
**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 nine month period ended 30 September 2019

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

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For the nine month period ended 30 September 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 30 September 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 nine 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 preparation 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

Except for the possible effects of the matters described in the "Basis for Qualified Conclusion" paragraph below, 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 nine month period ended 30 September 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 nine month period ended 30 September 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 "Zone Advanced General Trading Company W.L.L." ("Zone") an associate, for the year ended 31 December 2018, and an unmodified conclusion on the interim condensed consolidated financial information for the nine month period ended 30 September 2018 on 13 November 2018. It was not possible for us to satisfy ourselves as to the carrying value 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 nine month period ended 30 September 2019.
- Investment in associates
 - (i) As stated in Note 7 to the interim condensed consolidated financial information, investment in associates include KD 2,874,328 (31 December 2018: KD 2,957,674 and 30 September 2018: KD 2,957,674) which represents the carrying value of investment in Zone, and the share of results amounted to (KD 83,346) (loss) for the nine month period ended 30 September 2019 (30 September 2018: profit of KD 5,707). The Group's share of the total net assets and total loss of Zone represents 20.12% of the Group's total consolidated assets (31 December 2018: 12.10% and 30 September 2018: 11.17%) and 4.45% of the Group's total consolidated loss for the period (30 September 2018: 0.36%), respectively.
 - (ii) As stated in Note 7 to the interim condensed consolidated financial information, investment in associates include KD 1,076,315 (31 December 2018 and 30 September 2018: Nil) which represents the carrying value of investment in Armila Capital Limited ("Armila"), and the share of results amounted to KD 1,697 for the nine month period ended 30 September 2019 (30 September 2018: Nil). The Group's share of the total net assets and results of Armila represents 7.53% of the Group's total consolidated assets (31 December 2018 and 30 September 2018: Nil) and 0.09% of the Group's total consolidated loss for the period (30 September 2018: Nil), respectively.



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

Basis for Qualified Conclusion (Continued)

The share of results of Zone and Armila has been recorded based on financial information prepared by management of the associates as at 30 September 2019 and 30 June 2019, respectively. We were unable to satisfy ourselves by alternative means about the carrying value of the investment in Zone and Armila at 30 September 2019 and the share of results for the nine month period then ended because we did not obtain the reviewed financial information of Zone for the nine month period ended 30 September 2019 and the audited financial statements for the year ended 31 December 2018, as well as the reviewed financial information of Armila for the nine month period ended 30 September 2019. In addition, we were unable to satisfy ourselves by alternative means about the Group's 40% ownership in Armila because we have not been provided with the related original share certificate. Consequently, we were unable to determine whether any adjustments may be required to the interim condensed consolidated financial information for the nine month period ended 30 September 2019.

Qualified Conclusion

Based on our review, except for the possible effects of the matters 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.

Emphasis of Matters

We draw attention to the following:

- Note 6 and Note 10 to the interim condensed consolidated financial information which describes the uncertainty related to the outcome of the legal disputes for the recovery of the refundable development expenses and the bonds payable, respectively.
- Note 6 to the interim condensed consolidated financial information with respect to the advances paid towards purchase of properties in the Syrian Arab Republic.

Our conclusion is not qualified in respect of the above matters.

Report on other legal and regulatory requirements

Furthermore, except for the possible effects of the matters 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, except for the possible effects of the matters described in the "Basis for Qualified Conclusion" paragraph above, 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 nine month period ended 30 September 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: 9 December 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 30 September 2019

	Notes	30 September 2019 KD	(Audited) 31 December 2018 KD	30 September 2018 KD
ASSETS				
Cash and cash equivalents	4	279,836	849,245	1,363,863
Financial assets at fair value through profit or loss ("FVPL")	5	1,973,511	4,262,226	5,362,238
Accounts receivable and other debit balances	6	3,565,610	3,718,794	3,724,537
Other current financial assets		99,000	99,000	100,000
Investment in associates	7	8,321,268	3,482,172	3,513,351
Investment properties	8	47,877	11,991,471	12,341,314
Property and equipment		-	50,315	75,578
Total assets		14,287,102	24,453,223	26,480,881
LIABILITIES AND EQUITY				
LIABILITIES				
Accounts payable and other credit balances		6,132,753	6,520,579	6,743,674
Murabaha payables	9	-	3,118,103	3,371,505
Bonds payable	10	900,000	900,000	900,000
Employees' end of service benefits		253,397	451,101	445,755
Total liabilities		7,286,150	10,989,783	11,460,934
EQUITY				
Share capital	11	31,024,591	31,024,591	31,024,591
Foreign currency translation reserve		(1,749,201)	(1,837,185)	(1,816,878)
Accumulated losses		(22,285,607)	(20,387,978)	(18,959,330)
Equity attributable to equity holders of the Parent Company		6,989,783	8,799,428	10,248,383
Non-controlling interests		11,169	4,664,012	4,771,564
Total equity		7,000,952	13,463,440	15,019,947
Total liabilities and equity		14,287,102	24,453,223	26,480,881

