

**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 2020

**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 2020

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<b>Contents</b>	<b>Pages</b>
Report on review of interim condensed consolidated financial information	1-3
Interim condensed consolidated statement of financial position (Unaudited)	4
Interim condensed consolidated statement of profit or loss (Unaudited)	5
Interim condensed consolidated statement of comprehensive income (Unaudited)	6
Interim condensed consolidated statement of changes in equity (Unaudited)	7
Interim condensed consolidated statement of cash flows (Unaudited)	8
Notes to the interim condensed consolidated financial information (Unaudited)	9-24

## 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 2020, 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 preparation set out in Note 3 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" paragraphs 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*

#### 1- Investment in associates, Diyar Al-Kuwait Real Estate Company K.S.C. (Closed)

As stated in Note 9 to the interim condensed consolidated financial information, 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 March 2020 and carrying value of KD 6,036,446 and share of results amounted to KD 11,899 (loss). The associate's carrying value as at 31 March 2020 represents 41% of the Group's total consolidated assets and the share of results represents 18.79% of the Group's total consolidated loss for the period ended 31 March 2020. We were unable to obtain comfort on the existence, completeness, accuracy and valuation of Diyar due to the following:

- a) Diyar's financial information include an advance amount with a carrying value of KD 1,382,507 as at 31 March 2020 and 31 December 2019 (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 related impairment recorded as at 31 March 2020 and 31 December 2019.
- b) Diyar has an unquoted financial asset at fair value through other comprehensive income ("FVOCI") amounted to KD 333,464 at 31 March 2020 (31 December 2019: KD 333,464) which has been reclassified from investment in an associate at 31 December 2019 (the "transaction date"). 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 since the transaction date and as at 31 March 2020.

As a result of the above, we were unable to obtain comfort on the existence, completeness, accuracy and valuation of investment in Diyar as at 31 March 2020 and its share of results for the three month period ended 31 March 2020.



## 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)*

#### 2- Investment in associate, Armila Capital Limited

As stated in Note 9 to the interim condensed consolidated financial information, the Group has investment in an associate (“Armila Capital Limited”, or “Armila” or the “associate”), with a shareholding of 40% and carrying value of KD 1,106,902 as at 31 March 2020 and the share of results amounted to KD 63,180 (profit). Armila’s carrying value as at 31 March 2020 represents 7.52% of the Group’s total consolidated assets and the share of results represents 88% of the Group’s total consolidated income for the three month period ended 31 March 2020. The share of results of Armila has been recognised for the three month period ended 31 March 2020 based on financial information prepared by management of the associate as at 31 December 2019. We were unable to obtain comfort on the existence, completeness, accuracy and valuation of these amounts due to the non-availability of the audited financial statements of Armila for the year ended 31 December 2019. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

#### 3- Investment in associate, MAC SA, Stock Brokerage Company

As stated in Note 9 to the interim condensed consolidated financial information, the Group has investment in an associate (“MAC SA, Stock Brokerage Company”, or “MAC” or the “associate”), with a shareholding of 48% and carrying value of KD 233,672 as at 31 March 2020 and the share of results amounted to KD 23,213 (loss). Share of results of Mac represents 36.66% of the Group’s consolidated loss for the three month period ended 31 March 2020. The share of results of MAC has been recognised for the three month period ended 31 March 2020 based on financial information prepared by management of the associate as at 31 December 2019. We were unable to obtain comfort on the existence, completeness, accuracy and valuation of these amounts due to the non-availability of the audited financial statements of MAC for the year ended 31 December 2019. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

#### 4- 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 March 2020. No assessment of provision for expected credit losses has been performed as at 31 March 2020. As a result of the above, we were unable to obtain comfort on the valuation of the account balance. Consequently, we were unable to determine whether any adjustment to this amount is necessary.

#### 5- Financial asset at fair value through other comprehensive income (“FVOCI”)

As stated in Note 8 to the interim condensed consolidated financial information, 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 March 2020 which has been reclassified from investment in associates as at 31 December 2019 (the “transaction date”). 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 since the transaction date and as at 31 March 2020. As a result of the above, we were unable to obtain comfort on the valuation and presentation of this amount. Consequently, we were unable to determine whether any adjustment to this amount is necessary.

