

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

**Interim Condensed Consolidated Financial Information
For the nine-month period ended 30 September 2021
(Unaudited)
And
Review Report on the Interim Condensed Consolidated
Financial Information**



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

Interim Condensed Consolidated Financial Information
For the nine-month period ended 30 September 2021
(Unaudited)
And
Review Report on the Interim Condensed Consolidated Financial Information

Index

Review report

	Statement	Page
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	A	1
Interim Condensed Consolidated Statement of profit or loss (Unaudited)	B	2
Interim Condensed Consolidated Statement of Other Comprehensive Income (Unaudited)	C	3
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	D	4
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	E	5
Notes to the Interim Condensed Consolidated Financial Information (Unaudited)		6 - 21





A member of
Nexia
International

TEL : (965) 22942606 , 22942607
P.O. Box : 27642 Safat 13137 Kuwait
Email: info@nazarnexia.com
Website : www.nazarnexia.com

نظرو شركاه
محاسبون قانونيون واستشاريون - عضو تكسيما الدولية
NAZAR & PARTNERS
Authorized Auditors & Consultants

Report on Review of Interim Condensed Consolidated Financial Information

To the Board of Directors,
Al Mal Investment Company K.P.S.C.
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated financial information of Al Mal Investment Company K.P.S.C. (the "Parent Company") and its subsidiaries (together referred to as the "Group") - which comprise the interim condensed consolidated statement of financial position as at September 30, 2021 and the interim condensed consolidated statement of income, and the interim condensed consolidated statement of other comprehensive income, and the interim condensed consolidated changes in equity and cash flows for the nine-month period then ended. The Company's Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 - Interim Financial Reporting. 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 associate companies - Diyar Al Kuwait Real Estate Company K.S.C. (Closed)

As indicated in note (11) about the interim condensed consolidated financial information, the Group has an investment in an associate company ("Diyar Al Kuwait Real Estate Company K.S.C. (Closed)" or "Diyar Company" or "the Associate Company") with a shareholding of 40.25 % as at September 30, 2021, with a carrying value of 5,958,203 Kuwaiti Dinars, and the share of results amounted to 42,814 Kuwaiti Dinars (loss). The carrying value of the associate company as at September 30, 2021 represents 44.04% of the total consolidated assets of the group, and the share of results represents 4.42% of the total consolidated loss of the group for the period ended September 30, 2021. 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 September 30, 2021 and (December 31, 2020: KD 1,382,507) (net of impairment amounted to KD 153,612) paid towards purchase of a property (land). Diyar has not performed an assessment of the recoverable amount of the advance and the sufficiency of the related impairment recorded.

b) Diyar has an unquoted investment at fair value through other comprehensive income ("FVOCI") amounted to KD 333,464 at September 30, 2020 (December 31, 2020: KD 333,464) which has been reclassified from investment in an associate at December 31, 2019 (the "transaction date"). Diyar neither assessed the basis for reclassification from investment in an associate to investment at FVOCI nor recognised this investment at fair value since the transaction date and as at September 30, 2021.



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 September 30, 2021 and its share of results for the nine-month period ended September 30, 2021.

2. Investment in associate, Armila Capital Limited

As stated in Note 11 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 1,143,124 as at September 30, 2021 and the share of results amounted to KD Nil). Armila's carrying value as at September 30, 2021 represents 8.44% of the Group's total consolidated assets. The share of results of Armila has not been recognised for the nine-month period ended September 30, 2021 which is not in line with the requirements of International Financial Reporting Standard. Accordingly, we were unable to obtain comfort on the existence, completeness, accuracy and valuation of these amounts due to the non-availability of reviewed financial information of Armila for the nine-months period ended September 30, 2021 and the audited financial statements of Armila for the year ended December 31, 2019 and December 31, 2020. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

3. Accounts receivable and other debit balances

As shown in Note 9 the Group's accounts receivable and other debit balances include KD 259,947 representing amount due from a related party, Zone Advanced General Trading Company W.L.L. (detailed in Note 19) as at September 30, 2021. We did not receive a confirmation of this balance and accordingly we were unable to obtain the supporting evidence of the company's ownership of this balance, which is not in line with the requirements of International Financial Reporting Standards.

4. Investments at fair value through other comprehensive income

As stated in Note 10 to the interim condensed consolidated financial information, the Group's investments at fair value through other comprehensive income ("FVOCI") (Zone Advanced General Trading Company W.L.L.) ("Zone") amounted to KD 1,724,596 as at September 30, 2021 which has been reclassified from investment in associates as at December 31, 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 September 30, 2021. 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 "Basics for Qualified Conclusion" paragraphs above, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information has not been prepared, in all material respects, in accordance with the basis of preparation set out in Note 3 about the information Interim condensed consolidated financials.

Material uncertainty related to going concern

As shown in Note (2) on the interim condensed consolidated financial statements, the Group incurred a loss of 967,920 Kuwaiti Dinars for the period ended September 30, 2021 (December 31, 2020: KWD 203,064 and September 30, 2020: KWD 112,053), whereas the accumulated losses of the Group as at September 30, 2021 amounted to a balance of 24,143,555 Kuwaiti Dinars, equivalent to 77.82% of the parent company's capital (December 31, 2020: 23,175,480 Kuwaiti Dinars, equivalent to 74.70% of the parent company's capital and September 30, 2020: 23,084,637 Kuwaiti Dinars, equivalent to 74.41% of the parent company's capital), which exceeds 75% of the company's capital.

In addition, the Group's current liabilities exceeded its current assets in an amount of 2,014,242 Kuwaiti Dinars (31 December 2020: 1,897,683 Kuwaiti Dinars and 30 September 2020: 1,968,233 Kuwaiti Dinars). These factors indicate a material uncertainty about the Group's ability to continue as a going concern without continuing financial support from the shareholders. Our opinion is not qualified with respect to this matter.



