al Mal Investment Company K.P.S.C.
State of Kuwait**

Emphasis of Matter

We draw attention to Note 6 to the interim condensed consolidated financial information, which describes the legal dispute for the recovery of the refundable development expenses and the related provision using the guidelines of the Central Bank of Kuwait ("CBK"). Our conclusion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Furthermore, except for the possible effect of the matter described in the "Basis for Qualified Conclusion" paragraph above and based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that nothing has come to our attention indicating any violations of the Companies' Law No. 1 of 2016, and 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, during the three month period ended 31 March 2019 that would materially affect the Group's activities or its interim condensed consolidated financial position.

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

Kuwait: 15 May 2019

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

Interim condensed consolidated statement of financial position (Unaudited)
As at 31 March 2019

	Notes	31 March 2019 KD	(Audited) 31 December 2018 KD	31 March 2018 KD
ASSETS				
Cash and cash equivalents	4	456,381	849,245	1,684,320
Financial assets at fair value through profit or loss ("FVPL")	5	2,716,475	4,262,226	5,827,902
Accounts receivable and other debit balances	6	3,957,957	3,718,794	3,601,531
Other current financial assets	7	99,000	99,000	191,479
Investment in associates	8	8,793,458	3,482,172	4,919,249
Investment properties	9	52,854	11,991,471	12,178,222
Property and equipment		-	50,315	92,640
Total assets		16,076,125	24,453,223	28,495,343
LIABILITIES AND EQUITY				
LIABILITIES				
Accounts payable and other credit balances		6,163,902	6,520,579	8,148,383
Murabaha payables	10	-	3,118,103	3,279,168
Bonds payable	11	900,000	900,000	900,000
Employees' end of service benefits		293,252	451,101	393,917
Total liabilities		7,357,154	10,989,783	12,721,468
EQUITY				
Share capital	12	31,024,591	31,024,591	31,024,591
Foreign currency translation reserve		(1,750,228)	(1,837,185)	(2,079,628)
Accumulated losses		(20,566,822)	(20,387,978)	(17,897,617)
Equity attributable to equity holders of the Parent Company		8,707,541	8,799,428	11,047,346
Non-controlling interests		11,430	4,664,012	4,726,529
Total equity		8,718,971	13,463,440	15,773,875
Total liabilities and equity		16,076,125	24,453,223	28,495,343

The accompanying notes on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.


 Ayman Ahmed Sheet
 Vice Chairman

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

Interim condensed consolidated statement of profit or loss (Unaudited)
For the three month period ended 31 March 2019

	Notes	Three months ended	
		31 March	
		2019	2018
		KD	KD
Income:			
Rental income		141,123	203,328
Management and consultancy fees		24,120	68,414
Net income from communication services		6,594	9,698
Net investments gain/(loss)	13	208,100	(116,502)
Share of results of associates	8	(89,319)	(31,030)
Foreign exchange gain/(loss)		2,846	(323)
Other income		13,741	432
		<u>307,205</u>	<u>134,017</u>
Expenses and other charges:			
Provision for expected credit losses		50,939	100,199
Accounts receivable and other debit balances written-off		-	37,868
Finance costs		31,051	46,787
General and administrative expenses		381,014	517,605
		<u>463,004</u>	<u>702,459</u>
Loss for the period		<u>(155,799)</u>	<u>(568,442)</u>
Attributable to:			
Equity holders of the Parent Company		(178,844)	(583,174)
Non-controlling interests		23,045	14,732
		<u>(155,799)</u>	<u>(568,442)</u>
Basic and diluted loss per share attributable to the equity holders of the Parent Company (fils)			
	15	<u>(0.58)</u>	<u>(1.88)</u>

The accompanying notes on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of comprehensive income (Unaudited)
For the three month period ended 31 March 2019