### *Qualified Conclusion*

Based on our review, except for the possible effects of the matters described in the “Basis for Qualified Conclusion” paragraphs 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 preparation set out in Note 3 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**

### *Material Uncertainty related to Going Concern*

As stated in Note 2 to the interim condensed consolidated financial information, the Group incurred a loss of KD 63,328 for the three month period ended 31 March 2020 (31 March 2019: KD 1,176,128) and, as of that date, the accumulated losses has reached an amount of KD 23,036,412 (31 December 2019: KD 22,972,953 and 31 March 2019: KD 21,586,851). Further, the Group's current liabilities exceeded its current assets by KD 1,795,459 (31 December 2019: KD 1,610,021 and 31 March 2019: Nil). 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 conclusion is not qualified in respect of this matter.

### *Emphasis of matters*

We draw attention to the following:

- Note 4 to the interim condensed consolidated financial information which states 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 interim condensed consolidated financial information.
- Note 7 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.

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" paragraphs 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" paragraphs above and 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 has not appointed employees' to fulfill the position of Risk Management Officer and Internal Audit Officer, 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 2020 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: 19 August 2020**

**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 2020**

	Notes	31 March 2020 KD	(Audited) 31 December 2019 KD	31 March 2019 (*restated) KD
<b>ASSETS</b>				
Cash and cash equivalents	5	141,555	330,298	456,381
Financial assets at fair value through profit or loss ("FVPL")	6	1,345,840	1,397,305	2,716,475
Accounts receivable and other debit balances	7	2,837,063	2,793,083	3,957,957
Other financial assets		99,000	99,000	99,000
Financial asset at fair value through other comprehensive income ("FVOCI")	8	2,874,328	2,874,328	-
Investment in associates	9	7,377,020	7,252,942	8,793,458
Investment properties		42,910	42,910	52,854
<b>Total assets</b>		<b>14,717,716</b>	<b>14,789,866</b>	<b>16,076,125</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable and other credit balances		6,119,917	6,130,707	6,163,902
Bonds payable		900,000	900,000	900,000
Employees' end of service benefits		138,886	220,435	293,252
<b>Total liabilities</b>		<b>7,158,803</b>	<b>7,251,142</b>	<b>7,357,154</b>
<b>EQUITY</b>				
Share capital	10	31,024,591	31,024,591	31,024,591
Foreign currency translation reserve		(440,483)	(524,000)	(729,899)
Accumulated losses		(23,036,412)	(22,972,953)	(21,586,851)
<b>Equity attributable to equity holders of the Parent Company</b>		<b>7,547,696</b>	<b>7,527,638</b>	<b>8,707,841</b>
Non-controlling interests		11,217	11,086	11,130
<b>Total equity</b>		<b>7,558,913</b>	<b>7,538,724</b>	<b>8,718,971</b>
<b>Total liabilities and equity</b>		<b>14,717,716</b>	<b>14,789,866</b>	<b>16,076,125</b>

The accompanying notes on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

\*Certain comparative information shown here do not correspond to 31 March 2019 interim condensed consolidated financial information and reflect adjustments as detailed in Note 19.

  
**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 2020

	Notes	Three months ended	
		31 March	
		2020	2019
		KD	(*restated) KD
<b>Income:</b>			
Rental income		-	141,123
Management and consultancy fees		-	24,120
Net income from communication services		8,567	6,594
Other income		35,068	13,741
Derecognition of foreign currency translation differences	4&19	-	(1,020,329)
Share of results of associates	9	28,067	(89,319)
Net investments (loss)/gain	11	(47,284)	208,100
Foreign exchange gain		7,540	2,846
		<u>31,958</u>	<u>(713,124)</u>
<b>Expenses and other charges:</b>			
Provision for expected credit losses		-	(50,939)
Finance costs		(1,125)	(31,051)
General and administrative expenses		(94,161)	(381,014)
		<u>(95,286)</u>	<u>(463,004)</u>
<b>Loss for the period</b>		<u>(63,328)</u>	<u>(1,176,128)</u>
<b>Attributable to:</b>			
Equity holders of the Parent Company		(63,459)	(1,199,173)
Non-controlling interests		131	23,045
		<u>(63,328)</u>	<u>(1,176,128)</u>
<b>Basic and diluted loss per share attributable to the equity holders of the Parent Company (fils)</b>			
	13	<u>(0.20)</u>	<u>(3.87)</u>

The accompanying notes on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

\*Certain comparative information shown here do not correspond to 31 March 2019 interim condensed consolidated financial information and reflect adjustments as detailed in Note 19.