Emphasis of Matters

We would like to draw your attention to the following matters:

- Note 6 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 December 31, 2019, whereas, on October 14, 2021, based on the meeting of the Board of Directors of Al Mal Qatari Holding Company (a subsidiary company), where it decided to terminate the swap contract between the company and the Kuwaiti European Company, according to which Armila Capital Limited Company will be disposed and Al Mal Al Oula Real Estate Company will be consolidated again as a subsidiary of the Al Mal Qatari Holding Company, starting from October 14, 2021, with an ownership percentage of 76.56%.
- Note 9 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 potential impact described in the Basis for Qualified Conclusion paragraph above, based on our review, the interim condensed consolidated financial information is in agreement with the parent company's books of account. And the fact that the parent company has violated Article No. 2-3 of the fifth book of the executive regulations, and the subsequent amendments, related to Law No. 7 of 2010, regarding the establishment of the Capital Markets Authority and the regulation of securities activity and its executive regulations and amendments, as the parent company has not appointed employees to fill an official position for Risk Management and the Internal Audit Officer, nothing has come to our knowledge indicating any violations of the provisions of the Companies Law No. 1 of 2016 and its executive regulations and their amendments, or the articles of association and the parent company's articles of association and their amendments, or Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity its executive regulations and its amendments, during the nine-month period ending on September 30, 2021, in a way that materially affects the activities of the parent company or its interim condensed consolidated financial position.

State of Kuwait
February 10, 2022 .

Nayer Awadh Nazar
Authorized Public Auditor No. 43-Grade A.
Nazar and Partners
Member of Nexia International



Interim Condensed Consolidated of Financial Position (Unaudited)
As at 30 September 2021

Statement (A)

Assets	Note	(Audited)		
		30 September 2021 KD	31 December 2020 KD	30 September 2020 KD
Currents assets				
Cash and cash equivalents	7	289,481	333,114	108,990
Investments at fair value through statement of income	8	1,456,888	1,307,602	1,244,947
Receivables and other debit balances	9	2,567,588	2,664,139	2,720,289
Total current assets		4,313,957	4,304,855	4,074,226
Other current financial assets		---	99,000	99,000
Investments at fair value through statement of other comprehensive income	10	1,724,596	2,586,895	2,874,328
Investment in associated companies	11	7,452,140	7,499,095	7,393,004
Investment property		39,635	39,635	40,230
Total assets		13,530,328	14,529,480	14,480,788
Liabilities and equity				
Current liabilities				
Payables and other credit balances		6,328,199	6,202,538	6,042,459
Total current liabilities		6,328,199	6,202,538	6,042,459
bond payables	12	900,000	900,000	900,000
Provision for end of service benefits		9,634	10,195	7,498
Equity				
Share capital	14	31,024,591	31,024,591	31,024,591
Treasury shares	15	(125,110)	---	---
Foreign currency translation reserve		(474,135)	(442,913)	(419,840)
(Accumulated losses) - statement (D)		(24,143,555)	(23,175,480)	(23,084,637)
Equity attributable to the shareholders of the parent company		6,281,791	7,406,198	7,520,114
Non-controlling interests		10,704	10,549	10,717
Total equity		6,292,495	7,416,747	7,530,831
Total liabilities and equity		13,530,328	14,529,480	14,480,788

The accompanying notes form an integral part of the interim condensed consolidated financial information.


Eid Naser Al Rasheedi
Chairman

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

Interim Condensed Consolidated Statement of Income (unaudited)
For the nine month period ended 30 September 2021

Statement (B)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021 KD	2020 KD	2021 KD	2020 KD
Revenue :					
Change in the fair value of investment properties		---	---	---	(2,680)
Net revenue from communication services		2,931	4,074	19,079	18,971
Share of results of associates	11	24,879	57,107	(15,656)	28,877
Net investments income	16	84,024	95,753	255,075	33,686
Foreign exchange (loss) gain		(355)	(1,571)	661	4,859
Other income		125,110	19,699	126,110	54,908
Total revenue		236,589	175,062	385,269	138,621
Expenses and other charges :					
General and administrative expenses	17	65,658	89,950	175,845	245,816
Provision for expected credit losses		43,325	---	129,975	---
Impairment of investments at fair value through other comprehensive income		287,433	---	862,299	---
Legal claims financing expenses	18	181,528	---	181,528	---
		1,458	2,614	3,542	4,858
Total expenses and other charges		579,402	92,564	1,353,189	250,674
		(342,813)	82,498	(967,920)	(112,053)
Net (loss) profit for the period attributable to:					
Shareholders of the parent company		(342,778)	82,865	(968,075)	(111,684)
Non-controlling interests		(35)	(367)	155	(369)
Total net (loss) profit for the period – Statement (C)		(342,813)	82,498	(967,920)	(112,053)
Basic and diluted (loss) earnings per share attributable to the shareholders of the parent company (fils)	20	(1.11)	0.27	(3.13)	(0.36)



The accompanying notes form an integral part of the interim condensed consolidated financial information
(2)

**Interim Condensed Consolidated Statement of Other Comprehensive
Income (Unaudited)
For the nine month period ended 30 September 2021** **Statement (C)**

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021 KD	2020 KD	2021 KD	2020 KD
Net (Loss) profit of the period		(342,813)	82,498	(967,920)	(112,053)
Other comprehensive (loss) income:					
<u>Items that may be reclassified subsequently to interim condensed consolidated statement of income</u>					
<u>Group's share of other comprehensive (loss) income of associates</u>					
	11	(3,173)	78,594	(14,327)	116,427
Foreign currency translation differences		(3,808)	52,008	(16,895)	(12,267)
Other comprehensive (loss) income for the period		(6,981)	130,602	(31,222)	104,160
Total other comprehensive (loss) income for the period – (Statement D)		(349,794)	213,100	(999,142)	(7,893)
Attributable to :					
Shareholders of the parent company		(349,759)	213,467	(999,297)	(7,524)
Non-controlling interests		(35)	(367)	155	(369)
		(349,794)	213,100	(999,142)	(7,893)