	Three months ended	
	31 March	
	2019	2018
	KD	KD
Loss for the period	<u>(155,799)</u>	<u>(568,442)</u>
Other comprehensive income/(loss) items:		
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>		
Foreign currency translation differences	<u>86,957</u>	<u>(13,622)</u>
Other comprehensive income/(loss) for the year	<u>86,957</u>	<u>(13,622)</u>
Total comprehensive loss for the year	<u>(68,842)</u>	<u>(582,064)</u>
Attributable to:		
Equity holders of the Parent Company	<u>(91,887)</u>	<u>(594,256)</u>
Non-controlling interests	<u>23,045</u>	<u>12,192</u>
	<u>(68,842)</u>	<u>(582,064)</u>

The accompanying notes on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of changes in equity (Unaudited)
For the three month period ended 31 March 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 1 January 2019	31,024,591	(1,837,185)	-	(20,387,978)	8,799,428	4,664,012	13,463,440
(Loss)/profit for the period	-	-	-	(178,844)	(178,844)	23,045	(155,799)
Other comprehensive income for the period	-	86,957	-	-	86,957	-	86,957
Total comprehensive income/(loss) for the period	-	86,957	-	(178,844)	(91,887)	23,045	(68,842)
Effect of derecognition of subsidiaries (Note 3)	-	-	-	-	-	(4,675,627)	(4,675,627)
At 31 March 2019	31,024,591	(1,750,228)	-	(20,566,822)	8,707,541	11,430	8,718,971
At 31 December 2017 ("As previously reported")	31,024,591	(2,068,546)	420,197	(17,574,565)	11,801,677	4,714,337	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)	-	(17,314,443)	11,641,602	4,714,337	16,355,939
(Loss)/profit for the period	-	-	-	(583,174)	(583,174)	14,732	(568,442)
Other comprehensive loss for the period	-	(11,082)	-	-	(11,082)	(2,540)	(13,622)
Total comprehensive (loss)/income for the period	-	(11,082)	-	(583,174)	(594,256)	12,192	(582,064)
At 31 March 2018	31,024,591	(2,079,628)	-	(17,897,617)	11,047,346	4,726,529	15,773,875

The accompanying notes on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of cash flows (Unaudited)
For the three month period ended 31 March 2019

	Notes	Three months ended	
		31 March	
		2019	2018
		KD	KD
OPERATING ACTIVITIES			
Loss for the period		(155,799)	(568,442)
<i>Adjustments for:</i>			
Net investments (gain)/loss	13	(208,100)	116,502
Share of results of associates	8	89,319	31,030
Accounts receivable and other debit balances written-off		-	37,868
Provision for expected credit losses	6	50,939	100,199
Depreciation		2,537	7,490
Gain on sale of property and equipment		-	2,642
Provision for employees' end of service benefits		13,384	42,418
Foreign exchange (gain)/loss		(2,846)	323
Finance costs		31,051	46,787
		<u>(179,515)</u>	<u>(183,183)</u>
<i>Changes in working capital:</i>			
Accounts receivable and other debit balances		(42,460)	66,403
Other current financial assets		-	450
Accounts payables and other credit balances		(20,486)	(836,644)
Cash flows used in operations		<u>(242,461)</u>	<u>(952,974)</u>
Employees' end of service benefits paid		(56,961)	(56,539)
Net cash flows used in operating activities		<u>(299,422)</u>	<u>(1,009,513)</u>
INVESTING ACTIVITIES			
Proceeds from sale of financial assets at fair value through profit or loss ("FVPL")		1,320,728	319,115
Purchase of financial assets at fair value through profit or loss ("FVPL")		-	(130,176)
Purchase of investment properties	9	(31,717)	-
Purchase of property and equipment		-	(15,735)
Proceeds from sale of property and equipment		-	10,000
Dividend income received		9,788	15,616
Interest income received		4,839	7,451
Net cash flows generated from investing activities		<u>1,303,638</u>	<u>206,271</u>
FINANCING ACTIVITIES			
Net movement in murabaha payables		29,970	-
Finance costs paid		-	(1,375)
Net cash flows generated from/(used in) financing activities		<u>29,970</u>	<u>(1,375)</u>
Foreign currency translation differences		76,139	-
Net increase/(decrease) in cash and cash equivalents		<u>1,110,325</u>	<u>(804,617)</u>
Cash and cash equivalents of derecognised subsidiaries	3	(1,503,189)	-
Cash and cash equivalents at the beginning of the period		849,245	2,488,937
Cash and cash equivalents at the end of the period	4	<u>456,381</u>	<u>1,684,320</u>