**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 2020

	Notes	Three months ended	
		31 March	
		2020	2019
			(*restated)
		KD	KD
<b>Loss for the period</b>		(63,328)	(1,176,128)
<b>Other comprehensive income/(loss) items:</b>			
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>			
Derecognition of foreign currency translation differences	4&19	-	1,020,329
Group's share of other comprehensive income of the associates	9	143,931	-
Foreign currency translation differences		(60,414)	86,957
<b>Other comprehensive income for the period</b>		83,517	1,107,286
<b>Total comprehensive income/(loss) for the period</b>		20,189	(68,842)
<b>Attributable to:</b>			
Equity holders of the Parent Company		20,058	(91,887)
Non-controlling interests		131	23,045
		20,189	(68,842)

The accompanying notes on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

\*Certain comparative information shown here do not correspond to 31 March 2019 interim condensed consolidated financial information and reflect adjustments as detailed in Note 19.



**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 2020

	<u>Equity attributable to equity holders of the Parent Company</u>				<u>Non-controlling interests</u>	<u>Total equity</u>
	<u>Share capital</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated losses</u>	<u>Sub-total</u>		
	<u>KD</u>	<u>KD</u>	<u>KD</u>	<u>KD</u>		
<b>At 1 January 2020</b>	31,024,591	(524,000)	(22,972,953)	7,527,638	11,086	7,538,724
(Loss)/profit for the period	-	-	(63,459)	(63,459)	131	(63,328)
Other comprehensive income for the period	-	83,517	-	83,517	-	83,517
Total comprehensive income/(loss) for the period	-	83,517	(63,459)	20,058	131	20,189
<b>At 31 March 2020</b>	<u>31,024,591</u>	<u>(440,483)</u>	<u>(23,036,412)</u>	<u>7,547,696</u>	<u>11,217</u>	<u>7,558,913</u>
<b>At 1 January 2019</b>	31,024,591	(1,837,185)	(20,387,678)	8,799,728	4,663,712	13,463,440
(Loss)/profit for the period ( <i>*restated</i> )	-	-	(1,199,173)	(1,199,173)	23,045	(1,176,128)
Other comprehensive income for the period ( <i>*restated</i> )	-	1,107,286	-	1,107,286	-	1,107,286
Total comprehensive income/(loss) for the period ( <i>*restated</i> )	-	1,107,286	(1,199,173)	(91,887)	23,045	(68,842)
Effect of derecognition of subsidiaries (Note 4)	-	-	-	-	(4,675,627)	(4,675,627)
<b>At 31 March 2019 (<i>*restated</i>)</b>	<u>31,024,591</u>	<u>(729,899)</u>	<u>(21,586,851)</u>	<u>8,707,841</u>	<u>11,130</u>	<u>8,718,971</u>

The accompanying notes on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

\*Certain comparative information shown here do not correspond to 31 March 2019 interim condensed consolidated financial information and reflect adjustments as detailed in Note 19.

**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 2020

	Notes	Three months ended	
		31 March	
		2020	2019
		KD	(*restated) KD
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(63,328)	(1,176,128)
<i>Adjustments for:</i>			
Derecognition of foreign currency translation differences	4&19	-	1,020,329
Share of results of associates	9	(28,067)	89,319
Net investments loss/(gain)	11	47,284	(208,100)
Provision for expected credit losses		-	50,939
Depreciation		-	2,537
Provision for employees' end of service benefits		10,560	13,384
Foreign exchange gain		(7,540)	(2,846)
Finance costs		1,125	31,051
		<u>(39,966)</u>	<u>(179,515)</u>
<i>Changes in working capital:</i>			
Accounts receivable and other debit balances		(70,554)	(42,460)
Accounts payables and other credit balances		<u>(22,664)</u>	<u>(20,486)</u>
<b>Cash flows used in operations</b>		<u>(133,184)</u>	<u>(242,461)</u>
Employees' end of service benefits paid		<u>(46,121)</u>	<u>(56,961)</u>
<b>Net cash flows used in operating activities</b>		<u>(179,305)</u>	<u>(299,422)</u>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale of financial assets at fair value through profit or loss ("FVPL")		-	1,320,728
Purchase of investment properties		-	(31,717)
Dividend income received	11	910	9,788
Interest income received	11	3,271	4,839
<b>Net cash flows generated from investing activities</b>		<u>4,181</u>	<u>1,303,638</u>
<b>FINANCING ACTIVITIES</b>			
Net movement in murabaha payables		-	29,970
Finance costs paid		<u>(1,125)</u>	<u>-</u>
<b>Net cash flows used in/generated from financing activities</b>		<u>(1,125)</u>	<u>29,970</u>
Foreign currency translation differences		<u>(12,494)</u>	<u>76,139</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(188,743)</u>	<u>1,110,325</u>
Cash and cash equivalents of derecognised subsidiaries	4	-	(1,503,189)
Cash and cash equivalents at the beginning of the period		330,298	849,245
<b>Cash and cash equivalents at the end of the period</b>	5	<u>141,555</u>	<u>456,381</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	
	2020	2019
	KD	KD
<b>Non-cash transactions:</b>		
Accounts receivable and other debit balances	-	(402,307)
Employees' end of service benefits	<u>(45,988)</u>	<u>-</u>
Derecognition of investment in subsidiaries through swap of assets agreement	<u>-</u>	<u>8,961,452</u>
Derecognition of non-controlling interests through swap of assets agreement	<u>-</u>	<u>(4,675,627)</u>
Investment in associates through swap of assets agreement	<u>-</u>	<u>(5,386,707)</u>