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

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
 For the nine month period ended 30 September 2021

Statement (D)

	Share capital KD	Treasury shares KD	Foreign currency translation reserve KD	(Accumulated losses) KD	Sub-total KD	Non- controlling interests KD	Total KD
Equity at 1 January 2020	31,024,591	---	(524,000)	(22,972,953)	7,527,638	11,086	7,538,724
Net (loss) for the period	---	---	---	(111,684)	(111,684)	(369)	(112,053)
Other comprehensive income for the period	---	---	104,160	---	104,160	---	104,160
Total other comprehensive income (loss) for the period	---	---	104,160	(111,684)	(7,524)	---	---
Equity at 30 September 2020	31,024,591	---	(419,840)	(23,084,637)	7,520,114	(369)	(7,893)
Equity at 1 January 2021	31,024,591	---	(442,913)	(23,175,480)	7,406,198	10,549	7,416,747
Net (loss) income for the period	---	---	---	(968,075)	(968,075)	155	(967,920)
Other comprehensive loss for the period	---	---	(31,222)	---	(31,222)	---	(31,222)
Total other comprehensive (loss) income for the period	---	---	(31,222)	(968,075)	(999,297)	155	(999,142)
Movement on treasury shares	---	(125,110)	---	---	(125,110)	---	(125,110)
Equity at 30 September 2021	31,024,591	(125,110)	(474,135)	(24,143,555)	6,281,791	10,704	6,292,495

The accompanying notes form an integral part of the interim condensed consolidated financial information

(4)



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

Interim Condensed Consolidated Statement of Cash Flows (Unaudited) Statement (E)
For the nine month period ended 30 September 2021

	<u>30 September 2021</u> KD	<u>30 September 2020</u> KD
Cash flows from operating activities:		
Net (loss) for the period	(967,920)	(112,053)
Adjustments:		
Net investment income	(255,075)	(33,686)
Share of results of associates	15,656	(28,877)
Provision for expected credit losses	129,975	---
Impairment of investment at fair value through other comprehensive income	862,299	---
Change in the fair value of investment properties	---	2,680
End of service benefits financing expenses	9,033	5,909
Foreign exchange (gain)	3,542	4,858
(Increase) in receivables and other debit balances	(661)	(4,859)
Decrease in other assets	(42,919)	(72,794)
Increase (decrease) in payables and other credit balances	99,000	---
End of service benefits paid	125,661	(101,628)
Net cash (used in) operating activities	(99)	(55,019)
	<u>(21,508)</u>	<u>(395,469)</u>
Cash flows from investing activities:		
Paid to purchase investments at fair value through statement of income	---	(3,863)
Proceeds from the sale of investments at fair value through statement of income	93,412	173,559
Dividend income received	9,352	9,948
Interest income received	3,025	6,400
Net cash generated from investing activities	<u>105,789</u>	<u>186,044</u>
Financing Activities		
Movement on treasury shares	(125,110)	---
Finance expenses paid	(3,542)	(4,858)
Net cash (used in) financing activities	<u>(128,652)</u>	<u>(4,858)</u>
Foreign currency translation differences	738	(7,025)
Net (decrease) in cash and cash equivalents	(43,633)	(221,308)
Cash and cash equivalents at the beginning of the period – Statement (A)	<u>333,114</u>	<u>330,298</u>
Cash and cash equivalents at the end of the period – Statement (A)	<u>289,481</u>	<u>108,990</u>

The accompanying notes form an integral part of the interim condensed consolidated financial information

(5)



Notes to the interim condensed Consolidated interim financial information (Unaudited)
As of 30 September, 2021

1- INCORPORATION AND OBJECTIVES

Al-Mal Investment Company "the Parent Company" - the State of Kuwait - was established by virtue of the articles of incorporation of a Kuwaiti public shareholding company on January 2, 1980, in accordance with the provisions in force in the State of Kuwait and in accordance with the articles of incorporation and its amendments in accordance with the Kuwaiti Commercial Companies Law No. 15 of 1960 and its amendments. The company is listed on the Kuwait Stock Exchange.

The parent company is subject to the supervision and supervision of the Central Bank of Kuwait regarding the financing regulations and the Capital Markets Authority in its capacity as an investment company.

The interim condensed consolidated financial information includes the Interim condensed consolidated financial information of the parent company and its subsidiaries (together referred to as the "Group" (vote 6)

The company's postal address: PO Box 26308, Safat - Postal Code 1312, Kuwait.

The principal activities of the Company are:-

1. Investment in various economic sectors through participating in establishing specialised companies or purchasing securities or shares in those companies;
2. Act as investment trustees and manage different investment portfolios for others; and
3. Act as intermediary in borrowing operations in return for commission;

The parent company may also have an interest or participate in any way with other companies working in the same field or those that help the company to achieve its objectives inside Kuwait or abroad and to buy those companies or participate in their ownership rights.

The condensed interim financial information of the company was approved and approved for the nine-month period ending on September 30, 2021 at the company's Board of Directors meeting held in December 6, 2021 .

2. A basic accounting principle of going concern

The group incurred a loss of 967,920 Kuwaiti Dinars for the fiscal year ended September 30, 2021 (December 31, 2020: 203,064 Kuwaiti Dinars and September 30, 2020: 112,053 Kuwaiti Dinars), whereas accumulated losses as on September 30, 2021 amounted to a balance of 24,143,555 Kuwaiti Dinars, equivalent to 77.82% of the parent company's capital (December 31, 2020: 23,175,480 Kuwaiti Dinars, equivalent to 74.70%, and September 30, 2020: 23,084,637 Kuwaiti Dinars, equivalent to 74.41% of the parent company's capital) which exceeds 75% of the company's capital. According to Article No. 271 of Companies Law No. 1 of 2016 and its executive regulations, if the company incurs losses of more than 75% of its capital, the shareholders must meet to decide the future of the company. The shareholders decided to provide sufficient financial support to the company to continue its business, and the company will also amortize the accumulated losses in the capital and then increase the capital again, in addition, the company's management is evaluating several strategies to improve the operational performance, financial position and the adequacy of the company's financial resources to enable it to continue to operate On the basis of the principle of continuity. Accordingly, the financial statements have been prepared on the going concern basis.

