Al Madina for Finance and Investment Company- K.S.C (Public)

and its subsidiaries

Kuwait

Interim Condensed Consolidated Financial Information

(Unaudited)

For the three months ended March 31, 2020

With review report

Al Madina for Finance and Investment Company- K.S.C (Public)

and its subsidiaries
Kuwait
Interim Condensed Consolidated Financial Information
(Unaudited)
For the three months ended March 31, 2020
With review report

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Rödl
Middle East
Burgan-International Accountants
Ali Al-Hasawi & Co

The Board of Directors
AI Madina for Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Review report on the interim condensed consolidated financial information

Introduction
We have reviewed the accompanying interim condensed consolidated financial information of AI Madina for Finance and Investment Company - K.S.C (Public) - (the Parent Company) and its subsidiaries (together referred to as "the Group") - which comprise the interim condensed consolidated statement of financial position as of March 31, 2020 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. (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
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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

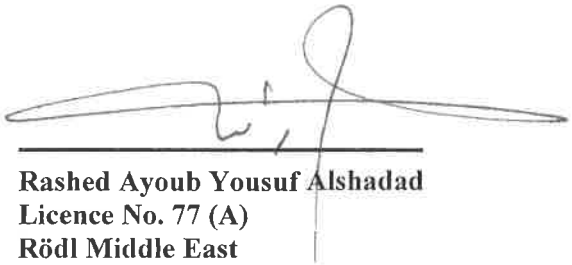
Basis for Qualified Conclusion
We did not obtain the supporting documents for a sale transaction that was carried out by the Ministry of Justice - the Execution Department for the benefit of one of the creditors during the period – due to the non-availability of it with the group's management - therefore , we were not able to verify the amounts recorded for the impact of this transaction in the interim condensed consolidated financial information included in notes (8,11,13) to the interim condensed consolidated financial information.

Qualified Conclusion
Based on our review, except for what has been mentioned in "Basis for Qualified Conclusion" paragraph above nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared - in all material respects - in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

Report on review of other legal and regulatory matters

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of "the Parent Company". We further report that nothing has come to our attention indicating any contravention during the three month period ended March 31, 2020 of the Companies' Law No. 1 of year 2016, and its executive regulation , as amended, or law No. 7 of 2010 in respect of the establishment of Capital Market Authority, the organization of the securities activity and its executive regulations or of the Parent Company's memorandum and articles of association, as amended, that might have had a material effect on the business of the Group or on its interim condensed consolidated statement of financial position.

And during the course of our review, nothing has come to our attention indicating any material violations during the three month period ended March 31, 2020 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 related regulations. Except as disclosed in note (11) on the interim condensed consolidated financial information regarding wakala payables obtained from investment funds, which is in violation of the instructions of central bank of Kuwait.



Rashed Ayoub Yousuf Alshadad
Licence No. 77 (A)
Rödl Middle East
Burgan - International Accountants

August 13, 2020
State of Kuwait

AI Madina for Finance and Investment Company K.S.C (Public)

And its subsidiaries
Kuwait

Interim condensed consolidated statement of financial position as of March 31, 2020

(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Assets				
Cash and cash equivalents	4	**138,456**	142,745	398,808
Investments at fair value through profit or loss	5	**1,458,959**	1,680,733	2,044,891
Receivables and other debit balances	6	**5,072,715**	4,980,556	5,281,525
Investment properties	7	**827,795**	827,795	831,104
Investment in associates	8	**17,428,520**	17,674,602	18,578,716
Investments at fair value through other comprehensive income	9	**1,677,286**	2,187,764	3,702,369
Property and equipment		**6,113**	6,113	13,086
Total assets		**26,609,844**	27,500,308	30,850,499
Liabilities and equity				
Liabilities				
Payables and other credit balances	10	**2,347,005**	2,232,976	2,383,726
Wakala payables	11	**2,216,281**	2,522,653	2,522,653
End of service indemnity		**201,622**	201,608	182,677
Total liabilities		**4,764,908**	4,957,237	5,089,056
Equity				
Share capital		**40,706,523**	40,706,523	40,706,523
Share premium		**3,424,918**	4,552,924	4,552,924
Other reserves	12	**(2,085,337)**	(2,086,556)	(1,012,062)
Treasury shares	13	**(1,451,970)**	(2,694,680)	(2,694,680)
Accumulated losses		**(29,283,754)**	(28,723,211)	(27,395,539)
Total equity attributable to shareholders of the Parent Company		**11,310,380**	11,755,000	14,157,166
Non-controlling interests		**10,534,556**	10,788,071	11,604,277
Total equity		**21,844,936**	22,543,071	25,761,443
Total liabilities and equity		**26,609,844**	27,500,308	30,850,499

