

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 2020
(Unaudited)
And
Review Report on the Interim Condensed Consolidated
Financial Information



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Review Report on the Interim Condensed Consolidated Financial Information

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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, 2020 and the interim condensed consolidated statement of income, and the interim condensed consolidated statement of other comprehensive income for the three-month and nine-month period then ended, 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 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, 2020, with a carrying value of 6,090,662 Kuwaiti dinars, and the share of results amounted to 69,820 Kuwaiti dinars (profit). The carrying value of the associate company as at September 30, 2020 represents 42.06% of the total consolidated assets of the group, and the share of results represents 62.31% of the total consolidated loss of the group for the period ended September 30, 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 September 30, 2020 and December 31, 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 September 30, 2020 and December 31, 2019.

b) Diyar has an unquoted financial asset at fair value through other comprehensive income ("FVOCI") amounted to KD 333,464 at September 30, 2020 (December 31, 2019: 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 financial asset at FVOCI nor recognised this financial asset at fair value since the transaction date and as at September 30, 2020.



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, 2020 and its share of results for the nine-month period ended September 30, 2020.

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, 2020 and the share of results amounted to KD 61,713 (profit). Armila's carrying value as at September 30, 2020 represents 7.89% of the Group's total consolidated assets and the share of results represents 44.52% of the Group's total consolidated income for the nine-month period ended September 30, 2020. The share of results of Armila has been recognised for the nine-month period ended September 30, 2020 based on financial information prepared by management of the associate as at June 30, 2020. 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 period ended June 30, 2020 and the audited financial statements of Armila for the year ended December 31, 2019. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

3. 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 September 30, 2020. No assessment of provision for expected credit losses has been performed as at September 30, 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.

4. Financial assets at fair value through other comprehensive income

As stated in Note 10 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 September 30, 2020 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, 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 "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 explained in Note (2) about the interim condensed consolidated financial information, the Group incurred a loss of 112,053 Kuwaiti Dinars for the nine-months period ended September 30, 2020 (September 30, 2019: 1,874,845 Kuwaiti Dinars). On this date, the accumulated losses amounted to 23,084,637 Kuwaiti Dinars (December 31, 2019: 22,972,953 Kuwaiti dinars, and September 30, 2019: 22,285,607 Kuwaiti dinars). In addition, the group's current liabilities exceeded its current assets by an amount of 1,968,233 Kuwaiti dinars (December 31, 2019: 1,610,021 Kuwaiti dinars, as at September 30, 2019: 313,796 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 conclusion does not include reservations 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, however, on October 14, 2021, the Board of Directors of Al Mal Qatari Holding Company (a subsidiary company) met and decided to cancel the swap contract between the company and the Kuwaiti European Company, according to which Armila Capital Company will be disposed-off and First Al Mal Real Estate Company will be consolidated again as a subsidiary of Al Mal Qatari Holding Company starting from 14 October 2021 with a rate 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.

Other matter

The company's financial statements for the year ended December 31, 2019 and the interim condensed consolidated financial information for the six-month period ended June 30, 2020, were audited and reviewed by another auditor and he expressed a qualified opinion and conclusion in his report dated July 15, 2020 and August 19, 2020, respectively.

Report on other legal and regulatory requirements

Furthermore, except for the possible effects of the matters described in the "Basis for Qualified Conclusion" paragraph above and based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, except for the possible effects of the matters described in the "Basis for Qualified Conclusion" paragraph above, nothing has come to our attention indicating any violations of the Companies' Law No. 1 of 2016, and its Executive Regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, or of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business and its related regulation. or Law No. 7 of 2010 concerning the establishment of Capital Markets Authority and organization of securities activity and its Executive Regulations, as amended, during the nine-month period ended 30 September 2020 that would materially affect the Group's activities or its interim condensed consolidated financial position.

State of Kuwait
December 6, 2021 .