The Group has the following non-cash activities during the period, which is not reflected in the interim condensed consolidated statement of cash flows:

	Three months ended	
	31 March	
	2019	2018
	KD	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)	-

The accompanying notes on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

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 Market Authority ("CMA") as an investment company.

The interim condensed consolidated financial information include the interim condensed financial information of the Parent Company and its subsidiaries (together referred to as the "Group") (Note 3).

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 interim condensed consolidated financial information of the Group for the three month period ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 15 May 2019.

2. BASIS OF PREPARATION

These interim condensed consolidated financial information have been prepared in accordance with International Accounting Standard ("IAS 34") "Interim Financial Reporting", and with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK") and the Capital Market 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 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.

These interim condensed consolidated financial information should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2018 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRSs financial statements as modified for use by the State of Kuwait for financial services institutions regulated by CBK which require adoption of all IFRSs except for CBK's requirement for a minimum general provision of 1% for cash facilities and 0.5% for non-cash facilities. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. This is the first set of the Group's consolidated financial statement where IFRS 16 has been applied.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Group.

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

**Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019**

2. BASIS OF PREPARATION (CONTINUED)

Operating results for the three-month period ended 31 March 2019 is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019. For further information refer to the annual audited consolidated financial statements of the Group for the year ended 31 December 2018.

The same accounting policies and calculation methods adopted in the consolidated financial statements for the year ended 31 December 2018 were adopted in the preparation of the interim condensed consolidated financial information, except for the adoption of the following new standards and amendments effective as of 1 January 2019. Although these new standards and amendments will be applied for the first time in 2019, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group as described below:

- IFRS 16: Leases.
- Amendments to IFRS 9: Benefits of advance payment with negative compensation
- Amendments to IAS 28: Long-term Investments in Associates and Joint Ventures.
- Annual Improvements to IFRSs 2015-2017 Cycle (issued on December 2017) on the following:
 - IFRS 3 - Business combinations.
 - IFRS 11 - Joint arrangements.
 - IAS 23 - Borrowing Costs.

3. SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of the subsidiary	Country of incorporation	Voting rights and equity interest (Audited)			Principal activity
		31 March 2019 (%)	31 December 2018 (%)	31 March 2018 (%)	
Trasul Telecom Co. K.S.C. (Closed)	Kuwait	96.69%	96.69%	96.69%	Communication services
Diyar Al-Kuwait Real Estate Company K.S.C. (Closed)*	Kuwait	-	60.25%	60.25%	Real estate Development
Al Mal International for Project Management Company W.L.L.	Kuwait	80%	80%	80%	Real estate project management
Al Mal Qatari Holding Company K.S.C. (Closed)	Kuwait	97.50%	97.50%	97.50%	Real estate project management
Saudi Al Mal Company W.L.L.	Kingdom of Saudi Arabia	100%	100%	100%	Investment activities
Quick Facilities Management L.L.C.	United Arab Emirates	100%	100%	100%	Financial management services
Takharoj Financial and Administrative Consulting Company K.S.C. (Closed)	United Arab Emirates	99%	99%	99%	Consulting services
First Al-Mal Real Estate K.S.C. (Closed)*	Kuwait	-	90.70%	90.70%	Real estate development

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

The financial information of the subsidiaries has been consolidated based on financial information prepared by management as at 31 March 2019.

*During the three month period ended 31 March 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 90.70% of the former subsidiary First Al-Mal Real Estate K.S.C. (Closed) which in turn owns 20% of Diyar, against Armila Capital Limited, a company incorporated and registered in England and Wales (Note 8).