Mohammad Darweesh Al-Shamali
Vice Chairman

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

Al Madina for Finance and Investment Company K.S.C (Public)

And its subsidiaries
Kuwait

Interim condensed consolidated statement of profit or loss for the three months ended March 31, 2020
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	The Three Months Ended March 31,	
		2020	2019
Revenue			
Losses from investments	14	**(238,719)**	(449,985)
Share of results in associates		**(211,911)**	19,613
Gains/(losses) from sale of investment in associates		**127,282**	(296,972)
Other (Loss)/income and management fees		**(1,262)**	27,651
		(324,610)	(699,693)
Expenses and other charges			
Staff cost		**120,953**	144,430
Other expenses		**42,905**	33,409
Total expenses and other charges		**163,858**	177,839
Net loss for the period		**(488,468)**	(877,532)
Attributable to:			
Shareholders of the Parent Company		**(468,924)**	(884,347)
Non-controlling interests		**(19,544)**	6,815
		(488,468)	(877,532)
Loss per share attributable to Shareholders of the Parent Company/(fils)	15	**(1.19)**	(2.27)

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

Al Madina for Finance and Investment Company K.S.C (Public)
and its subsidiaries
Kuwait

interim condensed consolidated statement of profit or loss and other comprehensive income
for three months ended March 31, 2020
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	The Three Months Ended March 31,	
	2020	2019
Net loss for the period	**(488,468)**	(877,532)
Other comprehensive income items:		
Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:		
Investments in associates		
Group's share in associates' reserves	**150,576**	(318,770)
Transferred to the interim condensed consolidated statement of profit or loss on sale	**127,150**	33,806
Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:		
Change in fair value for investments at fair value through other comprehensive income	**(510,478)**	(308,531)
Group's share in the adjustment of retained earnings of the associate	**(91,619)**	-
Total other comprehensive income	**(324,371)**	(593,495)
Total comprehensive income for the period	**(812,839)**	(1,471,027)
Attributable to:		
Shareholders of the Parent Company	**(559,324)**	(1,346,945)
Non-controlling interests	**(253,515)**	(124,082)
Total comprehensive income for the period	**(812,839)**	(1,471,027)

Al Madina for Finance and Investment Company K.S.C (Public)

And its subsidiaries
Kuwait

Interim condensed consolidated statement of changes in equity for the three months ended March 31, 2020

(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Attributable to the Parent Company's shareholders equity							
	Share capital	Share premium	Other reserves (Note - 12)	Treasury shares	Accumulated losses	Total	Non-controlling interests	Total
Balance at January 1, 2019 (As previously stated)	40,706,523	4,552,924	(549,464)	(2,694,680)	(23,709,910)	18,305,393	11,728,376	30,033,769
Adjustment to the opening balance due to share of the Group in the adjustments in retained earnings of associates	-	-	-	-	(2,801,282)	(2,801,282)	(17)	(2,801,299)
Balance at January 1, 2019 "adjusted"	40,706,523	4,552,924	(549,464)	(2,694,680)	(26,511,192)	15,504,111	11,728,359	27,232,470
Net loss for the period	-	-	-	-	(884,347)	(884,347)	6,815	(877,532)
Total other comprehensive income for the period	-	-	(462,598)	-	-	(462,598)	(130,897)	(593,495)
Total comprehensive income for the period	-	-	(462,598)	-	(884,347)	(1,346,945)	(124,082)	(1,471,027)
Balance at March 31, 2019	40,706,523	4,552,924	(1,012,062)	(2,694,680)	(27,395,539)	14,157,166	11,604,277	25,761,443
Balance at January 1, 2020	40,706,523	4,552,924	(2,086,556)	(2,694,680)	(28,723,211)	11,755,000	10,788,071	22,543,071
Net loss for the period	-	-	-	-	(468,924)	(468,924)	(19,544)	(488,468)
Total other comprehensive income for the period	-	-	1,219	-	(91,619)	(90,400)	(233,971)	(324,371)
Total comprehensive income for the period	-	-	1,219	-	(560,543)	(559,324)	(253,515)	(812,839)
Effect of treasury shares sale (Note 11 - 13)	-	(1,128,006)	-	1,242,710	-	114,704	-	114,704
Balance at March 31, 2020	**40,706,523**	**3,424,918**	**(2,085,337)**	**(1,451,970)**	**(29,283,754)**	**11,310,380**	**10,534,556**	**21,844,936**