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



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

Interim Condensed Consolidated of Financial Position (Unaudited)
As at 30 September 2020

Statement (A)

| Assets | Note | (Audited) | | 30 September 2019 KD |
|---|------|-------------------------|------------------------|-------------------------|
| | | 30 September 2020 KD | 31 December 2019 KD | |
| Currents assets | | | | |
| Cash and cash equivalents | 7 | 108,990 | 330,298 | 279,836 |
| Investments at fair value through statement of income | 8 | 1,244,947 | 1,397,305 | 1,973,511 |
| Receivables and other debit balances | 9 | 2,720,289 | 2,793,083 | 3,565,610 |
| Total current assets | | 4,074,226 | 4,520,686 | 5,818,957 |
| Other current financial assets | | 99,000 | 99,000 | 99,000 |
| Investments at fair value through statement of other comprehensive income | 10 | 2,874,328 | 2,874,328 | --- |
| Investment in an associated companies | 11 | 7,393,004 | 7,252,942 | 8,321,268 |
| Investment property | | 40,230 | 42,910 | 47,877 |
| Total assets | | 14,480,788 | 14,789,866 | 14,287,102 |
| Liabilities and equity | | | | |
| Current liabilities | | | | |
| Payables and other credit balances | | 6,042,459 | 6,130,707 | 6,132,753 |
| Total current liabilities | | 6,042,459 | 6,130,707 | 6,132,753 |
| bond payables | 12 | 900,000 | 900,000 | 900,000 |
| Provision for end of service benefits | | 7,498 | 220,435 | 253,397 |
| Equity | | | | |
| Share capital | 13 | 31,024,591 | 31,024,591 | 31,024,591 |
| Foreign currency translation reserve | | (419,840) | (524,000) | (1,749,201) |
| (Accumulated losses) - statement (D) | | (23,084,637) | (22,972,953) | (22,285,607) |
| Equity attributable to the shareholders of the parent company | | 7,520,114 | 7,527,638 | 6,989,783 |
| Non-controlling interests | | 10,717 | 11,086 | 11,169 |
| Total equity | | 7,530,831 | 7,538,724 | 7,000,952 |
| Total liabilities and equity | | 14,480,788 | 14,789,866 | 14,287,102 |

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


Eid Naser Al Rasheedi
Chairman

(1)



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 2020

Statement (B)

| | Note | Three months ended 30 September | | Nine months ended 30 September | |
|--|------|------------------------------------|---------------------|-----------------------------------|---------------------|
| | | 2020 KD | 2019 KD | 2020 KD | 2019 KD |
| Revenue : | | | | | |
| Rental income | | --- | --- | --- | 141,123 |
| Change in the fair value of investment properties | | --- | --- | (2,680) | (4,979) |
| Management and consulting fees | | --- | 19,629 | --- | 66,350 |
| Net revenue from communication services | | 4,074 | 5,582 | 18,971 | 18,722 |
| Share of results of associates | 11 | 57,107 | (289,492) | 28,877 | (548,734) |
| Net investments income (loss) | 14 | 95,753 | (136,072) | 33,686 | (212,291) |
| Foreign exchange (loss) gain | | (1,571) | 2,593 | 4,859 | 2,021 |
| Other income | | 19,699 | 325 | 54,908 | 32,827 |
| Total revenue | | <u>175,062</u> | <u>(397,435)</u> | <u>138,621</u> | <u>(504,961)</u> |
| Expenses and other charges : | | | | | |
| General and administrative expenses | | 89,950 | 170,234 | 245,816 | 794,167 |
| Provision for expected credit losses | | --- | 444,374 | --- | 495,313 |
| financing expenses | | 2,614 | 1,480 | 4,858 | 80,404 |
| Total expenses and other charges | | <u>92,564</u> | <u>616,088</u> | <u>250,674</u> | <u>1,369,884</u> |
| | | <u>82,498</u> | <u>(1,013,523)</u> | <u>(112,053)</u> | <u>(1,874,845)</u> |
| Net profit (loss) for the period attributable to: | | | | | |
| Shareholders of the parent company | | 82,865 | (1,013,299) | (111,684) | (1,897,629) |
| Non-controlling interests | | (367) | (224) | (369) | 22,784 |
| Total net profit (loss) for the period -- Statement (C) | | <u>82,498</u> | <u>(1,013,523)</u> | <u>(112,053)</u> | <u>(1,874,845)</u> |
| Basic and diluted earnings (loss) per share attributable to the shareholders of the parent company (fils) | | | | | |
| | 16 | <u>0.27</u> | <u>(3.27)</u> | <u>(0.36)</u> | <u>(6.12)</u> |