In addition, the current liabilities exceeded the current assets in an amount of 2,014,242 Kuwaiti Dinars (31 December 2020: 1,897,683 Kuwaiti Dinars and 30 September 2020: 1,968,233 Kuwaiti Dinars). 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.

3- BASIS OF PREPARATION

The interim condensed financial information has been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

The interim condensed financial information does not include all the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

In the opinion of the Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the nine-month period ended September 30, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021. For further information, refer to the financial statements and notes thereto for the year ended December 31, 2020.

4- Application of new and revised International Financial Reporting Standards

The Group has not early adopted any of the standards, interpretations or amendments that have been issued but are not yet effective. These standards, amendments and interpretations are effective for the first time on January 1, 2020, but they do not have any material impact on the group's condensed interim financial information and their statement is as follows:

Amendments to IFRS 3 - Definition of Business

Amendments to IFRS 3 Definition of Business The amendments to the Business Definition (Amendments to IFRS 3) are changes to Annex A, Defined Terms, Implementation Guidelines and illustrative examples of IFRS 3 only and are described as follows:

- The amendment clarifies that in order for the acquired activities and assets to be considered a business, they must include at least an objective input and process that together contribute substantially to the ability to be productive.
- Narrowing business and production definitions by focusing on goods and services provided to customers and removing references to the ability to reduce costs.
- Add guidance and illustrative examples to help organizations assess whether an objective process has been acquired
- Remove the assessment that determines whether market participants are able to replace any missing inputs or processes and continue production.
- Addition of a concentration test option that allows for a simplified assessment of whether the set of activities and assets acquired do not represent the business. The above amendments apply to business combinations in which the acquisition date is on or after the beginning of the first annual financial period beginning on or after January 1, 2020.

- International Financial Reporting Standard No. (17) - Insurance contracts

This standard is effective for annual periods beginning on or after January 1, 2021, and supersedes IFRS 4 - Insurance Contracts. The new standard applies to all types of insurance contracts, regardless of the type of companies issuing them, as well as some guarantees and financial instruments with optional participation features. The essence of IFRS 17 is the general model, supplemented by: (a) Specific application of contracts with the benefit of sharing (variable fee method). (b) The simplified method (the unique allocation method) is mainly for short-term contracts.

5- General accounting policies

The accounting policies used in the preparation of this condensed interim financial information for the nine-month period ended September 30, 2021 are similar to those applied in the preparation of the annual financial statements for the financial year ended December 31, 2020.

- Investments at fair value through other comprehensive income:

Investments in securities that are held for an indefinite period of time and that are sold when there is a need for liquidity or as a result of a change in their prices are classified as investments at fair value through other comprehensive income. All those sales and purchases of those investments are recorded on the settlement date, and the investments are initially recognized at cost at purchase, including the costs of that transaction, and subsequently to the date of purchase, and are recorded at the fair value that is determined for the investments listed according to the price of the last purchase order in the financial markets, and in the absence of that Price The fair value is estimated using appropriate methods.

- Investments in associate companies:

Associates are companies in which the Group has a long-term investment and over which the Group has significant influence, but not overall control, including participation in its financial and operating decisions. Investments in associates are recognized using the equity method. According to the equity method, the company's share of the profits and losses of the associate group is recorded in the statement of profit or loss. Investments in associates are also shown in the financial position at an amount that reflects the group's share in the net assets of the associates. Impairment losses are recognized when the carrying amount of the investment in the associate exceeds the value. recovered for her.

6 - Subsidiaries

The breakdown of the subsidiaries is as follows:

Subsidiary name	country of incorporation	Share in Equity			The main activity
		(Audited)			
		30 September 2021	31 December 2020	30 September 2020	
		%	%	%	
Trasul Telecom Company K.S.C. (Closed)	Kuwait	%96.69	%96.69	%96.69	Communication services
Al Mal International for Project Management Company W.LL.	Kuwait	%80	%80	%80	Real estate project management
Al Mal Qatar Holding Company K.S.C (Closed)	Kuwait	%97.50	%97.50	%97.50	Real estate project management
Al Mal Saudi Investment Company LLC.	Kingdom of Saudi Arabia	%100	%100	%100	Investment activities
Quick Facilities Management L.L.C.	United Arab Emirates	%100	%100	%100	Financial management services
Takharof Financial and Administrative Consulting Company K.S.C. (Closed)	Kuwait	%99	%99	%99	Consulting Services

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

The above subsidiaries have been compiled based on management data prepared by the subsidiaries' management as on September 30, 2021.

Disposal of subsidiaries

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 76.57% 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 11).

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 11).



- 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 11).

As at October 14, 2021, the Board of Directors of Al Mal Qatari Holding terminated the previous swap contract, and First Al Mal Real Estate Company will be consolidated again starting from October 14, 2021 (note 26).