The accompanying notes on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

\*Certain comparative information shown here do not correspond to 31 March 2019 interim condensed consolidated financial information and reflect adjustments as detailed in Note 19.

**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 2020

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**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 4).

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 this interim condensed consolidated financial information.

The interim condensed consolidated financial information of the Group for the three month period ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 19 August 2020.

**2. FUNDAMENTAL ACCOUNTING CONCEPT**

The Group incurred a loss of KD 63,328 for the three month period ended 31 March 2020 (31 March 2019: KD 1,176,128) and, as of that date, the accumulated losses has reached an amount of KD 23,036,412 (31 December 2019: KD 22,972,953 and 31 March 2019: KD 21,586,851). Further, the Group’s current liabilities exceeded its current assets by KD 1,795,459 (31 December 2019: KD 1,610,021 and 31 March 2019: Nil).

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 interim condensed 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 interim condensed consolidated financial information.

**Notes to the interim condensed consolidated financial information (Unaudited)**

For the three month period ended 31 March 2020

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**3. BASIS OF PREPARATION**

The 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 2019 (‘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 consolidated financial position and performance since the last annual financial statements.

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

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included. Operating results for the three month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. For further information, refer to the annual audited consolidated financial statements of the Group for the year ended 31 December 2019.

**Significant accounting policies**

The same accounting policies and calculation methods adopted in the consolidated financial statements for the year ended 31 December 2019 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 2020. Although these new standards and amendments will be applied for the first time in 2020, 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:

- Amendments to IFRS 3 Definition of a Business.
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform.
- Amendments to IAS 1 and IAS 8 Definition of Material.
- Conceptual Framework for Financial Reporting.

**Use of judgments and estimates**

In preparing this interim condensed consolidated financial information, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

**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 2020

**3. BASIS OF PREPARATION (CONTINUED)**

**Use of judgments and estimates (Continued)**

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which the valuations should be classified.

Further information about the assumptions made in measuring fair values is included in Note 15.

**4. SUBSIDIARIES**

Details of the subsidiaries are as follows:

Name of the subsidiary	Country of incorporation	Voting rights and equity interest			Principal activity
		31 March 2020	31 December 2019	31 March 2019	
		(%)	(%)	(%)	
Trasul Telecom Company K.S.C. (Closed)	Kuwait	96.69%	96.69%	96.69%	Communication services
Al Mal International for Project Management Company W.L.L.	Kuwait	80%	80%	80%	Real estate Development project
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%	Real estate project management
Quick Facilities Management L.L.C.	United Arab Emirates	100%	100%	100%	Investment activities
Takharoj Financial and Administrative Consulting Company K.S.C. (Closed)	United Arab Emirates	99%	99%	99%	Financial management services

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

The above subsidiaries have been consolidated based on management accounts prepared by management of the subsidiaries as at 31 March 2020.

**Disposal of subsidiaries in 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 for 40% equity interest in Armila Capital Limited, a company incorporated and registered in England and Wales (Note 9).

**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 2020

**4. SUBSIDIARIES (CONTINUED)**

**Disposal of subsidiaries in 2019 (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 through representation in the Board of Directors (Note 9).
- 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 40% equity interest in Armila Capital Limited as an investment in associate amounting to KD 1,141,741 (Note 9).