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



**Interim Condensed Consolidated Statement of Other Comprehensive
Income (Unaudited) Statement (C)**
For the nine month period ended 30 September 2020

| | Note | Three months ended 30 September | | Nine months ended 30 September | |
|--|------|------------------------------------|--------------------|-----------------------------------|--------------------|
| | | 2020 KD | 2019 KD | 2020 KD | 2019 KD |
| Net profit (Loss) of the period | | 82,498 | (1,013,523) | (112,053) | (1,874,845) |
| Other comprehensive income (loss): | | | | | |
| <u>Items that may be reclassified subsequently to interim condensed consolidated statement of income</u> | | | | | |
| <u>Group's share of other comprehensive income (loss) of associates</u> | 11 | 78,594 | --- | 116,427 | --- |
| Foreign currency translation differences | | 52,008 | (18,417) | (12,267) | 87,984 |
| Other comprehensive (loss) income for the period | | <u>130,602</u> | <u>(18,417)</u> | <u>104,160</u> | <u>87,984</u> |
| Total other comprehensive income (loss) for the period – (Statement D) | | <u>213,100</u> | <u>(1,031,940)</u> | <u>(7,893)</u> | <u>(1,786,861)</u> |
| Attributable to : | | | | | |
| Shareholders of the parent company | | 213,467 | (1,031,716) | (7,524) | (1,809,645) |
| Non-controlling interests | | (367) | (224) | (369) | 22,784 |
| | | <u>213,100</u> | <u>(1,031,940)</u> | <u>(7,893)</u> | <u>(1,786,861)</u> |

The accompanying notes form an integral part of the interim condensed consolidated financial information
(3)



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 2020

Statement (D)

| | Share capital KD | Foreign currency translation reserve KD | (Accumulated losses) KD | Sub-total KD | Non- controlling interests KD | Total KD |
|--|---------------------|---|-------------------------------|------------------|--|------------------|
| Equity at 1 January 2019 | 31,024,591 | (1,837,185) | (20,387,978) | 8,799,428 | 4,664,012 | 13,463,440 |
| Net (loss) for the period | --- | --- | (1,897,629) | (1,897,629) | 22,784 | (1,874,845) |
| Other comprehensive income for the period | --- | 87,984 | --- | 87,984 | --- | 87,984 |
| Total other comprehensive income (loss) for the period | --- | 87,984 | (1,897,629) | (1,809,645) | 22,784 | (1,786,861) |
| Effect of derecognition of subsidiaries (Note 6) | --- | --- | --- | --- | (4,675,627) | (4,675,627) |
| Equity at 30 September 2019 | 31,024,591 | (1,749,201) | (22,285,607) | 6,989,783 | 11,169 | 7,000,952 |
| 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) | (369) | (7,893) |
| Equity at 30 September 2020 | 31,024,591 | (419,840) | (23,084,637) | 7,520,114 | 10,717 | 7,530,831 |

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 2020

| | <u>30 September 2020</u> KD | <u>30 September 2019</u> KD |
|---|--------------------------------|--------------------------------|
| Cash flows from operating activities: | | |
| Net (loss) for the period | (112,053) | (1,874,845) |
| Adjustments: | | |
| Net investment (loss) income | (33,686) | 212,291 |
| Share of results of associates | (28,877) | 548,734 |
| Provision for expected credit losses | --- | 495,313 |
| Change in the fair value of investment properties | 2,680 | 4,979 |
| Depreciation | --- | 2,537 |
| End of service benefits | 5,909 | 34,725 |
| financing expenses | 4,858 | 80,404 |
| Foreign exchange (gain) | (4,859) | (2,021) |
| (Increase) in receivables and other debit balances | (72,794) | (95,312) |
| (Decrease) in payables and other credit balances | (101,628) | (100,988) |
| End of service benefits paid | (55,019) | (117,889) |
| Net cash (used in) operating activities | <u>(395,469)</u> | <u>(812,072)</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 | 173,559 | 1,628,644 |
| Purchase of investment properties | --- | (31,717) |
| Dividend income received | 9,948 | 20,882 |
| Interest income received | 6,400 | 8,402 |
| Net cash generated from investing activities | <u>186,044</u> | <u>1,626,211</u> |
| Financing Activities | | |
| Net movement on Murabaha credits | --- | 29,970 |
| Finance expenses paid | (4,858) | --- |
| Net cash (used in) generated from financing activities | <u>(4,858)</u> | <u>29,970</u> |
| Foreign currency translation differences | (7,025) | 89,671 |
| Net (decrease) increase in cash and cash equivalents | (221,308) | 933,780 |
| Cash and cash equivalents of derecognised subsidiaries | --- | (1,503,189) |
| Cash and cash equivalents at the beginning of the period – Statement (A) | <u>330,298</u> | <u>849,245</u> |
| Cash and cash equivalents at the end of the period – Statement (A) | <u><u>108,990</u></u> | <u><u>279,836</u></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, 2020