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

Al Madina for Finance and Investment Company K.S.C (Public)

And its subsidiaries
Kuwait

Interim condensed consolidated statement of cash flows for the three months ended March 31, 2020
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	The Three Months Ended March 31,	
		2020	2019
Cash flows from operating activities			
Net loss for the period		**(488,468)**	(877,532)
Adjustments:			
Change in fair value of investments at fair value through profit or loss		**247,737**	448,497
(Gains) /Losses from sale of investments at fair value through profit or loss		**(9,018)**	1,488
Group share of results in associates		**211,911**	(19,613)
(Gains) /Losses from selling a share of investment in associates		**(127,282)**	296,972
Depreciation		**-**	143
End of service indemnity		**8,506**	14,927
Operating loss before calculating the effect of changes in working capital		**(156,614)**	(135,118)
Investments at fair value through statement of profit or loss		**(314,675)**	(275,281)
Receivables and other debit balances		**(92,159)**	37,870
Payables and other credit balances		**114,029**	1,368
Cash used in operations		**(449,419)**	(371,161)
End of service indemnity paid		**(8,492)**	(516)
Net cash used in operating activities		**(457,911)**	(371,677)
Cash flows from investing activities			
Purchase of investments in associates		**(410,937)**	(30,994)
Proceeds from sale of investments in associates		**566,829**	225,046
Proceeds from sale of investments at fair value through profit or loss		**297,730**	121,201
Net cash generated from investing activities		**453,622**	315,253
Net decrease in cash and cash equivalents		**(4,289)**	(56,424)
Cash and cash equivalents at beginning of the period		**73,670**	385,892
Cash and cash equivalents at end of the period	4	**69,381**	329,468

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

Al Madina for Finance and Investment Company K.S.C (Public)

And its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the three months ended March 31, 2020
(Unaudited)
(All amounts are in Kuwaiti Dinar unless stated otherwise)

1- Brief on "The Parent" Company

Al Madina for Finance and Investment Company (the Parent Company) is a Public Kuwaiti Shareholding Company incorporated in the State of Kuwait on 1980 and is registered as an investment company with the Central Bank of Kuwait on April 27, 2005. The shares of the Company were listed on the Kuwait Boursa on April 24, 2006 and on the Dubai Financial Market on September 10, 2007.

The Parent Company's head office is domiciled at Jaber Al Mubarak Street - Al-Sharq – Behbehany Complex – 16th floor - Kuwait.

The principle activities of the Parent Company are represented in all investing activities, finance and management of funds, trading and leasing of properties to customers and trading in lands and properties.

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

The activities of the Group are carried out in accordance with Noble Islamic Sharia principles.

The interim condensed consolidated financial information was approved for issuance by the Board of Directors on August 13, 2020.

2- Significant accounting policies

2/1) Basis of preparation

The interim condensed consolidated financial information of the "Group" has been prepared in accordance with IAS 34, "Interim Financial Reporting". Accordingly, it does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards.

The accounting policies used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual audited consolidated financial statements of the Group for the year ended December 31, 2019.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2020 did not have any material impact on the accounting policies; performance of the Group or interim condensed financial position.