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

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:

	<b>10 March 2019</b>
	<b>KD</b>
<b>ASSETS</b>	
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>
<b>LIABILITIES</b>	
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>
<b>Net assets derecognised</b>	<u>5,789,014</u>
<b>Consideration:</b>	
Less: assets recognised in the swap agreement (Note 9 (a) & (b))	<u>5,789,014</u>
	<u>-</u>

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

**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 2020

**5. CASH AND CASH EQUIVALENTS**

	<b>31 March 2020</b>	<b>(Audited) 31 December 2019</b>	<b>31 March 2019</b>
	KD	KD	KD
Cash on hand and bank balances	135,322	322,651	446,515
Cash with portfolio managers	6,233	7,647	9,866
	<u>141,555</u>	<u>330,298</u>	<u>456,381</u>

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

	<b>31 March 2020</b>	<b>(Audited) 31 December 2019</b>	<b>31 March 2019</b>
	KD	KD	KD
Quoted securities	84,354	98,965	129,395
Unquoted securities	783,820	833,888	1,796,396
Mutual funds	448,962	436,671	751,790
Investment portfolios	28,704	27,781	38,894
	<u>1,345,840</u>	<u>1,397,305</u>	<u>2,716,475</u>

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

	<b>31 March 2020</b>	<b>(Audited) 31 December 2019</b>	<b>31 March 2019</b>
	KD	KD	KD
At the beginning of the period/year	1,397,305	4,262,226	4,262,226
Transfer from investment in associates (Note 9 (d))	-	89,565	-
Disposals	-	(1,923,976)	(1,049,839)
Effect of derecognition of a subsidiary (Note 4)	-	(418,496)	(418,496)
Change in fair value	(51,465)	(612,014)	(77,416)
	<u>1,345,840</u>	<u>1,397,305</u>	<u>2,716,475</u>

Valuation techniques of financial assets at fair value through profit or loss (“FVPL”) are disclosed in Note 15.2.

**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 2020

**7. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES**

	<b>31 March 2020</b>	<b>(Audited) 31 December 2019</b>	<b>31 March 2019</b>
	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	1,189,703	1,189,703	1,191,551
Less: impairment	<u>(1,189,703)</u>	<u>(1,189,703)</u>	<u>(273,454)</u>
	-	-	918,097
Accounts receivable	68,866	68,866	68,866
Less: provision for expected credit losses	<u>(68,866)</u>	<u>(68,866)</u>	<u>(68,866)</u>
	-	-	-
Due from related parties (Note 12)	581,136	588,562	491,491
Less: provision for expected credit losses (Note 12)	<u>(16,574)</u>	<u>(16,574)</u>	<u>-</u>
	564,562	571,988	491,491
Staff receivables	138,276	75,040	69,011
Other debit balances	624,951	637,736	797,369
Less: provision for expected credit losses	<u>(259,609)</u>	<u>(259,609)</u>	<u>(85,939)</u>
	503,618	453,167	780,441
	<u>2,837,063</u>	<u>2,793,083</u>	<u>3,957,957</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 to ECA related to the project amounting to KD 1,767,928 as at 31 March 2020 (31 December 2019 and 31 March 2019: 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 2019 and 31 March 2019: KD 16,040,318) has been provided in prior years.



**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 2020

**7. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES (CONTINUED)**

- 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) 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 still pending before the Supreme Court as at the issuance date of these interim condensed consolidated financial information.

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

	<b>31 March 2020</b>	<b>(Audited) 31 December 2019</b>	<b>31 March 2019</b>
	KD	KD	KD
Unquoted security	2,874,328	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 during the year ended 31 December 2019 (Note 9 (c)).
- Valuation techniques of financial asset at fair value through other comprehensive income (“FVOCI”) are disclosed in Note 15.2.

**9. INVESTMENT IN ASSOCIATES**

Name of the associate	Country of incorporation	Equity interest			Carrying value		
		31 March 2020	31 December 2019	31 March 2019	31 March 2020	31 December 2019	31 March 2019
		%	%	%	KD	KD	KD
*Diyar Al-Kuwait Real Estate Company K.S.C. (Closed)	Kuwait	40.25%	40.25%	40.25%	6,036,446	5,904,414	4,269,928
**Armila Capital Limited	United Kingdom	40%	40%	40%	1,106,902	1,089,636	1,141,741
**MAC SA, Stock Brokerage Company	Tunisia	48%	48%	48%	233,672	258,892	220,242
Zone Advanced General Trading Company W.L.L.	Kuwait	-	-	40%	-	-	2,875,468
United Insurance Company	Syria	-	-	18%	-	-	286,079
					7,377,020	7,252,942	8,793,458

\*The share of results of this associate has been recognised for the three month period ended 31 March 2020 based on financial information prepared by management of the associate as at 31 March 2020.

\*\*The share of results of these associates has been recognised for the three month period ended 31 March 2020 based on financial information prepared by management of the associates as at 31 December 2019 adjusted for any material transactions for the period from 1 January 2020 to 31 March 2020.

