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

and its subsidiaries

Kuwait

Interim Condensed Consolidated Financial Information

(Unaudited)

For the nine months ended on September 30, 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 nine months ended on September 30, 2020
With review report

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

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

Review report on the interim condensed consolidated financial information

Introduction
We have reviewed the accompanying interim condensed consolidated financial information of Al 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 September 30, 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 nine 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
- The amount recorded for one of the creditors to purchase investment properties under payables and other credit balances item amounted to Kuwaiti Dinars 1,406,153, although an appeal judgment issued in favor of this party during the period amounting to Kuwaiti Dinars 5,624,615 (Note 19) as the management considers that there is another legal step for litigation being taken by the management in regard related to this case.
- The group lost its membership in the board of directors of one of the associate companies which was recorded in the books as an associate company on this basis, and the group still maintains it in the same manner despite its ownership is %13.27 and the loss of its representation in the board of directors for the reasons mentioned in note (8).

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 nine month period ended on September 30, 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 nine month period ended September 30, 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

November 12, 2020
State of Kuwait

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

And its subsidiaries
Kuwait

Interim condensed consolidated statement of financial position as of September 30, 2020
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Assets				
Cash and cash equivalents	4	**258,533**	142,745	311,587
Investments at fair value through profit or loss	5	**2,914,743**	1,680,733	1,845,058
Receivables and other debit balances	6	**4,343,027**	4,980,556	5,164,193
Investment properties	7	**827,795**	827,795	831,104
Investment in associates	8	**24,747,288**	17,674,602	17,960,078
Investments at fair value through other comprehensive income	9	**-**	2,187,764	2,451,417
Goodwill	17	**167,295**	-	-
Property and equipment		**29,533**	6,113	12,944
Total assets		**33,288,214**	27,500,308	28,576,381
Liabilities and equity				
Liabilities				
Payables and other credit balances	10	**3,305,135**	2,232,976	2,258,861
Wakala payables	11	**2,185,730**	2,522,653	2,522,653
Provision for end of service indemnity		**222,250**	201,608	196,568
Total liabilities		**5,713,115**	4,957,237	4,978,082
Equity				
Share capital		**40,706,523**	40,706,523	40,706,523
Share premium		**3,419,609**	4,552,924	4,552,924
Other reserves	12	**742,997**	(2,086,556)	(1,909,083)
Treasury shares	13	**(1,452,653)**	(2,694,680)	(2,694,680)
Accumulated losses		**(27,929,812)**	(28,723,211)	(28,029,820)
Total equity attributable to shareholders of the Parent Company		**15,486,664**	11,755,000	12,625,864
Non-controlling interests		**12,088,435**	10,788,071	10,972,435
Total equity		**27,575,099**	22,543,071	23,598,299
Total liabilities and equity		**33,288,214**	27,500,308	28,576,381

Mohammad Darweesh Al-Shemali
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 nine months ended September 30, 2020
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	The three months ended September 30		The nine months ended September 30	
		2020	2019	**2020**	2019
Revenue					
Gains/(losses) from investments	14	**232,848**	(192,968)	**467,449**	(658,418)
Loss on re-measurement of an ownership share in an associate (previously)	5	**(452,526)**	-	**(452,526)**	-
Net loss from investment properties		-	(66,614)	-	-
Share of results in associates		**(13,087)**	49,164	**(194,860)**	15,302
Losses from sale of investment in associates	8	**(486,704)**	(44,762)	**(430,573)**	(394,390)
Gain on transferring investments at fair value through other comprehensive income to an investment in an associate	8	**5,672,622**	-	**5,672,622**	-
Other income and management fees		**9,723**	11,758	**16,980**	44,006
		4,962,876	(243,422)	**5,079,092**	(993,500)
Expenses and other charges					
Staff cost		**115,605**	115,397	**301,158**	398,784
Other expenses		**655,903**	71,756	**719,661**	188,190
Total expenses and other charges		**771,508**	187,153	**1,020,819**	586,974
Net profit/(loss) for the period		**4,191,368**	(430,575)	**4,058,273**	(1,580,474)
Attributable to:					
Shareholders of the Parent Company		**4,375,442**	(386,078)	**4,266,558**	(1,525,971)
Non-controlling interests		**(184,074)**	(44,497)	**(208,285)**	(54,503)
		4,191,368	(430,575)	**4,058,273**	(1,580,474)
Earnings/(Loss) per share attributable to Shareholders of the Parent Company/(fils)	15	**11.03**	(0.99)	**10.76**	(3.92)