The accompanying notes on pages 8 to 19 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 nine month period ended 30 September 2019

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019	2018	2019	2018
		KD	KD	KD	KD
Income:					
Rental income		-	206,041	141,123	608,270
Change in fair value of investment properties	8	-	763	(4,979)	56,036
Management and consultancy fees	13	19,629	19,446	66,350	106,087
Net income from communication services		5,582	6,041	18,722	27,430
Net investments (loss)/gain	12	(136,072)	49,055	(212,291)	(187,222)
Share of results of associates	7	(289,492)	21,852	(548,734)	7,864
Loss on liquidation of an associate		-	(142,708)	-	(142,708)
Foreign exchange gain/(loss)		2,593	107	2,021	(1,386)
Other income		325	168	32,827	81,332
		<u>(397,435)</u>	<u>160,765</u>	<u>(504,961)</u>	<u>555,703</u>
Expenses and other charges:					
Provision for expected credit losses	6	(444,374)	-	(495,313)	(278,483)
Accounts receivable and other debit balances written-off		-	-	-	(37,868)
Finance costs		(1,480)	(47,405)	(80,404)	(150,372)
General and administrative expenses		<u>(170,234)</u>	<u>(498,307)</u>	<u>(794,167)</u>	<u>(1,678,703)</u>
		<u>(616,088)</u>	<u>(545,712)</u>	<u>(1,369,884)</u>	<u>(2,145,426)</u>
Loss for the period		<u>(1,013,523)</u>	<u>(384,947)</u>	<u>(1,874,845)</u>	<u>(1,589,723)</u>
Attributable to:					
Equity holders of the Parent Company		(1,013,299)	(398,085)	(1,897,629)	(1,644,887)
Non-controlling interests		<u>(224)</u>	<u>13,138</u>	<u>22,784</u>	<u>55,164</u>
		<u>(1,013,523)</u>	<u>(384,947)</u>	<u>(1,874,845)</u>	<u>(1,589,723)</u>
Basic and diluted loss per share attributable to the equity holders of the Parent Company (fils)	14	<u>(3.27)</u>	<u>(1.28)</u>	<u>(6.12)</u>	<u>(5.30)</u>

The accompanying notes on pages 8 to 19 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 nine month period ended 30 September 2019

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	KD	KD	KD	KD
Loss for the period	(1,013,523)	(384,947)	(1,874,845)	(1,589,723)
Other comprehensive (loss)/income items:				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Reclassification of foreign currency translation differences on liquidation of an associate	-	283,540	-	283,540
Foreign currency translation differences	(18,417)	(20,779)	87,984	(29,809)
Other comprehensive (loss)/income for the period	(18,417)	262,761	87,984	253,731
Total comprehensive loss for the period	(1,031,940)	(122,186)	(1,786,861)	(1,335,992)
Attributable to:				
Equity holders of the Parent Company	(1,031,716)	(135,845)	(1,809,645)	(1,393,219)
Non-controlling interests	(224)	13,659	22,784	57,227
	(1,031,940)	(122,186)	(1,786,861)	(1,335,992)

The accompanying notes on pages 8 to 19 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 nine month period ended 30 September 2019**