**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 2020

**9. INVESTMENT IN ASSOCIATES (CONTINUED)**

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

	<b>31 March</b>	<b>(Audited)</b>	<b>31 March</b>
	<b>2020</b>	<b>31 December</b>	<b>2019</b>
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Balance at the beginning of the period/year	7,252,942	3,482,172	3,482,172
Addition during the period/year (Note (a) and (b))	-	5,386,707	5,386,707
Share of results of associates	28,067	1,498,952	(89,319)
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 or loss ("FVPL") (d)	-	(346,903)	-
Share of other comprehensive income of the associates	143,931	68,510	-
Impairment of investment in associate	-	(31,504)	-
Foreign currency translation differences	(47,920)	69,336	13,898
Balance at the end of the period/year	<u>7,377,020</u>	<u>7,252,942</u>	<u>8,793,458</u>

- (a) During the 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 4).
- (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 4).
- (c) During the year ended 31 December 2019, 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 (Note 8).
- (d) During the year ended 31 December 2019, 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 associate as the Group no longer has representation in the Board of Directors of this former associate (Note 6). 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.

**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 2020

**9. INVESTMENT IN ASSOCIATES (CONTINUED)**

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:*

	<b>31 March 2020</b>	<b>31 December 2019</b>	<b>31 March 2019</b>
	KD	KD	KD
Total assets	23,968,712	23,330,801	13,308,924
Total liabilities	(1,053,478)	(1,055,356)	(3,672,929)
	<u>22,915,234</u>	<u>22,275,445</u>	<u>9,635,995</u>
Less: non-controlling interests	(9,039,124)	(8,727,365)	(148,751)
Net assets	<u>13,876,110</u>	<u>13,548,080</u>	<u>9,487,244</u>
Group's share of the associate's net assets	5,585,134	5,453,102	3,818,616
Goodwill	451,312	451,312	451,312
Carrying amount	<u>6,036,446</u>	<u>5,904,414</u>	<u>4,269,928</u>

*Associate's income and results:*

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
	KD	KD
Income	818	221,113
Expenses and other charges	(30,381)	(148,136)
(Loss)/profit for the period	<u>(29,563)</u>	<u>72,977</u>
Other comprehensive income	357,593	-
Group's share of results of the associate	<u>(11,899)</u>	<u>8,259</u>
Group's share of other comprehensive income of the associate	<u>143,931</u>	<u>-</u>

**Diyar's acquisition in 2019**

During the year ended 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.

**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 2020

**9. INVESTMENT IN ASSOCIATES (CONTINUED)**

**(ii) Armila Capital Limited**

<i>Associate's financial position:</i>	<b>31 March 2020</b>	<b>31 December 2019</b>	<b>31 March 2019</b>
	KD	KD	KD
Total assets	539,017	413,197	421,277
Total liabilities	(331,762)	(249,108)	(205,684)
Net assets	<u>207,255</u>	<u>164,089</u>	<u>215,593</u>
Group's share of net assets	82,902	65,636	86,237
Goodwill	1,055,504	1,055,504	1,055,504
Less: impairment recognised	(31,504)	(31,504)	-
Carrying amount	<u>1,106,902</u>	<u>1,089,636</u>	<u>1,141,741</u>

*Associate's revenues and results:*

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
	KD	KD
Income	<u>228,187</u>	<u>107,288</u>
Expenses and other charges	<u>(70,237)</u>	<u>(70,869)</u>
Profit for the period	<u>157,950</u>	<u>36,419</u>
Group's share of results of the associate	<u>63,180</u>	<u>14,568</u>

**10. SHARE CAPITAL**

The authorised, issued and fully paid-up share capital is KD 31,024,591 (31 December 2019 and 31 March 2019: KD 31,024,591) divided into 310,245,910 shares (31 December 2019 and 31 March 2019: 310,245,910 shares) of 100 fils each. All shares are paid in cash.