	March 10, 2019
	KD
Cash and cash equivalent	1,503,189
Financial assets at fair value through income statement	418,496
Receivables and other debit balances	157,511
real estate investments	11,971,929
property and equipment	47,778
	<u>14,098,903</u>
Liabilities	
Payables 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:	<u>(5,789,014)</u>
Less: assets recognised in the swap agreement (Note 11 (a) & (b))	---

7 - Cash and cash equivalent

	(Audited)		
	30 September 2021	31 December 2020	30 September 2020
	KD	KD	KD
Cash on hand and bank balances	287,494	326,979	105,577
Cash with portfolio managers	1,987	6,135	3,413
	<u>289,481</u>	<u>333,114</u>	<u>108,990</u>

8 - Investments at fair value through statement of income

	(Audited)		
	30 September 2021	31 December 2020	30 September 2020
	KD	KD	KD
Quoted Securities	68,161	72,909	77,435
Unquoted securities	695,391	689,237	684,584
Mutual funds	677,678	522,989	459,268
Investment portfolios	15,658	22,467	23,660
	<u>1,456,888</u>	<u>1,307,602</u>	<u>1,244,947</u>

The movement during the period / year for the investment at fair value through statement of income is as follows:

	30 September 2021 KD	(Audited) 31 December 2020 KD	30 September 2020 KD
Balance at beginning of the period/year	1,307,602	1,397,305	1,397,305
Additions	---	3,863	3,863
Disposals	(93,412)	(271,654)	(252,922)
Change in fair value	242,698	178,088	96,701
Balance at end of the period/year	1,456,888	1,307,602	1,244,947

The valuation techniques of investments at fair value through other comprehensive income are disclosed in Note (23).

9 – Receivables and other debit balances

	30 September 2021 KD	(Audited) 31 December 2020 KD	30 September 2020 KD
*Refundable development expenses	17,808,246	17,808,246	17,808,246
Less: provision for expected credit losses	(16,040,318)	(16,040,318)	(16,040,318)
	1,767,928	1,767,928	1,767,928
**Advances	1,189,703	1,189,703	1,189,703
Less: impairment	(1,189,703)	(1,189,703)	(1,189,703)
	---	---	---
Accounts receivable	68,866	68,866	69,358
Less: provision for expected credit losses	(68,866)	(68,866)	(68,866)
	---	---	492
Due from related parties (Note 18)	594,618	600,198	600,545
Less: provision for expected credit losses	(189,874)	(59,899)	(16,574)
	404,744	540,299	583,971
Other debit balances	659,134	620,130	627,507
Less: provision for expected credit losses	(264,218)	(264,218)	(259,609)
	394,916	355,912	367,898
	2,567,588	2,664,139	2,720,289

The movement in the provision for expected credit losses is as follows:

	30 September 2021 KD	(Audited) 31 December 2020 KD	30 September 2020 KD
Balance at beginning of the period/year	16,433,301	16,385,367	16,385,367
Change in fair value	129,975	47,934	---
Balance at end of the period/year	16,563,276	16,433,301	16,385,367

*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 30 September 2021 (31 December 2020 and 30 September 2020: 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 2020 and 30 September 2020: KD 16,040,318) has been provided in prior years.

- On 25 June 2019, a first instance judgment has been issued by the Administrative Court of Jeddah rejecting the legal case and obliging the Parent Company to settle Saudi Riyal 22,500,000 (equivalent to KD 1.82 million) 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.

- On June 24, 2021, the Supreme Court set a date for the hearing on August 18, 2021. The session has been postponed to December 8, 2021. On December 15, 2021, the appeal was accepted before the Supreme Court, and no judgment hearing has been set to date.

** The advance payments include the amount of 1,022,769 Kuwaiti Dinars as on September 30, 2021 (December 31, 2020 and September 30, 2020: KWD 1,022,769) paid for the purchase of real estate in the Syrian Arab Republic. The legal procedures for transferring the legal ownership of the real estate to the parent company are still in progress until the date of issuing the interim condensed consolidated financial information for the nine-month period ending on September 30, 2021.

10 – Investments at fair value through other comprehensive income

	30 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
Unquoted security	2,874,328	2,874,328	2,874,328
Allowance for cumulative impairment losses	(1,149,732)	(287,433)	---
	<u>1,724,596</u>	<u>2,586,895</u>	<u>2,874,328</u>

The movement during the period/year is as follows:

	30 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
Balance at beginning of the period/year	287,433	---	---
Loss on impairment in value	862,299	287,433	---
Balance at end of the period/year	<u>1,149,732</u>	<u>287,433</u>	<u>---</u>

- 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 11(c)).

11- Investment in associate companies

The Group's investment in an associate company is as follows:

Associate company name	country of incorporation	Share in equity			Book Value		
		(Audited)			(Audited)		
		30 September 2021	31 December 2020	30 September 2020	30 September 2021	31 December 2020	30 September 2020
	%	%	%	KD	KD	KD	
*Diyar Al-Kuwait Real Estate Company K.S.C.(Closed)	Kuwait	%40.25	%40.25	%40.25	5,958,203	6,015,344	6,090,662
**Armila Capital Limited	United Kingdom	%40	%40	%40	1,143,124	1,143,124	1,143,124
***MAC SA, Stock Brokerage Company	Tunisia	%48	%48	%48	350,813	340,627	159,218
					<u>7,452,140</u>	<u>7,499,095</u>	<u>7,393,004</u>

*The share of results of this associate has been recognized for the nine-month period ended September 30, 2021 based on financial information prepared by management of the associate as at September 30, 2021.

** The share of results of the associate company has not been recognized by the parent company's management due to the termination of the asset swap agreement described in (note 26(a)).

*** The share of the results of these associates for the nine-month period ended on September 30, 2021 has been recognized based on financial information prepared by management of the associate as at June 30, 2021 adjusted for any material transactions for the period from July 1, 2021 to September 30, 2021.

The investment in associates is measured using the equity method .

The movement in investments in an associate company during the period/year was as follows:

	(Audited)		
	30 September 2021 KD	31 December 2020 KD	30 September 2020 KD
Balance at beginning of the period/year	7,499,095	7,252,942	7,252,942
Share of results of associates	(15,656)	164,561	28,877
Share of other comprehensive income of the associates	(14,327)	83,011	116,427
Foreign currency translation differences	(16,972)	(1,419)	(5,242)
Balance at end of the period/year	<u>7,452,140</u>	<u>7,499,095</u>	<u>7,393,004</u>

a. During the period ended 30 June 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 6).

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 6).

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 10).

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

a. Diyar Al Kuwait Real Estate Company K.S.C.