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, 2020 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 112,053 Kuwaiti Dinars for the nine-month period ended September 30, 2020 (September 30, 2019: KWD 1,874,845) and, as of that date, the accumulated losses has reached an amount of KD 23,084,637 (31 December 2019: KD 22,972,953 and 30 September 2019: KD 22,285,607). In addition, the group's current liabilities exceeded its current assets by KD 1,968,233 (December 31, 2019: KD 1,610,021 and September 30, 2019: KD 313,796).

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, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. For further information, refer to the financial statements and notes thereto for the year ended December 31, 2019.

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, 2020 are similar to those applied in the preparation of the annual financial statements for the financial year ended December 31, 2019.

- 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 2020 | 31 December 2019 | 30 September 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.LL. | Kuwait | %80 | %80 | %80 | Real estate Development |
| 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 | Real estate project management |
| Quick Facilities Management L.L.C. | United Arab Emirates | %100 | %100 | %100 | Investment activities |
| Takharaj Financial and Administrative Consulting Company K.S.C. (Closed) | Kuwait | %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 compiled based on management data prepared by the subsidiaries' management as on September 30, 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 76.57% 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 22).

| | 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

| | 30 September 2020 | (Audited) 31 December 2019 | 30 September 2019 |
|--------------------------------|-------------------|-------------------------------|-------------------|
| | KD | KD | KD |
| Cash on hand and bank balances | 105,577 | 322,651 | 269,763 |
| Cash with portfolio managers | 3,413 | 7,647 | 10,073 |
| | <u>108,990</u> | <u>330,298</u> | <u>279,836</u> |

8 - Investments at fair value through statement of income

| | 30 September 2020 | (Audited) 31 December 2019 | 30 September 2019 |
|-----------------------|-------------------|-------------------------------|-------------------|
| | KD | KD | KD |
| Quoted Securities | 77,435 | 98,965 | 132,214 |
| Unquoted securities | 684,584 | 833,888 | 1,194,433 |
| Mutual funds | 459,268 | 436,671 | 618,844 |
| Investment portfolios | 23,660 | 27,781 | 28,020 |
| | <u>1,244,947</u> | <u>1,397,305</u> | <u>1,973,511</u> |

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

| | 30 September 2020 KD | (Audited) 31 December 2019 KD | 30 September 2019 KD |
|---|-------------------------|-------------------------------------|-------------------------|
| Balance at beginning of the period/year | 1,397,305 | 4,262,226 | 4,262,226 |
| Additions | 3,863 | --- | --- |
| Transfer from investment in associates | --- | 89,565 | --- |
| Disposals | (252,922) | (1,923,976) | (1,665,873) |
| Effect of derecognition of a subsidiary | --- | (418,496) | (418,496) |
| Change in fair value | 96,701 | (612,014) | (204,346) |
| Balance at end of the period/year | <u>1,244,947</u> | <u>1,397,305</u> | <u>1,973,511</u> |

During the nine-month period ended September 30, 2020, an amount of KD 96,701 was recognized as a gain on the sale of certain financial investments at fair value through profit or loss in the interim condensed consolidated statement of income (September 30, 2019: loss on sale of KD 37,229) Note (14).

The valuation techniques of investments at fair value through other comprehensive income are disclosed in Note (19).