	Equity attributable to equity holders of the Parent Company						Total equity KD
	Share capital KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Accumulated losses KD	Sub-total KD	Non-controlling interests 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	-	-	-	(1,897,629)	(1,897,629)	22,784	(1,874,845)
Other comprehensive income for the period	-	87,984	-	-	87,984	-	87,984
Total comprehensive income/(loss) for the period	-	87,984	-	(1,897,629)	(1,809,645)	22,784	(1,786,861)
Effect of derecognition of subsidiaries (Note 3)	-	-	-	-	-	(4,675,627)	(4,675,627)
At 30 September 2019	31,024,591	(1,749,201)	-	(22,285,607)	6,989,783	11,169	7,000,952
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	-	-	-	(1,644,887)	(1,644,887)	55,164	(1,589,723)
Other comprehensive income for the period	-	251,668	-	-	251,668	2,063	253,731
Total comprehensive income/(loss) for the period	-	251,668	-	(1,644,887)	(1,393,219)	57,227	(1,335,992)
At 30 September 2018	31,024,591	(1,816,878)	-	(18,959,330)	10,248,383	4,771,564	15,019,947

The accompanying notes on pages 8 to 19 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 nine month period ended 30 September 2019

	Notes	Nine months ended 30 September	
		2019	2018
		KD	KD
OPERATING ACTIVITIES			
Loss for the period		(1,874,845)	(1,589,723)
<i>Adjustments for:</i>			
Net investments loss	12	212,291	187,222
Share of results of associates	7	548,734	(7,864)
Provision for expected credit losses	6	495,313	278,483
Change in fair value of investment properties	8	4,979	(56,036)
Depreciation		2,537	24,728
Loss on sale of property and equipment		-	2,642
Provision for employees' end of service benefits		34,725	105,720
Finance costs		80,404	150,372
Foreign exchange (gain)/loss		(2,021)	1,386
		<u>(497,883)</u>	<u>(903,070)</u>
<i>Changes in working capital:</i>			
Accounts receivable and other debit balances		(95,312)	215,165
Accounts payables and other credit balances		(100,988)	(870,204)
Cash flows used in operations		<u>(694,183)</u>	<u>(1,558,109)</u>
Employees' end of service benefits paid		(117,889)	(68,003)
Net cash flows used in operating activities		<u>(812,072)</u>	<u>(1,626,112)</u>
INVESTING ACTIVITIES			
Proceeds from sale of financial assets at fair value through profit or loss ("FVPL")		1,628,644	485,484
Purchase of investment properties	8	(31,717)	(87,379)
Purchase of property and equipment		-	(15,911)
Proceeds from sale of property and equipment		-	10,000
Dividend income received	12	20,882	106,358
Interest income received	12	8,402	15,108
Net cash flows generated from investing activities		<u>1,626,211</u>	<u>513,660</u>
FINANCING ACTIVITIES			
Net movement in murabaha payables		29,970	-
Finance costs paid		-	(12,622)
Net cash flows generated from/(used in) financing activities		<u>29,970</u>	<u>(12,622)</u>
Foreign currency translation differences		89,671	-
Net increase/(decrease) in cash and cash equivalents		<u>933,780</u>	<u>(1,125,074)</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>279,836</u>	<u>1,363,863</u>

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

	Nine months ended 30 September	
	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 19 form an integral part of this interim condensed consolidated financial information.

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 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 Board of Directors 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 Meeting has not been held as at the date of the issuance of this interim condensed consolidated financial information.

The interim condensed consolidated financial information of the Group for the nine month period ended 30 September 2019 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 9 December 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 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 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.

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine month period ended 30 September 2019

2. BASIS OF PREPARATION (CONTINUED)

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 consolidated 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 consolidated 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.

Operating results for the nine month period ended 30 September 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			Principal activity
		30 September 2019	(Audited)		
		2019	31 December 2018	30 September 2018	
		(%)	(%)	(%)	
Trasul Telecom Company 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

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine month period ended 30 September 2019

3. SUBSIDIARIES (CONTINUED)

Certain subsidiaries' shares are held by other shareholders 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 30 September 2019.

*During the nine month period ended 30 September 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, against Armila Capital Limited, a company incorporated and registered in England and Wales (Note 7).

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 7).
- 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 7).