**11. NET INVESTMENTS (LOSS)/GAIN**

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
	KD	KD
Change in fair value of financial assets at fair value through profit or loss ("FVPL")	(51,465)	(77,416)
Gain on sale of financial assets at fair value through profit or loss ("FVPL")	-	270,889
Interest income	3,271	4,839
Dividend income	910	9,788
	<u>(47,284)</u>	<u>208,100</u>

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the three month period ended 31 March 2020

**12. 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:

	<b>31 March</b>	<b>(Audited)</b>	<b>31 March</b>
	<b>2020</b>	<b>31 December</b>	<b>2019</b>
	KD	KD	KD
<b>Interim condensed consolidated statement of financial position:</b>			
<i>Due from related parties (included in accounts receivable and debit balances)</i>			
Zone Advanced General Trading Company W.L.L.	433,247	433,247	431,975
Diyar Al-Kuwait Real Estate Company K.S.C. (Closed)	50,396	57,822	59,516
Armila Capital Limited	97,493	97,493	-
	<u>581,136</u>	<u>588,562</u>	<u>491,491</u>
Less: provision for expected credit losses	<u>(16,574)</u>	<u>(16,574)</u>	<u>-</u>
	<u><u>564,562</u></u>	<u><u>571,988</u></u>	<u><u>491,491</u></u>

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

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	<b>2019</b>
	KD	KD
<b>Interim condensed consolidated statement of profit or loss:</b>		
Management and consultancy fees	<u>-</u>	<u>24,120</u>
<b>Key management compensation</b>		
Salaries and other short-term benefits	<u>8,282</u>	<u>46,233</u>
End of service benefits	<u>720</u>	<u>3,104</u>

**13. BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY (FILS)**

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

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	<b>2019</b>
		<i>(restated)</i>
Loss for the period attributable to the equity holders of the Parent Company (KD)	<u>(63,459)</u>	<u>(1,199,173)</u>
Weighted average number of shares outstanding (shares)	<u>310,245,910</u>	<u>310,245,910</u>
<b>Basic and diluted loss per share attributable to the equity holders of the Parent Company (fils)</b>	<u><u>(0.20)</u></u>	<u><u>(3.87)</u></u>

**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 2020

**14. 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.

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

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

	<b>Three months ended 31 March</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	KD	KD	KD	(restated) KD
	<b>Revenue</b>		<b>Segment results</b>	
Real estate	-	141,123	-	141,123
Asset management	-	24,120	-	24,120
Communication services	40,196	42,248	8,567	6,594
Investments	32,248	285,516	(19,217)	(901,548)
	<u>72,444</u>	<u>493,007</u>	<u>(10,650)</u>	<u>(729,711)</u>
Other income			35,068	13,741
Foreign exchange gain			7,540	2,846
Provision for expected credit losses			-	(50,939)
Finance costs			(1,125)	(31,051)
General and administrative expenses			(94,161)	(381,014)
<b>Loss for the period</b>			<u>(63,328)</u>	<u>(1,176,128)</u>

The following is the segment analysis of the Group's assets and liabilities:

	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	KD	KD	KD	KD	KD	KD
	<b>Segment assets</b>			<b>Segment liabilities</b>		
Real estate	42,910	42,910	52,854	-	-	-
Investments	11,696,188	11,623,575	14,564,241	4,103,066	4,094,990	3,997,761
Unallocated	2,978,618	3,123,381	1,459,030	3,055,737	3,156,152	3,359,393
	<u>14,717,716</u>	<u>14,789,866</u>	<u>16,076,125</u>	<u>7,158,803</u>	<u>7,251,142</u>	<u>7,357,154</u>

**Notes to the interim condensed consolidated financial information (Unaudited)**

For the three month period ended 31 March 2020

**15. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS**

**15.1 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 2019. There have been no changes in the risk management policies except for liquidity risk and credit risks which were impacted by COVID-19, as mentioned below:

*Liquidity risk*

The Group has prepared additional cash flow forecasts in connection to COVID-19, to identify associated liquidity requirements and ensure these are closely managed. These risks have been considered in light of the current economic environment and the sensitivities remain reasonable.

*Credit risk*

The Group continues to take the necessary measures to minimize the impact of potential default risk as a result of COVID-19. During the three month period ended 31 March 2020, the Group updated the inputs and assumptions used to determine the ECL, where necessary. Based on management's assessment, the ECL impact is insignificant to the Group. These assumptions will be reassessed at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

**15.2 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 consolidated statement of financial position are grouped into the fair value hierarchy as follows:

<b>31 March 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	KD	KD	KD	KD
<b><i>Financial assets at fair value through profit or loss ("FVPL")</i></b>				
Quoted securities	84,354	-	-	84,354
Unquoted securities	-	-	783,820	783,820
Mutual funds	-	318,283	130,679	448,962
Investment portfolios	-	-	28,704	28,704
	<u>84,354</u>	<u>318,283</u>	<u>943,203</u>	<u>1,345,840</u>
<b><i>Financial asset at fair value through other comprehensive income ("FVOCI")</i></b>				
Unquoted security	-	-	2,874,328	2,874,328
	<u>84,354</u>	<u>318,283</u>	<u>3,817,531</u>	<u>4,220,168</u>