9 – Receivables and other debit balances

| | 30 September 2020 KD | (Audited) 31 December 2019 KD | 30 September 2019 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) |
| | <u>1,767,928</u> | <u>1,767,928</u> | <u>1,767,928</u> |
| ***Advances | 1,189,703 | 1,189,703 | 1,211,913 |
| Less: impairment | (1,189,703) | (1,189,703) | (273,454) |
| | <u>---</u> | <u>---</u> | <u>938,459</u> |
| Accounts receivable | 69,358 | 68,866 | 126,199 |
| **Less: provision for expected credit losses | (68,866) | (68,866) | (68,866) |
| | <u>492</u> | <u>---</u> | <u>57,333</u> |
| Due from related parties (Note 4) | 600,545 | 588,562 | 586,055 |
| **Less: provision for expected credit losses | (16,574) | (16,574) | (436,303) |
| | <u>583,971</u> | <u>571,988</u> | <u>149,752</u> |
| Staff receivables | --- | 75,040 | 115,173 |
| Other debit balances | 627,507 | 637,736 | 630,975 |
| **Less: provision for expected credit losses | (259,609) | (259,609) | (94,010) |
| | <u>367,898</u> | <u>453,167</u> | <u>652,138</u> |
| | <u>2,720,289</u> | <u>2,793,083</u> | <u>3,565,610</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 30 June 2020 (31 December 2019 and 30 September 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 30 September 2019: 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 8, 2021. The session has been postponed to December 8, 2021.

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

| | 30 September 2020 KD | (Audited) 31 December 2019 KD | 30 September 2019 KD |
|---|-------------------------|-------------------------------------|-------------------------|
| Balance at beginning of the period/year | 16,385,367 | 16,144,184 | 16,417,638 |
| Change in fair value | --- | 241,183 | 495,313 |
| Balance at end of the period/year | <u>16,385,367</u> | <u>16,385,367</u> | <u>16,912,951</u> |

*** The advance payments include the amount of 917,856 Kuwaiti Dinars as on September 30, 2020 (December 31, 2019 and September 30, 2019: KWD 917,856) 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, 2020.

10 - Investments at fair value through other comprehensive income

| | 30 September 2020 KD | (Audited) 31 December 2019 KD | 30 September 2019 KD |
|-------------------|-------------------------|-------------------------------------|-------------------------|
| Unquoted security | 2,874,328 | 2,874,328 | --- |
| | <u>2,874,328</u> | <u>2,874,328</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)).

- Valuation techniques of financial asset at fair value through other comprehensive income ("FVOCI") are disclosed in note 19.

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 (Audited) | | | Book Value (Audited) | | |
|--|-----------------------------|------------------------------|-------------|--------------|-------------------------|------------------|------------------|
| | | 30 September | 31 December | 30 September | 30 September | 31 December | 30 September |
| | | 2020 | 2019 | 2019 | 2020 | 2019 | 2019 |
| | | % | % | % | KD | KD | KD |
| *Diyar Al-Kuwait Real Estate Company K.S.C.(Closed) | Kuwait | %40.25 | %40.25 | %40.25 | 6,090,662 | 5,904,414 | 3,765,836 |
| **Armila Capital Limited | United Kingdom | %40 | %40 | %40 | 1,143,124 | 1,089,636 | 1,076,315 |
| **MAC SA, Stock Brokerage Company | Tunisia | %48 | %48 | %48 | 159,218 | 258,892 | 257,886 |
| Zone Advanced General Trading Company W.L.L. | Kuwait | --- | --- | %40 | --- | --- | 2,874,328 |
| United Insurance Company | Syria | --- | --- | %18 | --- | --- | 346,903 |
| | | | | | <u>7,393,004</u> | <u>7,252,942</u> | <u>8,321,268</u> |

*The share of results of this associate has been recognised for the nine-month period ended 30 September 2020 based on financial information prepared by management of the associate as at 30 September 2020.

**The share of results of these associates has been recognised for the nine-month period ended 30 September 2020 based on financial information prepared by management of the associates as at 30 June 2020 adjusted for any material transactions for the period from 1 July 2020 to 30 September 2020.

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

| | 30 September 2020 | (Audited) 31 December 2019 | 30 September 2019 |
|--|-------------------|-------------------------------|-------------------|
| | KD | KD | KD |
| Balance at 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 | 28,877 | 1,498,952 | (548,734) |
| Reclassified to a financial asset at fair value through other comprehensive income (c) | --- | (2,874,328) | --- |
| Reclassified to financial assets at fair value through income statement (D) | --- | (346,903) | --- |
| Share of other comprehensive income associates | 116,427 | 68,510 | --- |
| Impairment of investment in associate | --- | (31,504) | --- |
| Foreign currency translation differences | (5,242) | 69,336 | 1,123 |
| Balance at end of the period/year | <u>7,393,004</u> | <u>7,252,942</u> | <u>8,321,268</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).

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 8). 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.