The financial position of the associate company:

	(Audited)		
	30 September 2021 KD	31 December 2020 KD	30 September 2020 KD
Total assets	23,808,633	23,947,772	24,109,298
Total Liabilities	(1,110,506)	(1,067,902)	(1,124,733)
	22,698,127	22,879,870	22,984,565
Less: non-controlling interests	(9,016,409)	(9,056,189)	(8,973,757)
Net assets	13,681,718	13,823,681	14,010,808
Group's share of the associate's net assets	5,506,891	5,564,032	5,639,350
Goodwill	451,312	451,312	451,312
Carrying amount	5,958,203	6,015,344	6,090,662

Associate's revenue and results:

	For the nine months ended September 30	
	2021 KD	2020 KD
Income	27,412	264,247
Expenses and other charges	(133,782)	(90,781)
(Loss) profit for the period	(106,370)	173,466
Other comprehensive income	(35,595)	289,260
Group's share of results of the associate	(42,814)	69,820
Group's share of other comprehensive income of the associate	(14,327)	116,427

12 – Payables and other credit balances

	(Audited)		
	30 September 2021 KD	31 December 2020 KD	30 September 2020 KD
Accounts payable	165,137	218,725	51,024
Due to contractors *	1,812,891	1,812,891	1,812,891
Accounts payable for investment in a project	3,195,694	3,197,979	3,199,615
Accrued expenses	54,347	54,760	64,904
Professional fees payable	838,191	837,949	837,949
** Provision for legal case	181,528	---	---
Other payables	80,411	80,234	76,076
	6,328,199	6,202,538	6,042,459

* Due to contractors includes an amount of KD 1,767,928 (2020: KD 1,767,928) related to the project and the legal dispute set out in Note 9.

13 - Bond payables

	(Audited)		
	30 September 2021	31 December 2020	30 September 2020
	KD	KD	KD
	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>

During the previous years, the Group had reached settlement agreements with bond holders regarding maturing bonds amounting to 11,088,000 Kuwaiti dinars, and as a result of these agreements, one of the Group's foreign subsidiaries purchased approximately 92.5% of the issued bonds.

On November 26, 2014, the bond holders of KD 900,000 (Kuwait Investment Authority) filed a lawsuit against the parent company to recover the full face value of the bonds.

On January 24, 2019, the High Court rejected the lawsuit submitted by the International Investment Authority and obligated the parent company to pay the value of the unpaid coupon amounting to 46,762 Kuwaiti dinars, and the lawsuit expenses. The ruling was appealed by the General Investment Authority.

On May 22, 2019, the Court of Appeal rejected the appeal submitted by the General Investment Authority and upheld the judgment issued by the High Court. The General Investment Authority has appealed the ruling to the Court of Cassation.

On October 31, 2019, the Court of Cassation rejected the appeal and obligated the parent company to pay the value of the unpaid coupon in the amount of 46,762 Kuwaiti dinars and the lawsuit expenses in the amount of 13,953 Kuwaiti dinars. As a result, the Parent Company has recognized a provision against these amounts in the interim consolidated financial information for the period ended September 30, 2019 (included under accounts payable and other credit balances).

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

14 - Share capital

The Company's authorized, issued, and paid up share capital is KD 31,024,591 (31 December 2020: KD 31,024,591 and 30 September 2020: KD 31,024,591) comprising of 310,245,910 shares (31 December 2020 310,245,910 and 30 September 2020: 310,024,591), of 100 fils each, shares paid in cash.

15 - Treasury shares

	(Audited)		
	30 September 2021	31 December 2020	30 September 2020
	KD	KD	KD
number of shares (share)	1,251,097	---	---
Ratio to paid up shares (%)	0.40%	---	---
Market Value (Kuwaiti Dinar)	7,381	---	---
Cost (Kuwaiti Dinar)	125,110	---	---

This item represents shares received by the parent company on September 9, 2021, amounting to 1,251,097 shares registered in the company's books at the par value of the share (100 fils) per share.

Whereas in 2017, the parent company lost a lawsuit filed by one of the bond holders in the amount of 900,000 Kuwaiti Dinars, who agreed to the settlement agreement mentioned in Note No. (13) at an earlier date, but later refused to own the shares offered against the indebtedness.

A judgment was issued by the Court of Appeal on July 13, 2017, granting the bond holder the right to use the price used for the debt-equity swap amounting to KD 270,000, in respect of which the Group recorded a provision for litigation in 2017 and then repaid this amount in subsequent years.

The parent company filed another legal action against one of the same old bond holders and the shares of 2,700,000 shares previously issued to this bond holder (with a par value of 270,000 Kuwaiti Dinars) and these shares were kept with the "Investment Trustee" until the legal dispute is resolved.

As on September 9, 2021 and after the completion of the legal dispute, the "Investment Trustee" returned the shares to the parent company, whereby the Investment Trustee had to return 2,700,000 shares, but as a result of the parent company reducing the capital from 66,954,351 Kuwaiti Dinars to 31,024,591 Kuwaiti Dinars from that date to the date of receiving the shares (September 9, 2021) the parent company received 1,251,097 shares. The market value of the (1,251,097) shares received was reached based on the last trading price of the share in the Kuwait Stock Exchange on November 29, 2020, which amounts to (5.9 fils) per share due to the suspension of the parent company's shares from trading since that date.