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 (Note 7 (a) & (b))	<u>(5,789,014)</u>
	<u>-</u>

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine month period ended 30 September 2019

4. CASH AND CASH EQUIVALENTS

	30 September 2019	(Audited) 31 December 2018	30 September 2018
	KD	KD	KD
Cash on hand and bank balances	269,763	839,344	1,353,737
Cash with portfolio managers	10,073	9,901	10,126
	<u>279,836</u>	<u>849,245</u>	<u>1,363,863</u>

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

	30 September 2019	(Audited) 31 December 2018	30 September 2018
	KD	KD	KD
Quoted securities	132,214	810,729	837,396
Unquoted securities	1,194,433	1,431,165	2,311,399
Mutual funds	618,844	1,379,678	1,551,427
Investment portfolios	28,020	640,654	662,016
	<u>1,973,511</u>	<u>4,262,226</u>	<u>5,362,238</u>

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

	30 September 2019	(Audited) 31 December 2018	30 September 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	(1,665,873)	(869,610)	(560,660)
Effect of derecognition of a subsidiary (Note 3)	(418,496)	-	-
Change in fair value	(204,346)	(1,331,134)	(233,512)
	<u>1,973,511</u>	<u>4,262,226</u>	<u>5,362,238</u>

During the nine month period ended 30 September 2019, KD 37,229 has been recognised as loss on sale of certain financial assets at fair value through profit or loss in the interim condensed consolidated statement of profit or loss (30 September 2018: KD 75,176) (Note 12).

Valuation techniques of financial assets at fair value through profit or loss ("FVPL") are disclosed in Note 16.2.

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine month period ended 30 September 2019

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	30 September 2019	(Audited) 31 December 2018	30 September 2018
	KD	KD	KD
*Refundable development expenses	17,808,246	17,808,246	17,808,246
Less: provision for expected credit losses	<u>(16,040,318)</u>	<u>(16,040,318)</u>	<u>(16,040,318)</u>
	1,767,928	1,767,928	1,767,928
**Advances	1,211,913	1,356,659	1,316,265
Less: impairment	<u>(273,454)</u>	<u>(273,454)</u>	<u>(67,508)</u>
	938,459	1,083,205	1,248,757
Accounts receivable	126,199	109,424	62,688
Staff receivables	115,173	115,146	140,478
Less: provision for expected credit losses	<u>(68,866)</u>	<u>(68,866)</u>	<u>(68,866)</u>
	172,506	155,704	134,300
Due from related parties (Note 13)	586,055	431,427	211,802
Less: provision for expected credit losses	<u>(436,303)</u>	<u>-</u>	<u>-</u>
	149,752	431,427	211,802
Other debit balances	630,975	315,530	370,320
Less: provision for expected credit losses	<u>(94,010)</u>	<u>(35,000)</u>	<u>(8,570)</u>
	536,965	280,530	361,750
	<u>3,565,610</u>	<u>3,718,794</u>	<u>3,724,537</u>

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

	30 September 2019	(Audited) 31 December 2018	30 September 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	495,313	296,530	278,483
Write-back during the period/year	-	<u>(79,285)</u>	<u>(293,614)</u>
At the end of the period/year	<u>16,912,951</u>	<u>16,417,638</u>	<u>16,185,262</u>

*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 related to the project amounting to KD 1,767,928 as at 30 September 2019 (31 December 2018 and 30 September 2018: KD 1,767,928) (included in accounts payable and other credit balances) 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 (31 December 2018 and 30 September 2018: KD 16,040,318) has been provided in prior years.

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine month period ended 30 September 2019

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES (CONTINUED)

On 25 June 2019, a first instance judgment has been issued by the Administrative Court of Jeddah (the "Court") rejecting the legal case and obliging the Parent Company to settle Saudi Riyal 22,500,000 (equivalent to KD 1.9 million at 30 September 2019) to ECA. On 17 October 2019, the Group appealed against the judgment. The next hearing is scheduled on 18 December 2019.

**Advances include an amount of KD 917,856 as at 30 September 2019 (31 December 2018 and 30 September 2018: KD 917,856) paid towards purchase of properties in the Syrian Arab Republic. The legal formalities of transferring the legal title of the properties to the Parent Company is still in progress till the date of issuance of the interim condensed consolidated financial information for the nine month period ended 30 September 2019.