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

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

2/2) Critical judgments and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The key sources of estimates and judgments are consistent with the annual audited consolidated financial statements of the Group for the year ended December 31, 2019, with the exception of the impact of the COVID - 19 outbreaks which are detailed below.

The outbreak of coronavirus ("COVID-19") pandemic across the globe has caused disruption to business and economic activities and uncertainties in the global economic environment. The full outcome of this event is still unknown and therefore the impact on the Group cannot be fully quantified at the date of issuance of this interim condensed financial information. Management assessed the impact of the pandemic on the significant estimates and judgments applied by them in arriving at the Group's reported amounts of financial and non-financial assets as of March 31, 2020. Management also assessed that the Group has Current assets are what covers its current liabilities

Management is continuously revising their assumptions, estimates and judgments and monitoring the liquidity position especially during the coming period as events unfold.

Al Madina for Finance and Investment Company K.S.C (Public)
And its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the three months ended March 31, 2020
(Unaudited)
(All amounts are in Kuwaiti Dinar unless stated otherwise)

3- The subsidiary companies

This interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiaries together referred to as the Group.

				Ownership percentage %	
Company's name	**Legal form**	**Incorporation country**	**Activity**	**March 31, 2020**	December 31, 2019
Real Capita and its subsidiaries	W.L.L.	Kuwait	General trading	**99**	99
Murgan One Co	W.L.L.	Cayman Island	Real estate	**100**	100
Held through Real Capita					
Dar Al-Bayraq for General trading & Contracting and its Subsidiaries	W.L.L.	Kuwait	General trading & Contracting	**98**	98
Morlo for General Trading	W.L.L.	Kuwait	General trading & Contracting	**99**	99
Dasman United Real Estate	W.L.L.	Kuwait	Real estate	**99**	99
Held through Dar Al Bayraq					
Tatweer Capital Real Estate co. and its Subsidiaries	K.S.C.C.	Kuwait	Real estate	**55.08**	55.08
Held through Tatweer Capital Real Estate Co.					
Economic Pen for Publishing, Distribution & Advertising Co.	W.L.L.	Kuwait	Publishing, distribution & advertising	**99**	99
Develop for General Trading & Contracting Co.	W.L.L	Kuwait	General trading & Contracting	**99**	99
Al-Sanabel Company for the sale and purchase of bonds and shares	W.L.L	Kuwait	General trading & Contracting	**99**	99

- The financial information of the subsidiaries has been consolidated based on the managerial financial information prepared by management of the subsidiaries for the purposes of consolidation as audited financial statements are prepared by end of the year. The total assets and results of these subsidiaries amounted to Kuwaiti Dinars 31,854,383 and Kuwaiti dinars (138,404) as of 31 March 2020 (March 31, 2019: Kuwaiti Dinars 35,446,532 and Kuwaiti Dinars (502,970)) respectively.

4- Cash and cash equivalents

	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Banks current accounts	**41,842**	40,851	300,982
Restricted cash against letters of credit	**69,075**	69,075	69,340
Cash at portfolios and Kuwait Clearing company	**15,084**	21,528	18,173
Cash on hand	**12,455**	11,291	10,313
Cash and cash equivalents as per consolidated statement of financial position	**138,456**	142,745	398,808
Less: Restricted cash against letters of credit	**(69,075)**	(69,075)	(69,340)
Cash and cash equivalents	**69,381**	73,670	329,468

5- Investments at fair value through of profit or loss

	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Financial investments in local shares - quoted	**1,375,480**	1,597,254	1,961,412
Financial investments in local shares - unquoted	**528**	528	528
Financial investments in local funds - unquoted	**82,951**	82,951	82,951
	1,458,959	1,680,733	2,044,891

- The investments in local funds – unquoted (Madina Fund and Al-Imtiaz Investment Fund) were evaluated based on the net asset value as of December 31, 2018, and September 30, 2018, respectively as these funds are under liquidation.
- Investments at fair value through statement of profit or loss were evaluated according to the evaluation methods disclosed in (Note - 20).