**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 2020

**15. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**15.2 Fair value estimation (Continued)**

<b>31 December 2019 (Audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<i>Financial assets at fair value through profit or loss ("FVPL")</i>				
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
	<u>98,965</u>	<u>308,047</u>	<u>990,293</u>	<u>1,397,305</u>
<i>Financial asset at fair value through other comprehensive income ("FVOCI")</i>				
Unquoted security	-	-	2,874,328	2,874,328
	<u>98,965</u>	<u>308,047</u>	<u>3,864,621</u>	<u>4,271,633</u>
<b>31 March 2019</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<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	-	288,816	462,974	751,790
Investment portfolios	-	-	38,894	38,894
	<u>129,395</u>	<u>288,816</u>	<u>2,298,264</u>	<u>2,716,475</u>

**Reconciliation of level 3 fair value measurements:**

	<b>(Audited)</b>		
	<b>31 March 2020</b>	<b>31 December 2019</b>	<b>31 March 2019</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
At the beginning of the period/year	3,864,621	2,693,288	2,693,288
Reclassified from investment in associates	-	2,963,893	-
Disposals	-	(829,200)	(37,094)
Effect of de-recognition of a subsidiary	-	(376,780)	(376,780)
Change in fair value	(47,090)	(586,580)	18,850
At the end of the period/year	<u>3,817,531</u>	<u>3,864,621</u>	<u>2,298,264</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.



**Notes to the interim condensed consolidated financial information (Unaudited)**

For the three month period ended 31 March 2020

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**15. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**15.2 Fair value estimation (Continued)**

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.

**16. 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 2020 amounted to KD 4,826,648 (31 December 2019: KD 4,826,648 and 31 March 2019: KD 16,295,977).

**17. ANNUAL GENERAL ASSEMBLY MEETING**

The Parent Company's Annual General Assembly meeting for the financial year ended 31 December 2019 ("Annual General Assembly") has not been held until the date of approval of this interim condensed consolidated financial information. Consequently, the consolidated financial statements for the financial year ended 31 December 2019 were not approved. The interim condensed consolidated financial information for the three month period ended 31 March 2020 does not include any adjustments, which might have been required, had the Annual General Assembly not approved the consolidated financial statements for the financial year ended 31 December 2019.

Moreover, the auditor has been appointed for review of the interim condensed consolidated financial information for the three month period ended 31 March 2020 by the Parent Company's Board of Directors. Such appointment is subject to approval of the Annual General Assembly of the Parent Company's shareholders.

**18. SIGNIFICANT EVENT**

The significant event represents the spread of the Novel Coronavirus ("COVID-19") that has affected the global markets as well as Kuwait market which may have impacted the Group's operating activities, net assets and results.

Management of the Group will take into consideration the effects of COVID-19 on the Group's net assets and results. A reliable estimate of the impact cannot be made as of the date of the issuance of the interim condensed consolidated financial information. The outcome and implication are still unknown as it depends on the magnitude and duration of these events.

**Notes to the interim condensed consolidated financial information (Unaudited)**

For the three month period ended 31 March 2020

**19. PRIOR PERIOD ADJUSTMENT**

During the preparation of the consolidated financial statements for the year ended 31 December 2019, management of the Group decided to rectify an error related to derecognition of foreign currency translation differences on deconsolidation of Diyar (Note 4), which has not been reflected in the interim condensed consolidated financial information for the three month period ended 31 March 2019. Accordingly, the comparative interim condensed consolidated statement of financial position as at 31 March 2019 and the related 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 relevant notes for the three month period ended 31 March 2019 have been restated as detailed below:

	<b>As at 31 March 2019 (Unaudited)</b>		
	<b>As previously reported</b>	<b>Effect of restatement</b>	<b>After restatement</b>
	KD	KD	KD
<i>Interim condensed consolidated statement of financial position</i>			
Foreign currency translation reserve	(1,750,228)	1,020,329	(729,899)
Accumulated losses	(20,566,522)	(1,020,329)	(21,586,851)
	<b>As previously reported</b>	<b>Effect of restatement</b>	<b>After restatement</b>
	KD	KD	KD
<i>Three months ended 31 March 2019 (Unaudited)</i>			
<i>Interim condensed consolidated statement of profit or loss</i>			
Derecognition of foreign currency translation differences	-	(1,020,329)	(1,020,329)
<i>Interim condensed consolidated statement of comprehensive income</i>			
Derecognition of foreign currency translation differences	-	1,020,329	1,020,329