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

3. SUBSIDIARIES (CONTINUED)

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 in through representation in the Board of Directors (Note 8).
- The Group ceased consolidating First Al-Mal Real Estate K.S.C. (Closed) as it disposed the entire 90.70% equity interest.
- The Group recognised the 40% equity interest in Armila Capital Limited as an investment in associate amounting to KD 1,141,741 (Note 8). The legal formalities of the transfer of ownership have not been completed at the reporting date.

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
	<u>14,098,903</u>
LIABILITIES	
Accounts payable and other credit balances	336,191
Murabaha payables	3,179,001
Employees' end of service benefits	119,070
	<u>3,634,262</u>
	<u>10,464,641</u>
Derecognition of non-controlling interests	<u>(4,675,627)</u>
Net assets derecognised	<u>5,789,014</u>
Consideration:	
Assets recognised in the swap agreement	<u>(5,789,014)</u>
	<u>-</u>

4. CASH AND CASH EQUIVALENTS

	31 March 2019	(Audited) 31 December 2018	31 March 2018
	KD	KD	KD
Cash on hand and bank balances	446,515	839,344	1,681,094
Cash with portfolio managers	9,866	9,901	3,226
	<u>456,381</u>	<u>849,245</u>	<u>1,684,320</u>

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVPL”)

	31 March	(Audited)	31 March
	2019	31 December	2018
	KD	2018	2018
	KD	KD	KD
Quoted securities	129,395	810,729	748,715
Unquoted securities	1,796,396	1,431,165	2,843,470
Mutual funds	751,790	1,379,678	1,470,854
Investment portfolios	38,894	640,654	764,863
	<u>2,716,475</u>	<u>4,262,226</u>	<u>5,827,902</u>

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

	31 March	(Audited)	31 March
	2019	31 December	2018
	KD	2018	2018
	KD	KD	KD
At the beginning of the period/year	4,262,226	1,488,323	1,488,323
Impact on adoption of IFRS 9	-	4,668,087	4,668,087
Additions	-	306,560	-
Disposals	(1,049,839)	(869,610)	(210,817)
Effect of derecognition of a subsidiary (Note 3)	(418,496)	-	-
Change in fair value	<u>(77,416)</u>	<u>(1,331,134)</u>	<u>(117,691)</u>
	<u>2,716,475</u>	<u>4,262,226</u>	<u>5,827,902</u>

During the three month period ended 31 March 2019, the Group sold certain financial assets at fair value through profit or loss (“FVPL”) amounted to KD 1,049,839 (31 December 2018: KD 869,610 and 31 March 2018: KD 210,817). KD 270,889 has been recognised as gain on sale in the interim condensed consolidated statement of profit or loss (31 March 2018: loss of KD 21,878) (Note 13).

Valuation techniques of financial assets at fair value through profit or loss (“FVPL”) are disclosed in Note 17.2.

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	31 March	(Audited)	31 March
	2019	31 December	2018
	KD	2018	2018
	KD	KD	KD
Refundable development expenses*	17,808,246	17,808,246	17,863,199
Advances	1,293,899	1,356,659	1,299,225
Accounts receivable	176,320	109,424	220,685
Staff receivables	69,011	115,146	764
Due from related parties (Note 14)	491,491	431,427	209,696
Others	587,567	315,530	216,672
Less: provision for expected credit losses	<u>(16,468,577)</u>	<u>(16,417,638)</u>	<u>(16,208,710)</u>
	<u>3,957,957</u>	<u>3,718,794</u>	<u>3,601,531</u>

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

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

	31 March	(Audited)	31 March
	2019	31 December	2018
	KD	2018	2018
	KD	KD	KD
At the beginning of the period/year	16,417,638	16,040,318	16,040,318
Impact on adoption of IFRS 9	-	160,075	160,075
Charge during the period/year	50,939	296,530	100,199
Write-back during the period/year	-	(79,285)	(91,882)
At the end of the period/year	<u>16,468,577</u>	<u>16,417,638</u>	<u>16,208,710</u>