6- Receivables and other debit balances

	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Receivables from sale of properties	**551,876**	558,621	765,407
Due from related parties (Note – 16)	**5,084,307**	4,983,068	5,023,139
Accrued income	**118,228**	118,321	122,155
Accrued rents	**491,210**	491,210	491,210
Other	**566,992**	569,234	573,078
	6,812,613	6,720,454	6,974,989
Less: provision for ECL	**(1,739,898)**	(1,739,898)	(1,693,464)
	5,072,715	4,980,556	5,281,525

7- Investments properties

	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Local investments properties	**827,795**	827,795	831,104

- Investment properties were not evaluated during the period as it's done annually at the end of the financial year, and the Group's management deems that the fair values of those investments approximate their fair values at the end of the financial year ended December 31, 2019.
- Investment properties are registered in the name of related parties and these is a written waver is in favor of the group.

8- Investments in associates

The Investment in associates is represented as follows:

	Ownership	**March 31, 2020**	**Ownership**	December 31, 2019 (Audited)	**Ownership**	March 31, 2019
Ekttitab Holding Co. (K.S.C.P)	16.13%	**535,187**	16.13%	638,373	16.09%	1,138,893
AAN Digital Services Holding Co. (K.P.S.P)	8.25%	**1,658,861**	11.07%	1,801,615	13.38%	2,130,654
Sarh Capital Real Estate Company (K.S.C.C)	42.42%	**15,234,472**	42.42%	15,234,614	42.41%	15,309,169
		17,428,520		17,674,602		18,578,716

- The investment in AAN Digital Services Holding Company K.S.C.P. includes shares amounting to KD (Nil) as of March 31, 2020 (KD 272,110 as of December 31, 2019 and KD 262,285 as of March 31, 2019) which are pledged against purchasing investment properties.
- Ektitab Holding Company (K.P.S.C) and AAN Digital Services Holding Company (K.P.S.C) are listed on the Kuwait Boursa and Dubai financial market based on published quoted prices, the market value of Ektitab Holding Company (K.S.C.P) was KD 568,050 as of 31 March 2020 (KD 770,967 as of December 31, 2019 and KD 902,222 as of March 31, 2019), and AAN Digital Services Holding Company (K.S.C.P) was KD 688,453 as on March 31, 2020 (KD 1,275,979 as on December 31, 2019 and KD 1,747,108 as on March 31, 2019).
- The Group's share of results and reserves in associates for both Ektitab Holding Company K.S.C.P and AAN Digital Services Holding Company K.S.C.P has been recognized based on interim condensed consolidated financial information (unaudited) as of March 31, 2020.
- The group's share of results and reserves in Sarh Capital Real Estate Company K.S.C.P has been recognized based on financial information prepared by management as of March 31, 2020.

- During the current financial period, the group sold and purchased shares in AAN Digital Services Holding Company (K.S.C.P) and these transactions resulted in gain amounting to KD 244,977 recorded in the interim condensed consolidated statement of profit or loss included in the item of gain on sale of investments in associates.
- During the current financial period, 13,367,858 shares of AAN Digital Services Holding Company (K.S.C.P) which was retained to one of the creditors (Wakala) (note - 11) were sold with the knowledge of Ministry of Justice - Execution Department, and the group calculated the value of the sold shares with an amount of KD 191,668 which resulted in a loss of KD 117,695 included in the interim condensed consolidated statement of profit or loss under the item of "gain on sale of investments in associates".

9- Investments at fair value through other comprehensive income

	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Financial investments in local shares – quoted	**1,677,286**	2,187,764	3,702,369

Investments at fair value through other comprehensive income were evaluated according to the evaluation methods disclosed in (Note – 20).

10- Payables and other credit balances

	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Trade payables	**58,338**	58,338	58,338
Due to contractors	**41,877**	42,137	103,749
Provision for amount payable towards purchase of Investment properties	**781,250**	781,250	781,250
Provision for claims	**-**	-	20,000
Due to related parties (Note – 16)	**54,280**	54,280	54,280
Dividends payables	**111,711**	111,711	111,711
Accrued expenses	**125,708**	121,545	196,631
Tax Provision	**802,522**	802,522	802,522
Other credit balances	**371,319**	261,193	255,245
	2,347,005	2,232,976	2,383,726

11- Wakala payables

	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Wakala payables from investment funds	**2,216,281**	2,522,653	2,522,653

All Wakala payables have matured previously, but have not been renewed, or paid. The Group had ceased to record finance cost. There is a legal dispute with all parties of the Wakala contracts on the amounts that should be paid.