7. INVESTMENT IN ASSOCIATES

Name of the associate	Country of incorporation	Voting rights and equity interest (Audited)			Carrying value (Audited)		
		30 September 2019 %	31 December 2018 %	30 September 2018 %	30 September 2019 KD	31 December 2018 KD	30 September 2018 KD
*Zone Advanced General Trading Company W.L.L.	Kuwait	40%	40%	40%	2,874,328	2,957,674	2,957,674
**MAC SA, Stock brokerage Company	Tunisia	48%	48%	48%	257,886	254,214	329,333
*United Insurance Company	Syria	18%	18%	18%	346,903	270,284	226,344
*Diyar Al-Kuwait Real Estate Company K.S.C. (Closed) (a)	Kuwait	40.25%	-	-	3,765,836	-	-
**Armila Capital Limited (b)	United Kingdom	40%	-	-	1,076,315	-	-
					<u>8,321,268</u>	<u>3,482,172</u>	<u>3,513,351</u>

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

	30 September 2019 KD	(Audited) 31 December 2018 KD	30 September 2018 KD
Balance at the beginning of the period/year	3,482,172	4,948,756	4,948,756
Additions during the period/year (Note (a) and (b))	5,386,707	-	-
Liquidation of an associate	-	(1,411,988)	(1,411,988)
Share of results of associates	(548,734)	(4,578)	7,864
Foreign currency translation differences	1,123	(50,018)	(31,281)
Balance at the end of the period/year	<u>8,321,268</u>	<u>3,482,172</u>	<u>3,513,351</u>

(a) During the nine month period ended 30 September 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 nine month period ended 30 September 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 these associates has been recorded based on financial information prepared by management of the associates as at 30 September 2019.

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine month period ended 30 September 2019

7. INVESTMENT IN ASSOCIATES (CONTINUED)

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

8. INVESTMENT PROPERTIES

	30 September 2019	(Audited) 31 December 2018	30 September 2018
	KD	KD	KD
Balance at the beginning of period/year	11,991,471	12,185,134	12,185,134
Additions	31,717	91,635	87,379
Effect of derecognition of a subsidiary (Note 3)	(11,971,929)	-	-
Change in fair value	(4,979)	(292,424)	56,036
Foreign currency translation differences	1,597	7,126	12,765
Balance at the end of the period/year	<u>47,877</u>	<u>11,991,471</u>	<u>12,341,314</u>

9. MURABAHA PAYABLES

	30 September 2019	(Audited) 31 December 2018	30 September 2018
	KD	KD	KD
Murabaha payables	<u>-</u>	<u>3,118,103</u>	<u>3,371,505</u>

During the period ended 30 September 2019, murabaha payables amounted to KD 3,179,001 (including accrued profit) were derecognised upon deconsolidation of the former subsidiary Diyar Al-Kuwait Real Estate Company K.S.C. (Closed) (Note 3).

10. BONDS PAYABLE

	30 September 2019	(Audited) 31 December 2018	30 September 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.

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

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.

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 approved obliging the Parent Company to pay the outstanding coupon amount of KD 46,762 and the litigation fees of KD 13,953. As a result, the Parent Company recognised a provision against these amounts in the interim condensed consolidated financial information for the period ended 30 September 2019 (included in accounts payable and other credit balances).

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine month period ended 30 September 2019

11. SHARE CAPITAL

The authorised, issued and fully paid-up share capital is KD 31,024,591 (31 December 2018: KD 31,024,591 and 30 September 2018: KD 31,024,591) divided into 310,245,910 shares (31 December 2018: 310,245,910 and 30 September 2018: 310,245,910 shares) of 100 fils each. All shares are paid in cash.

12. NET INVESTMENTS (LOSS)/GAIN

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	KD	KD	KD	KD
Loss from sale of financial assets at fair value through profit or loss ("FVPL")	(90,148)	(54,095)	(37,229)	(75,176)
Change in fair value of financial assets at fair value through profit or loss ("FVPL")	(60,355)	74,615	(204,346)	(233,512)
Dividend income	11,094	24,805	20,882	106,358
Interest income	3,337	3,730	8,402	15,108
	<u>(136,072)</u>	<u>49,055</u>	<u>(212,291)</u>	<u>(187,222)</u>

13. 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:

	30 September	(Audited)	30 September
	2019	31 December	2018
	KD	KD	KD
Interim condensed consolidated statement of financial position:			
*Due from related parties (included in accounts receivable and other debit balances) (Note 6)	<u>149,752</u>	<u>431,427</u>	<u>211,802</u>
Investment in associates (Note 7)	<u>8,321,268</u>	<u>3,482,172</u>	<u>3,513,351</u>

*During the nine month period ended 30 September 2019, the Group recorded provision for expected credit losses amounted to KD 436,303 (30 September 2018: Nil) against due from related parties (Note 6).