16 – Net investments income

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	KD	KD	KD	KD
Change in fair value of investments at fair value through statement of income	83,418	146,937	242,698	96,701
(Loss) on sale of investments at fair value through statement of income	---	(62,416)	---	(79,363)
Interest income	56	3,121	3,025	6,400
Dividend income	550	8,111	9,352	9,948
	<u>84,024</u>	<u>95,753</u>	<u>255,075</u>	<u>33,686</u>

17 – General and administrative expenses

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	KD	KD	KD	KD
Staff costs	37,833	52,940	110,459	142,997
Rent	8,400	5,903	26,482	30,035
Professional fees	9,943	12,751	16,981	36,971
Subscriptions	5,348	11,775	15,363	17,081
Other	4,134	6,581	6,560	18,732
	<u>65,658</u>	<u>89,950</u>	<u>175,845</u>	<u>245,816</u>

18 – Legal claims

This item represents a provision against legal claims against the parent company, as during the period following the interim condensed consolidated financial information period ended on September 30, 2021, on November 9, 2021 a court ruling was issued by the Court of Appeal against the parent company (Al Mal Investment Company) regarding a lawsuit filed by Undersecretary of the Ministry of Finance in his capacity regarding the national labor support tax owed by the company. Where a judgment was issued obligating the company with an amount of 181,528 Kuwaiti Dinars, the value of the national labor support tax for the year 2015, and accordingly the parent company recorded a provision for judicial claims against this amount in its books, and work is underway by the parent company on the matter of this judgment with the Court of Cassation in the State of Kuwait.

19 - Related party payables

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 2021 KD	(Audited) 31 December 2020 KD	30 September 2020 KD
Interim condensed consolidated statement of financial position due from related parties (included in accounts receivable and debit balances) (Note 9)			
Zone Advanced General Trading Company W.L.L.	433,247	433,247	433,247
Less: provision for expected credit losses	(173,300)	(43,325)	---
	<u>259,947</u>	<u>389,922</u>	<u>433,247</u>
Diyar Al-Kuwait Real Estate Company K.S.C. (Closed)	63,878	69,458	69,805
	<u>63,878</u>	<u>69,458</u>	<u>69,805</u>
Armila Capital Limited	97,493	97,493	97,493
Less: provision for expected credit losses	(16,574)	(16,574)	(16,574)
	<u>80,919</u>	<u>80,919</u>	<u>80,919</u>
	<u>404,744</u>	<u>540,299</u>	<u>583,971</u>

The movement in the provision for expected credit losses is as follows:

	30 September 2021 KD	(Audited) 31 December 2020 KD	30 September 2020 KD
Balance at beginning of the period/year	59,899	16,574	16,574
Change in fair value	129,975	43,325	---
Balance at end of the period/year	<u>189,874</u>	<u>59,899</u>	<u>16,574</u>

Based on the minutes of the parent company's board of directors meeting held on December 6, 2021 the company decided to take a provision for expected credit losses.

Amounts due from related parties do not carry any interest and are collected on demand.

	Three months ended 30 September		Nine months ended 30 September	
	2021 KD	2020 KD	2021 KD	2020 KD
Interim condensed consolidated statement of income				
Management and consulting fees	---	---	---	---
Key management compensation				
Salaries and other short-term benefits	4,355	---	4,355	16,564
End of service benefits	422	---	422	1,440



20- Basic and diluted (loss) earnings per share attributable to the shareholders of the parent company (fils)

Basic and diluted (loss) earnings per share are calculated by dividing the (loss) profit for the period by the weighted average number of shares outstanding during the period.

	Three months ended 30 September		Nine months ended 30 September	
	2021 KD	2020 KD	2021 KD	2020 KD
(Loss)profit for the period attributable to the shareholders of the parent company	(342,778)	82,865	(968,075)	(111,684)
Number of shares issued at the beginning of the period	310,245,910	310,245,910	310,245,910	310,245,910
Less: weighted average number of treasury shares	(625,548)	---	(625,548)	---
Weighted average number of shares outstanding (shares)	<u>309,620,362</u>	<u>310,245,910</u>	<u>309,620,362</u>	<u>310,245,910</u>
Basic and diluted (loss) earnings per share (fils) attributable to the shareholders of the parent company	<u>(1.11)</u>	<u>0.27</u>	<u>(3.13)</u>	<u>(0.36)</u>

21- Annual General Assembly Meeting

The annual general assembly of the shareholders of the parent company, held on September 17, 2021, approved the following:

- The group's consolidated financial statements for the financial year ended December 31, 2019.
- The Board of Directors' proposed not to distribute dividends for the financial year ended on December 31, 2019 (December 31, 2018: None).
- The Board of Directors proposed not to pay the remuneration to the members of the Board of Directors for the financial year ended on December 31, 2019 (December 31, 2018: nil).

Furthermore, an auditor has been appointed to review the interim condensed consolidated financial information for the nine-months period ended September 30, 2021 by the Parent Company's Board of Directors. This appointment was approved at the annual general assembly of shareholders of the parent company held on September 5, 2021.

21- Segmental information

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

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

The following is an analysis of the group's revenues and results by operating segment:

	30 September 2021				
	Real estates KD	Investments KD	Finance KD	Undistributed KD	Total KD
Segment net revenue	---	236,394	3,025	145,850	385,269
Segmental expenses and other charges	---	(1,173,802)	(3,542)	(175,845)	(1,353,189)
Segment results	---	(937,408)	(517)	(29,995)	(967,920)
Segment assets and liabilities					
Segment assets	<u>39,635</u>	<u>12,347,569</u>	<u>---</u>	<u>1,143,124</u>	<u>13,530,328</u>
Segment liabilities	<u>---</u>	<u>6,322,185</u>	<u>915,648</u>	<u>---</u>	<u>7,237,833</u>

	30 September 2020				
	Real estates	Investments	Finance	Undistributed	Total
	KD	KD	KD	KD	KD
Segment net (loss) revenue	(2,680)	56,163	6,400	78,738	138,621
Segmental expenses and other charges	---	---	(4,858)	(245,816)	(250,674)
Segment results	(2,680)	56,163	1,542	(167,078)	(112,053)
Segment assets and liabilities					
Segment assets	40,230	13,184,570	99,000	1,156,988	14,480,788
Segment liabilities	---	6,004,885	944,025	1,047	6,949,957

23- Fair value of financial instruments

Credit risk:

Financial assets on which the company focuses on credit risk consist mainly of cash and cash equivalents. Cash and cash equivalents are deposited with highly efficient financial institutions. Credit risk in relation to receivables is limited based on the number of clients and their good reputation.