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:

| | 30 September 2020 KD | (Audited) 31 December 2019 KD | 30 September 2019 KD |
|---|-------------------------|-------------------------------------|-------------------------|
| Total assets | 24,109,298 | 23,330,801 | 8,539,130 |
| Total Liabilities | (1,118,631) | (1,055,356) | (305,076) |
| | 22,990,667 | 22,275,445 | 8,234,054 |
| Less: non-controlling interests | (8,973,757) | (8,727,365) | 788 |
| Net assets | 14,016,910 | 13,548,080 | 8,234,842 |
| Group's share of the associate's net assets | 5,641,806 | 5,453,102 | 3,314,524 |
| Goodwill | 451,312 | 451,312 | 451,312 |
| Carrying amount | 6,093,118 | 5,904,414 | 3,765,836 |

Associate's revenue and results:

| | For the nine months ended September 30 | |
|--|--|--------------|
| | 2020 KD | 2019 KD |
| Income | 264,247 | 493,127 |
| Expenses and other charges | (90,781) | (1,647,677) |
| Profit (loss) for the period | 173,466 | (1,154,550) |
| Other comprehensive income | 289,260 | 16,621 |
| Group's share of results of the associate | 69,820 | (464,706) |
| Group's share of other comprehensive income of the associate | 116,427 | 6,690 |

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.

(ii) Armila Capital Limited

The financial position of the associate company:

| | 30 September 2020 | (Audited) 31 December 2019 | 30 September 2019 |
|---|-------------------|-------------------------------|-------------------|
| | KD | KD | KD |
| Total assets | 535,908 | 413,197 | 321,942 |
| Total Liabilities | (198,534) | (249,108) | (189,937) |
| Net assets | 337,374 | 164,089 | 132,005 |
| Group's share of the associate's net assets | 134,950 | 65,636 | 52,802 |
| Goodwill | 1,055,504 | 1,055,504 | 1,055,504 |
| Less: impairment recognised | (31,504) | (31,504) | (31,504) |
| Carrying amount | 1,158,950 | 1,089,636 | 1,076,802 |

Associate's revenue and results:

| | For the nine months ended September 30 | |
|---|--|------------|
| | 2020 | 2019 |
| | KD | KD |
| Income | 405,262 | 171,742 |
| Expenses and other charges | (250,979) | (167,499) |
| Profit for the period | 154,283 | 4,243 |
| Group's share of results of the associate | 61,713 | 1,697 |

12 - Bond payables

| | 30 September 2020 | (Audited) 31 December 2019 | 30 September 2019 |
|--|-------------------|-------------------------------|-------------------|
| | KD | KD | KD |
| | 900,000 | 900,000 | 900,000 |

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

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).

13 - Share capital

The Company's authorized, issued, and paid up share capital is KD 31,024,591 (31 December 2019: KD 31,024,591 and 30 September 2019: KD 31,024,591) comprising of 310,245,910 shares (31 December 2019 310,245,910 and 30 September 2019: 310,024,591), of 100 fils each, shares paid in cash.

14 – Net investments income (Loss)

| | Three months ended 30 September | | Six months ended 30 September | |
|---|------------------------------------|------------------|----------------------------------|-------------------|
| | 2020 KD | 2019 KD | 2020 KD | 2019 KD |
| Change in fair value of investments at fair value through statement of income | 146,937 | (60,355) | 96,701 | (204,346) |
| (Loss) on sale of investments at fair value through statement of income | (62,416) | (90,148) | (79,363) | (37,229) |
| Interest income | 3,121 | 3,337 | 6,400 | 8,402 |
| Dividend income | 8,111 | 11,094 | 9,948 | 20,882 |
| | <u>95,753</u> | <u>(136,072)</u> | <u>33,686</u> | <u>(212,291)</u> |

15 - 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 2020 KD | (Audited) 31 December 2019 KD | 30 September 2019 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 |
| Diyar Al-Kuwait Real Estate Company K.S.C. (Closed) | 69,805 | 57,822 | 55,315 |
| Armila Capital Limited | 97,493 | 97,493 | 97,493 |
| | <u>600,545</u> | <u>588,562</u> | <u>586,055</u> |
| Less: provision for expected credit losses | (16,574) | (16,574) | (436,303) |
| | <u>583,971</u> | <u>571,988</u> | <u>149,752</u> |