During prior years, the Parent Company submitted an application to the competent Court for protection from the creditors in accordance with Law No. 2 of 2009 "Financial Stability Law" and has submitted a Restructuring Plan for the Wakala payable. The General Counsel Head of department issued a judgment accepting the request for restructuring of the facility and the resultant cessation of the civil procedures of litigation and execution. The proposal was registered at the Court of Appeal in Corporate Restructuring Circle for settlement. During the previous financial year, the Court of Appeal issued a judgment rejecting the restructuring request, while the ruling for cassation is being appealed by the parent company, and no appeal session was scheduled until the date of the interim condensed consolidated financial position.

During the current financial period, one of wakala payables has liquidated shares that were retained for him with the knowledge of the Ministry of Justice - Execution Department, and which are represented in AAN Digital Services Holding K.S.C.P shares - an associate company - with a number of 13,367,858 shares (note - 8), and , the treasury shares with a number of 8,000,000 shares (note - 13), the total sale value of those shares amounted to KD 306,372 , accordingly, the group reduced the balance of wakala payables to KD 2,216,281 as of March 31, 2020 and resulted in a loss on sale related to the shares of the associate company amounted to KD 117,695 recorded in the interim condensed consolidated statement of profit or loss under the item of "gain on sale of investments in associates" ,and loss on sale of treasury shares amounting to KD 1,128,006 recorded in the interim condensed consolidated statement of changes in equity in share premium item.

12- Other reserves

	Employees' share options reserves	Group's share in associates reserves	Change in fair value reserve	Total
Balance as at January 1, 2019	490,500	(176,932)	(863,032)	(549,464)
Total other comprehensive income for the period	-	(296,048)	(166,550)	(462,598)
Balance as at March 31, 2019	490,500	(472,980)	(1,029,582)	(1,012,062)
Balance as at January 1, 2020	490,500	(729,866)	(1,847,190)	(2,086,556)
Total other comprehensive income for the period	-	276,783	(275,564)	1,219
Balance as at March 31, 2020	**490,500**	**(453,083)**	**(2,122,754)**	**(2,085,337)**

Employees' share option rights were not used as of the date of the report.

13- Treasury shares

	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Number of shares	**9,466,619**	17,466,619	17,466,619
Percentage (%)	**2.3**	4.3	4.3
Market value	**107,344**	255,436	365,055
Cost value	**1,451,970**	2,694,680	2,694,680

The Parent Company is required to retain reserves and share premium equivalent to the cost of treasury shares throughout the period and not distribute it as long as they are held as per instructions of the relevant regulatory authorities.

During the current financial period, 8,000,000 shares were sold with the knowledge of the Ministry of Justice - Execution Department, which were retained for one of wakala payables (note - 11), and the group calculated the value of the sold shares with an amount of KD 114,704 which resulted in a loss on sale with an amount of KD 1,128,006 recorded in the interim condensed consolidated statement of changes in equity in share premium item.

14- Loss from investments

	Three months ended 31 March	
	2020	2019
Realized gain / (loss) on sale of investments at fair value through profit or loss	**9,018**	(1,488)
Change in fair value of investments at fair value through profit or loss	**(247,737)**	(448,497)
	(238,719)	(449,985)

15- Loss per share attributable to shareholders of the Parent Company/(fils)

Loss per share attributable to shareholders of the Parent Company are computed by dividing net loss for the period by the weighted average number of shares outstanding during the period excluding treasury share and the following are the loss per share calculation:

	Three months ended 31 March	
	2020	2019
Net loss for the period attributable to Shareholders of the Parent Company	**(468,924)**	(884,347)
Weighted average of outstanding shares:		
Number of issued shares	**407,065,225**	407,065,225
Less: Weighted average of treasury shares (share)	**(12,632,531)**	(17,466,619)
Weighted average of outstanding shares during the period (share)	**394,432,694**	389,598,606
Loss per share attributable to Shareholders of the Parent Company (fils)	**(1.19)**	(2.27)

16- Related parties' transactions

Related parties include Parent Company's shareholders who have representation in the board of directors, major shareholders, companies at which members of the board of directors of the parent company participate in their management, also, major shareholder, in the normal course of business, subject to the Parent Company's management approval, there were transactions with the major shareholder and the subsidiaries. Those transactions were carried out in accordance with the same terms of dealing with other parties, approved by the board of directors. Other than what was disclosed elsewhere those are the transactions with the related parties:

	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Interim condensed consolidated statement of financial position			
Due from related parties	**5,084,307**	4,983,068	5,023,139
Due to related parties	**54,280**	54,280	54,280
Top management's benefits	**59,456**	16,104	15,197

	Three months ended 31 March	
	2020	2019
Interim condensed consolidated statement of profit or loss		
Top management's benefits	**27,300**	10,964

The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 420,035 as of March 31, 2020 (KD 1,355,470 as of December 31, 2019 and KD 5,972,893 as of March 31, 2019) they were included off the interim condensed consolidated statement of financial position.

The transactions with the related parties are subject to the approval of the Shareholders General Assembly.

17- Segment distribution

The Group carries out the majority of its activities through two major segments:

- Real estate segment: represent developing and selling land and properties.
- Investment segment: represent direct investment and portfolios management and investment funds for third party.

Analysis of the financial information according to segments for the three months period ended 31 March is as follows:

	Real estate		**Investment**		**Total**	
	2020	2019	**2020**	2019	**2020**	2019
Segment losses	**-**	-	**(323,348)**	(727,344)	**(323,348)**	(727,344)
Segment results	**-**	-	**(323,348)**	(727,344)	**(323,348)**	(727,344)
Segment assets	**528,482**	745,323	**20,564,765**	24,325,977	**21,093,247**	25,071,300
Segment liabilities	**823,127**	884,999	**3,941,781**	4,204,057	**4,764,908**	5,089,056

	2020	2019
Total segment result	**(323,348)**	(727,344)
Other income	**1,460**	27,651
Other expenses	**(166,580)**	(177,839)
Net loss for the period	**(488,468)**	(877,532)
Total segment assets	**21,093,247**	25,071,300
Cash and cash equivalents	**138,456**	398,808
Receivables and other debit balances	**5,372,028**	5,367,306
Property and equipment	**6,113**	13,085
Total assets	**26,609,844**	30,850,499

18- Contingent liabilities and contingent assets

Contingent liabilities

- There is a lawsuit for settlement of accounts from one of the investment properties creditors. The Creditor filed a case against the company but it was rejected in the Court of first instance and creditor had appealed against the ruling. The proceedings were suspended as Parent Company are subject to financial stability law. During the previous financial years, the Court of Appeal issued a ruling rejecting the restructuring request, and the ruling for cassation is being appealed by the parent company, and no appeal session was set until the interim condensed consolidated financial position date. The lawsuit was renewed from the endowment after the restructuring request had been rejected, and the announcement session was set for August 13, 2020.

- The Group has provided a joint security against Murabahas payable granted to a related party of KD 2,116,073 as at March 31, 2020 (KD 2,116,073 as at December 31, 2019 and KD 2,116,073 as at March 31, 2019). There are disputes with respect to those Murabahas. There was a Court judgment from a foreign Court in favor of the lender who filed a lawsuit to execute the above mentioned Judgment in the Kuwait Court. During the year 2016, the Court's judgment was issued to revoke the case. During the previous year, the lender filed a new case regarding the merit of the dispute. During the previous year, the judgment was issued to refer the case to the expert department. During the current financial period, a ruling was issued to suspend the case, and it was contested with an appeal. A session is scheduled for September 9, 2020, the first session after the administrative postponement.