Account receivable and other debit balances

The Company applies the simplified model in IFRS 9 to achieve expected credit losses over the life of the instrument for all trade receivables since these items do not have a material financing factor. In measuring expected credit losses, receivables were assessed on a group basis respectively and were classified based on common credit risk characteristics and maturity period.

Trade receivables (ie derecognition) are written off when there is no reasonable prospect of recovery. The default in 365 days from the date of the invoice and the inability to make an alternative payment arrangement - among other things, is an indication of an unreasonable expectation of recovery and is therefore considered to be a decline in the value of the credit.

Foreign currency risk:

The company is keen to keep the net exposure to foreign currency risk to a reasonable level through dealing in currencies that do not fluctuate materially against the Kuwaiti dinar.

Equity price risk:

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

The following table demonstrates the sensitivity of the changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The estimated change in equity prices is determined at (±) 5% (2020: (±) 5%).

	<u>Effect on interim condensed consolidated statement of income</u>		
	30 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
Investments at fair value through statement of income	72,844	65,380	62,247

	<u>Effect on interim condensed consolidated statement of income</u>		
	<u>30 September 2021</u> KD	<u>(Audited)</u> <u>31 December 2020</u> KD	<u>30 September 2020</u> KD
Investments at fair value through statement of other comprehensive income	86,230	129,345	143,716

Liquidity risk:

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

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

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

September 30, 2021

	<u>3 to 12 months</u>	<u>1 to 2 year</u>	<u>Total KD</u>
Accounts payable and other credit balances	6,328,199	---	6,328,199
Bonds payables	---	900,000	900,000
Unquoted securities	6,328,199	900,000	7,228,199

December 31, 2020

	<u>3 to 12 months</u>	<u>1 to 2 year</u>	<u>Total KD</u>
Accounts payable and other credit balances	6,202,538	---	6,202,538
Bonds payables	---	900,000	900,000
	6,202,538	900,000	7,102,538

September 30, 2020

	<u>3 to 12 months</u>	<u>1 to 2 year</u>	<u>Total KD</u>
Accounts payable and other credit balances	6,042,459	---	6,042,459
Bonds payables	---	900,000	900,000
	6,042,459	900,000	6,942,459

Fair value:

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the opinion of the Company's management, the estimated fair value of financial assets and liabilities are not materially different from their carrying values.

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 Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (for example, price inputs).
- Level 3: Inputs derived from valuation techniques that include inputs for assets or liabilities that are not based on market data and are supported by identifiable sources (inputs not supported by identifiable sources).

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

30 September 2021

	Level 1	Level 2	Level 3	Total KD
Investments at fair value through statement of income				
Quoted securities	68,161	---	---	68,161
Unquoted securities	---	695,391	---	695,391
Mutual funds	---	677,678	---	677,678
Investment portfolios	---	15,658	---	15,658
	<u>68,161</u>	<u>1,388,727</u>	<u>---</u>	<u>1,456,888</u>

31 December 2020

	Level 1	Level 2	Level 3	Total KD
Investments at fair value through statement of income				
Quoted securities	72,909	---	---	72,909
Unquoted securities	---	586,051	103,185	689,236
Mutual funds	---	522,990	---	522,990
Investment portfolios	---	22,467	---	22,467
	<u>72,909</u>	<u>1,131,508</u>	<u>103,185</u>	<u>1,307,602</u>

30 September 2021

	Level 1	Level 2	Level 3	Total KD
Investments at fair value through statement of income				
Quoted securities	77,435	---	---	77,435
Unquoted securities	---	---	684,584	684,584
Mutual funds	---	329,899	129,369	459,268
Investment portfolios	---	---	23,660	23,660
	<u>77,435</u>	<u>329,899</u>	<u>837,613</u>	<u>1,244,947</u>

The fair value of financial instruments that are traded in active markets is based on the market prices announced at the reporting date. The market is classified as an active market if the announced prices are quickly and regularly available from the stock exchange, dealer, broker, sector group, pricing services, or regulatory authority. Prices Actual and regular market transactions are based on purely commercial transactions. The quoted market price used for financial assets held by the Group is the current purchase 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 methods double the use of published market data when available and rely as little as possible on the entity's specific estimates. If all significant inputs to the fair value of a financial instrument are declared, the instrument is included in Level 2. If one or more of the inputs is not based on declared market data, the instrument is included in level 3.

24 – Fiduciary assets

The group manages mutual funds and portfolios on behalf of others and maintains securities in fiduciary accounts, and these accounts are not included in the group's interim condensed consolidated financial information. Assets under management amounted to KD 6,058,817 as on September 30, 2021 (December 30, 2020: KD 4,481,804 and September 30, 2020: KD 4,826,648).

25- Significant Event

This significant event is represented by the outbreak of the new Corona virus pandemic, which affected the global markets as well as the Kuwait market, which may have an impact on the net assets and business results of the group.

The parent company's management will take into account the impact of the emerging corona virus pandemic on the company's net assets and business results, and this impact cannot be estimated reliably as of the date of issuing the condensed interim financial information, and the results and effects of this virus are still unknown because they are based on the size and duration The continuation of these events.

26- Subsequent Events

A- The new board of directors of one of Al Mal's subsidiary companies – Al Mal Qatar Holding Company (KSCC) – which is 97.5 % owned by Al Mal Investment Company, at its meeting held on October 14, 2021, cancelled the asset swap agreement contract that was previously approved by the Board of Directors. The old management between Al Mal Qatar Holding Company (KSCC) and the Kuwaiti European Holding Company (KSC) on March 10, 2019. Accordingly, the necessary and legal measures will be taken in this regard.

B- On November 10, 2021, a judgment of the first degree was issued by the Court of First Instance in Kuwait to cancelled the share contract dated January 15, 2007 and obligate the parent company to pay an amount of KD 2,436,500 to Abdul-Hussein Ali Hussein Khaja. The group appealed this ruling to the Administrative Court in Kuwait.