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|------------|-----------------------------------|------------|
| | 2020 KD | 2019 KD | 2020 KD | 2019 KD |
| Interim condensed consolidated statement of income | | | | |
| Management and consulting fees | --- | 19,626 | --- | 66,350 |
| Key management compensation | | | | |
| Salaries and other short-term benefits | --- | 20,960 | 16,564 | 88,904 |
| End of service benefits | --- | 1,726 | 1,440 | 6,556 |

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

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

| | Three months ended 30 September | | Six months ended 30 September | |
|---|------------------------------------|--------------------|----------------------------------|--------------------|
| | 2020 KD | 2019 KD | 2020 KD | 2019 KD |
| Profit (loss) for the period attributable to the shareholders of the parent company | 82,865 | (1,013,299) | (111,684) | (1,897,629) |
| Weighted average number of shares outstanding (shares) | <u>310,245,910</u> | <u>310,245,910</u> | <u>310,245,910</u> | <u>310,245,910</u> |
| Basic and diluted earnings (loss) per share (fils) attributable to the shareholders of the parent company | <u>0.27</u> | <u>(3.27)</u> | <u>(0.36)</u> | <u>(6.12)</u> |

17- Annual General Assembly Meeting

The annual general assembly of the shareholders of the parent company, held on September 17, 2020, 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, 2020 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.

18- 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 2020 | | | | |
|---------------------------------------|--------------------|-------------------|----------------|---------------------|-------------------|
| | Real estates KD | Investments KD | Finance KD | Undistributed KD | Total 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 | <u>(2,680)</u> | <u>56,163</u> | <u>1,542</u> | <u>(167,078)</u> | <u>(112,053)</u> |
| Segment assets and liabilities | | | | | |
| Segment assets | <u>40,230</u> | <u>13,184,570</u> | <u>99,000</u> | <u>1,156,988</u> | <u>14,480,788</u> |
| Segment liabilities | <u>---</u> | <u>6,004,885</u> | <u>944,025</u> | <u>1,047</u> | <u>6,949,957</u> |

| | 30 September 2019 | | | | |
|---------------------------------------|-------------------|-------------|-----------|---------------|-------------|
| | Real estates | Investments | Finance | Undistributed | Total |
| | KD | KD | KD | KD | KD |
| Segment net revenue (loss) | 136,144 | (694,675) | --- | 53,570 | (504,961) |
| Segmental expenses and other charges | (82,246) | (731,096) | (516,707) | (39,835) | (1,369,884) |
| Segment results | 53,898 | (1,425,771) | (516,707) | 13,735 | (1,874,845) |
| Segment assets and liabilities | | | | | |
| Segment assets | 1,815,805 | 11,662,826 | 99,000 | 709,471 | 14,287,102 |
| Segment liabilities | 2,651,081 | 3,196,459 | 962,130 | 476,480 | 7,286,150 |

19- 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.

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.

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 2020

| | 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> |
| Investments at fair value through other comprehensive income | | | | |
| Unquoted security | --- | --- | 2,874,328 | 2,874,328 |
| | <u>77,435</u> | <u>329,899</u> | <u>3,711,941</u> | <u>4,119,275</u> |

31 December 2019

| | Level 1 | Level 2 | Level 3 | Total KD |
|---|---------------|----------------|------------------|------------------|
| Investments at fair value through statement of income | | | | |
| 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> |
| Investments at fair value through other comprehensive income | | | | |
| 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> |

30 September 2019

| | Level 1 | Level 2 | Level 3 | Total KD |
|--|----------------|---------------|------------------|------------------|
| Investments at fair value through statement of income | | | | |
| Quoted securities | 132,214 | --- | --- | 132,214 |
| Unquoted securities | --- | --- | 1,194,433 | 1,194,433 |
| Mutual funds | --- | --- | 618,844 | 618,844 |
| Investment portfolios | --- | 28,220 | --- | 28,220 |
| | <u>132,214</u> | <u>28,220</u> | <u>1,813,277</u> | <u>1,973,711</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. There were no transfers between levels 1, 2 and 3 during the period/year.

20 – 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 4,826,648 KD as on September 30, 2020 (December 30, 2019: KD 15,542,449, December 31, 2019 KD 4,826,648).

21- 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.

22- 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 9, 2021, a judgment of the first degree was issued by the Court of First Instance in Kuwait obligating the parent company to pay the accrued amount of 181,528 KD to the Ministry of Finance for the value of KFAS for the fiscal year 2015, the group appealed this ruling to the Administrative Court in Kuwait.

C- 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.