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine month period ended 30 September 2019

13. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

	30 September 2019 KD	(Audited) 31 December 2018 KD	30 September 2018 KD
Due to related parties (included in accounts payable and other credit balances)	-	3,053,466	3,070,830

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

	Three months ended 30 September		Nine months ended 30 September	
	2019 KD	2018 KD	2019 KD	2018 KD
Interim condensed consolidated statement of profit or loss:				
Management and consultancy fees	19,629	19,446	66,350	65,143
Share of results of associates (Note 7)	(289,492)	21,852	(548,734)	7,864
Key management compensation				
Salaries and other short-term benefits	20,960	50,319	88,904	200,798
End of service benefits	1,726	3,822	6,556	14,342

14. 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 30 September		Nine months ended 30 September	
	2019 KD	2018 KD	2019 KD	2018 KD
Loss for the period attributable to the equity holders of the Parent Company (KD)	(1,013,299)	(398,085)	(1,897,629)	(1,644,887)
Weighted average number of shares outstanding (shares)	310,245,910	310,245,910	310,245,910	310,245,910
Basic and diluted loss per share attributable to the equity holders of the Parent Company (fils)	(3.27)	(1.28)	(6.12)	(5.30)

15. 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.

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine month period ended 30 September 2019

15. SEGMENTAL INFORMATION (CONTINUED)

Financial information about the operating segments is as follows:

	30 September 2019				
	Real estate KD	Investments KD	Financing KD	Unallocated KD	Total KD
Segment income/net (loss)	136,144	(694,675)	-	53,570	(504,961)
Segment expenses and other charges	(82,246)	(731,096)	(516,707)	(39,835)	(1,369,884)
Segment results	<u>53,898</u>	<u>(1,425,771)</u>	<u>(516,707)</u>	<u>13,735</u>	<u>(1,874,845)</u>
Segment assets and liabilities					
Segment assets	<u>1,815,805</u>	<u>11,662,826</u>	<u>99,000</u>	<u>709,471</u>	<u>14,287,102</u>
Segment liabilities	<u>2,651,081</u>	<u>3,196,459</u>	<u>962,130</u>	<u>476,480</u>	<u>7,286,150</u>
	30 September 2018				
	Real estate KD	Investments KD	Financing KD	Unallocated KD	Total KD
Segment income/net (loss)	664,306	(231,087)	15,108	107,376	555,703
Segment expenses and other charges	(496,424)	(1,289,698)	(107,002)	(252,302)	(2,145,426)
Segment results	<u>167,882</u>	<u>(1,520,785)</u>	<u>(91,894)</u>	<u>(144,926)</u>	<u>(1,589,723)</u>
Segment assets and liabilities					
Segment assets	<u>14,109,242</u>	<u>11,488,209</u>	<u>311,802</u>	<u>571,628</u>	<u>26,480,881</u>
Segment liabilities	<u>2,651,081</u>	<u>4,795,887</u>	<u>915,367</u>	<u>3,098,599</u>	<u>11,460,934</u>

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

16.1 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.

16.2 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.

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

16.2 Fair value estimation (Continued)

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

30 September 2019	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<i>Financial assets at fair value through profit or loss ("FVPL")</i>				
Quoted securities	132,214	-	-	132,214
Unquoted securities	-	-	1,194,433	1,194,433
Mutual funds	-	-	618,844	618,844
Investment portfolios	-	28,020	-	28,020
	<u>132,214</u>	<u>28,020</u>	<u>1,813,277</u>	<u>1,973,511</u>
31 December 2018 (Audited)	Level 1	Level 2	Level 3	Total
	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>
30 September 2018	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<i>Financial assets at fair value through profit or loss ("FVPL")</i>				
Quoted securities	837,396	-	-	837,396
Unquoted securities	-	-	2,311,399	2,311,399
Mutual funds	-	175,444	1,375,983	1,551,427
Investment portfolios	176,492	-	485,524	662,016
	<u>1,013,888</u>	<u>175,444</u>	<u>4,172,906</u>	<u>5,362,238</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.

17. 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 interim condensed consolidated financial information. Assets under management at 30 September 2019 amounted to KD 15,542,449 (31 December 2018: KD 16,143,827 and 30 September 2018: KD 19,626,015).

18. 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).

19. 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.