Contingent assets

- The Parent Company has filed a case against certain foreign parties to recover loss resulted from purchase of some properties in Abu Dhabi, United Arab Emirates. The Court of Appeal of Abu Dhabi issued a judgment in favor of the Group to pay an amount of UAE Dirham 76 million approximately (KD 6 million approximately) as at March 31, 2020 (December 31, 2019 KD 6 million approximately and March 31, 2019 KD 6 million approximately) in addition to pay delay interests of 5% per year. They have filed an appeal against this judgment and the Court of Cassation upheld the judgment to the Court of Appeal's judgment obligating the litigant to pay the amount. It is currently in process of executing this judgment.

- There is a case filed by the parent company against a foreign party respect to the annulment of the share purchase contract of KD 1,575,000, and on November 11, 2019, a first-degree judgment was issued in favor of the parent company. That judgment was contested by the foreign party and a session was set on November 16, 2020 to render the decision thereon.

- There are also potential lawsuits on the "group" that are represented in cases pending before the judiciary in its various degrees with other parties whose results cannot be determined until the date of the interim condensed consolidated financial position, and according to the opinion of the group's internal legal department, there is no need to record provisions for these amounts until the outcome is determined for thses claims and issues.

19- Shareholders' ordinary General Assembly

The Shareholders' General Assembly was held on July 27, 2020 and approved the consolidated financial statements for the year ended December 31, 2019 approved the Board of Directors' recommendation not to distribute dividends for the financial year ended December 31, 2019 as well as not to distribute remuneration to the Board of Directors for the financial year ended December 31, 2019.

20- Financial instruments

A- Categories of financial instruments

The Group's financial assets and financial liabilities are categorized in the interim condensed consolidated statement of financial position as follows:

Financial assets	**March 31, 2020**	December 31, 2019 (Audited)	March 31, 2019
Cash and cash equivalents	**138,456**	142,745	398,808
Investment at fair value through profit or loss	**1,458,959**	1,680,733	2,044,891
Investments at fair value through other comprehensive income	**1,677,286**	2,187,764	3,702,369
Receivables and other debit balances	**5,072,715**	4,980,556	5,281,525
Investment in associates	**17,428,520**	17,674,602	18,578,716
	25,775,936	26,666,400	30,006,309

Financial liabilities	**March 31, 2020**	December 31, 2019 (Audited)	March 31, 2019
payables and other credit balances	**2,347,005**	2,232,976	2,383,726
Wakala payables	**2,216,281**	2,522,653	2,522,653
	4,563,286	4,755,629	4,906,379

B- Fair value of the financial instruments

The fair value of the financial instruments is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Group has used the assumptions and accepted methods in the assessment of fair values of financial instruments. The fair values of the Group's financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active market are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flows using prices from observable current market transactions and dealer quotes for similar instrument.
- The fair value of the financial instruments carried at amortized cost is not significantly different from their carrying value

The following table presents financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy group's financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.
The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant inputs to the fair value measurement.

March 31, 2020:	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss				
Financial investments in local shares - quoted	**1,375,480**	-	-	**1,375,480**
Financial investments in local funds - unquoted	-	**82,951**	-	**82,951**
Financial investments in local shares - unquoted	-	-	**528**	**528**
Investments at fair value through other comprehensive income				
Financial investments in local shares - quoted	**1,677,286**	-	-	**1,677,286**
Total	**3,052,766**	**82,951**	**528**	**3,136,245**

March 31, 2019:	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss				
Financial investments in local shares - quoted	1,961,412	-	-	1,961,411
Financial investments in local funds - unquoted	-	82,951	-	82,951
Financial investments in local shares - unquoted	-	-	528	528
Investments at fair value through other comprehensive income				
Financial investments in local shares - quoted	3,702,369	-	-	3,702,369
Total	5,663,781	82,951	528	5,747,260

21- Consignment assets

The Group manages portfolios on behalf of other parties, the net assets of those portfolios amounted to KD 582,207 as at March 31, 2020 (KD 1,663,416 as at December 31, 2019 and KD 6,148,467 as at March 31, 2019), the balances for those portfolios are not present in the interim condensed consolidated financial position.