*Refundable development expenses represent development costs incurred for developing "Prince Faisal Abdul Aziz Bin Mubarak" economic city in the Kingdom of Saudi Arabia (the "Project"), under the development agreement signed between the Parent Company, and Knowledge Economic City-Kingdom of Saudi Arabia ("KEC"). During the year ended 31 December 2014, KEC announced the termination of the development contract 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 KEC 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 payable related to the project amounting to KD 1,767,928 as at 31 March 2019 (31 December 2018 and 31 March 2018: KD 1,767,928) (included under accounts payable and other credit balances) for which KEC requested these dues to be paid through the same legal case. Accordingly, a provision of KD 16,040,318 (31 December 2018 and 31 March 2018: KD 16,040,318) has been provided in prior years.

Currently the litigation is pending before the court of appeal. Next hearing is scheduled at 25 June 2019.

7. OTHER CURRENT FINANCIAL ASSETS

	31 March	(Audited)	31 March
	2019	31 December	2018
	KD	2018	2018
	KD	KD	KD
Financing receivables	-	-	91,479
Investment in bonds	99,000	99,000	100,000
	<u>99,000</u>	<u>99,000</u>	<u>191,479</u>

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

8. INVESTMENT IN ASSOCIATES

Name of the associate	Country of incorporation	Equity interest (Audited)			Carrying value (Audited)		
		31 March 2019 %	31 December 2018 %	31 March 2018 %	31 March 2019 KD	31 December 2018 KD	31 March 2018 KD
Zone Advanced General Trading Company W.L.L.	Kuwait	40%	40%	40%	2,875,468	2,957,674	2,939,619
MAC SA , Stock brokerage Company	Tunisia	48%	48%	48%	220,242	254,214	365,985
United Insurance Company	Syria	18%	18%	18%	286,079	270,284	215,880
Falcon Aviation Group Limited	British Virgin Islands	-	-	20%	-	-	1,397,765
Diyar Al-Kuwait Real Estate Company K.S.C. (Closed) (a)	Kuwait	40.25%	-	-	4,269,928	-	-
Armila Capital Limited (b)	United Kingdom	40%	-	-	1,141,741	-	-
					<u>8,793,458</u>	<u>3,482,172</u>	<u>4,919,249</u>

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

	31 March 2019 KD	(Audited) 31 December 2018 KD	31 March 2018 KD
Balance at the beginning of period/year	3,482,172	4,948,756	4,948,756
Addition during the period/year (Note (a) and (b))	5,386,707	-	-
Liquidation of an associate	-	(1,411,988)	-
Share of results of associates	(89,319)	(4,578)	(31,030)
Foreign currency translation differences	13,898	(50,018)	1,523
Balance at the end of the period/year	<u>8,793,458</u>	<u>3,482,172</u>	<u>4,919,249</u>

(a) During the three month period ended 31 March 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 3).

(b) During the three month period ended 31 March 2019, the Group acquired 40% equity interest in Armila Capital Limited through a swap of assets agreement (Note 3).

Investment in associates is measured using the equity method.

The share of results of associates has been recorded based on management accounts prepared by management of the associates as at 31 March 2019.

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

8. INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information relating to the Group's investment in associates:

Associates' financial position:

	31 March 2019	(Audited) 31 December 2018	31 March 2018
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Total assets	27,065,274	12,587,007	31,818,793
Total liabilities	8,225,582	3,193,057	15,543,720
Net assets	<u>18,839,692</u>	<u>9,393,950</u>	<u>16,275,073</u>
Share of net assets of associates	<u>8,793,458</u>	<u>3,482,172</u>	<u>4,919,249</u>

Associates' revenues and results:

	31 March 2019	(Audited) 31 December 2018	31 March 2018
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Revenues	<u>500,485</u>	<u>1,118,497</u>	<u>395,508</u>
(Loss)/profit	<u>(181,515)</u>	<u>57,004</u>	<u>(179,287)</u>
Share of results of associates	<u>(89,319)</u>	<u>(4,578)</u>	<u>(31,030)</u>

9. INVESTMENT PROPERTIES

	31 March 2019	(Audited) 31 December 2018	31 March 2018
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Balance at the beginning of period/year	11,991,471	12,185,134	12,185,134
Additions	31,717	91,635	-
Effect of derecognition of a subsidiary (Note 3)	(11,971,929)	-	-
Change in fair value	-	(292,424)	-
Foreign currency translation differences	1,595	7,126	(6,912)
Balance at the end of the period/year	<u>52,854</u>	<u>11,991,471</u>	<u>12,178,222</u>

10. MURABAHA PAYABLES

	31 March 2019	(Audited) 31 December 2018	31 March 2018
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Murabaha payables	<u>-</u>	<u>3,118,103</u>	<u>3,279,168</u>

During the period ended 31 March 2019, murabaha payables amounted to KD 3,179,001 (including accrued profit) were decoregnised upon deconsolidation of the former subsidiary Diyar Al-Kuwait Real Estate Company K.S.C. (Closed) (Note 3).

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For the three month period ended 31 March 2019

11. BONDS PAYABLE

	31 March	(Audited)	31 March
	2019	31 December	2018
	KD	KD	KD
Bonds payable	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>

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 bonds.

The bondholder owning the remaining bonds with carrying value of KD 900,000 filed a legal case against the Parent Company to recover the full face value of the bonds.

On 10 November 2016, the bondholders agreed to extend the due date of the issued bonds to 18 November 2019 and to reduce the interest on the fixed interest bearing bonds to 0.5% per annum and the floating interest bearing bonds to bear a maximum interest rate of 0.5% per annum.

During the year ended 31 December 2017, the Parent Company lost the legal case against the bondholder who had previously agreed to the settlement agreement but later refused to take ownership of the shares offered in return of the debt. The verdict was issued by the court of appeal on 13 July 2017 which granted the bondholder the right to the price used for debt to equity swap amounting to KD 270,000 for which the Group paid during the year ended 31 December 2017.

The Parent Company filed another legal case against the same bondholder, and the 2,700,000 shares issued previously to bondholder (with par value of KD 270,000) are currently held with a custodian until the legal dispute is resolved.

The judgment relating to the legal case is currently pending before the Courts of Appeal whereby the hearing will be held on 22 May 2019. The outcome of the above litigation is dependent on the future outcome of continuing legal and regulatory process. Management believes that the legal case will be in favor of the Parent Company and does not expect any liabilities to arise upon the final decision by the Court of Final Appeal.

12. SHARE CAPITAL

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

13. NET INVESTMENTS GAIN/(LOSS)

	Three months ended	
	31 March	
	2019	2018
	KD	KD
Gain/(loss) from sale of financial assets at fair value through profit or loss ("FVPL")	270,889	(21,878)
Change in fair value of financial assets at fair value through profit or loss ("FVPL")	(77,416)	(117,691)
Interest income	4,839	7,451
Dividend income	9,788	15,616
	<u>208,100</u>	<u>(116,502)</u>

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

14. 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:

	31 March 2019	(Audited) 31 December 2018	31 March 2018
	KD	KD	KD
Interim condensed consolidated statement of financial position:			
Due from related parties (included in accounts receivable and debit balances) (Note 6)	491,491	431,427	209,696
Investment in associates (Note 8)	<u>8,793,458</u>	<u>3,482,172</u>	<u>4,919,249</u>
	31 March 2019	(Audited) 31 December 2018	31 March 2018
	KD	KD	KD
Due to related parties (included in accounts payable and other credit balances)	<u>-</u>	<u>3,053,466</u>	<u>4,588,553</u>

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

	Three months ended 31 March	
	2019	2018
	KD	KD
Interim condensed consolidated statement of profit or loss:		
Transactions		
Share of results of associates	(89,319)	(31,030)
Management and consultancy fees	<u>24,120</u>	<u>27,470</u>
Key management compensation		
Salaries and other short-term benefits	<u>46,233</u>	<u>54,960</u>
End of service benefits	<u>3,104</u>	<u>6,719</u>

Notes to the interim condensed consolidated financial information (Unaudited)
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15. BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY (FILS)

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

	Three months ended	
	31 March	
	2019	2018
Loss for the period attributable to the equity holders of the Parent Company (KD)	(178,844)	(583,174)
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 (Basic and diluted) (fils)	(0.58)	(1.88)

16. SEGMENTAL INFORMATION

The Group identifies its operating segments on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to assess its performance.

Financial information about the operating segments as follows:

	31 March 2019				
	Real estate	Investments	Financing	Unallocated	Total
	KD	KD	KD	KD	KD
Segment income	141,123	138,063	4,839	23,180	307,205
Segment expenses and other charges	(94,810)	(189,534)	(1,110)	(177,550)	(463,004)
Segment results	46,313	(51,471)	3,729	(154,370)	(155,799)
Segment assets and liabilities					
Segment assets	4,322,784	10,526,729	-	1,226,612	16,076,125
Segment liabilities	-	3,687,434	915,034	2,754,686	7,357,154
	31 March 2018				
	Real estate	Investments	Financing	Unallocated	Total
	KD	KD	KD	KD	KD
Segment income	203,328	(86,568)	7,451	9,806	134,017
Segment expenses and other charges	(171,990)	(473,234)	(1,375)	(55,860)	(702,459)
Segment results	31,338	(559,802)	6,076	(46,054)	(568,442)
Segment assets and liabilities					
Segment assets	13,803,618	13,923,338	91,479	676,908	28,495,343
Segment liabilities	3,783,588	3,389,173	915,034	4,633,673	12,721,468

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

17. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

17.1 Financial risk factors

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018. There have been no changes in the risk management policies since the year end.

17.2 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
- 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 interim condensed statement of financial position are grouped into the fair value hierarchy as follows:

31 March 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD	KD
<i>Financial assets at fair value through profit or loss ("FVPL")</i>				
Quoted securities	129,395	-	-	129,395
Unquoted securities	-	-	1,796,396	1,796,396
Mutual funds	-	-	751,790	751,790
Investment portfolios	-	38,894	-	38,894
	<u>129,395</u>	<u>38,894</u>	<u>2,548,186</u>	<u>2,716,475</u>
31 December 2018 (Audited)	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD	KD
<i>Financial assets at fair value through profit or loss ("FVPL")</i>				
Quoted securities	810,729	-	-	810,729
Unquoted securities	-	-	1,431,165	1,431,165
Mutual funds	-	170,189	1,209,489	1,379,678
Investment portfolios	156,098	-	484,556	640,654
	<u>966,827</u>	<u>170,189</u>	<u>3,125,210</u>	<u>4,262,226</u>

Notes to the interim condensed consolidated financial information (Unaudited)
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17. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

17.2 Fair value estimation (Continued)

31 March 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD	KD
<i>Financial assets at fair value through profit or loss ("FVPL")</i>				
Quoted securities	730,521	-	18,194	748,715
Unquoted securities	-	-	2,843,470	2,843,470
Mutual funds	-	157,279	1,313,575	1,470,854
Investment portfolios	226,791	-	538,072	764,863
	<u>957,312</u>	<u>157,279</u>	<u>4,713,311</u>	<u>5,827,902</u>

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 period/year, there were no transfers between level 1, level 2 and level 3.

18. FIDUCIARY ASSETS

The Group manages mutual funds and portfolios on behalf of its major shareholders, other related parties and third parties, and maintains securities in fiduciary accounts which are not reflected in the Group's interim condensed consolidated financial information. Assets under management at 31 March 2019 amounted to KD 16,295,977 (31 December 2018: KD 16,143,827 and 31 March 2018: KD 41,742,460).

19. 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 (31 December 2017: Nil).
- The Board of Directors' proposal not to pay Board of Directors remuneration for the financial year ended 31 December 2018 (31 December 2017: Nil).

20. COMPARATIVE FIGURES

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