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 nine months ended September 30, 2020
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	The three months ended September 30		The nine months September 30	
	2020	2019	**2020**	2019
Net profit/(loss) for the period	**4,191,368**	(430,575)	**4,058,273**	(1,580,474)
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 reserves of associates	**287,421**	(74,004)	**486,070**	(469,504)
Transferred to the interim condensed consolidated statement of profit or loss on sale	**358,173**	41,601	**497,235**	104,846
Group's share in the adjustments of retained earnings of the associate	**(6,529)**	-	**(97,719)**	-
Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:				
Net movement of transferring an investment at fair value through other comprehensive income into an investment in an associate	**(1,165,194)**	-	**(1,597,137)**	-
Change in fair value of investments at fair value through other comprehensive income	-	(297,312)	-	(1,559,483)
Other comprehensive income for the period	**(526,129)**	(329,715)	**(711,551)**	(1,924,141)
Total comprehensive income for the period	**3,665,239**	(760,290)	**3,346,722**	(3,504,615)
Attributable to:				
Shareholders of the Parent Company	**2,149,397**	(583,373)	**2,048,254**	(2,748,777)
Non-controlling interests	**1,515,842**	(176,917)	**1,298,468**	(755,838)
Total comprehensive income for the period	**3,665,239**	(760,290)	**3,346,722**	(3,504,615)

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

Exhibit - D

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 nine months ended September 30, 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	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 balances due to share of the Group in the adjustments in accumulated losses and reserves of associates	-	-	(136,813)	-	(2,793,939)	(2,930,752)	(103)	(2,930,855)
Balance at January 1, 2019 "adjusted"	40,706,523	4,552,924	(686,277)	(2,694,680)	(26,503,849)	15,374,641	11,728,273	27,102,914
Net loss for the period	-	-	-	-	(1,525,971)	(1,525,971)	(54,503)	(1,580,474)
Other comprehensive income for the period	-	-	(1,222,806)	-	-	(1,222,806)	(701,335)	(1,924,141)
Total comprehensive income for the period	-	-	(1,222,806)	-	(1,525,971)	(2,748,777)	(755,838)	(3,504,615)
Balance at September 30, 2019	40,706,523	4,552,924	(1,909,083)	(2,694,680)	(28,029,820)	12,625,864	10,972,435	23,598,299
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 profit for the period	-	-	-	-	4,266,558	4,266,558	(208,285)	4,058,273
Other comprehensive income for the period	-	-	(614,774)	-	(97,719)	(712,493)	942	(711,551)
Total comprehensive income for the period	-	-	(614,774)	-	4,168,839	3,554,065	(207,343)	3,346,722
Loss on transferring change in fair value of investments at fair value though other comprehensive income to investment in an associate (note 8)	-	-	3,444,327	-	(3,375,440)	68,887	(68,887)	-
Due to acquisition of a subsidiary	-	-	-	(683)	-	(683)	-	(683)
Effect of re-structuring of non-controlling interests (note 3)	-	-	-	-	-	-	1,574,698	1,574,698
Due to acquisition of a subsidiary							1,896	1,896
Effect of treasury shares sale (Note 11 – 13)	-	(1,133,315)	-	1,242,710	-	109,395	-	109,395
Balance at September 30, 2020	**40,706,523**	**3,419,609**	**742,997**	**(1,452,653)**	**(27,929,812)**	**15,486,664**	**12,088,435**	**27,575,099**

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 nine months ended September 30, 2020
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	The nine Months Ended September 30, 2020	2019
Cash flows from operating activities			
Net profit/(loss) for the period		**4,058,273**	(1,580,474)
Adjustments:			
Change in fair value of investments at fair value through profit or loss		**(481,113)**	640,728
Losses from sale of investment at fair value through Profit or loss		**13,664**	17,690
Gain on transferring investments at fair value through other comprehensive income to an investment in an associate		**(5,672,622)**	-
Group's share of results in associates		**276,385**	(15,302)
Losses from sale of investment in associates		**446,767**	394,390
Depreciation of property and equipment		**1,123**	285
Provision for end of service indemnity		**16,720**	29,079
Operating loss before calculating the effect of changes in working capital		**(1,340,803)**	(513,604)
Investments at fair value through profit or loss		**(1,149,538)**	(1,402,956)
Receivables and other debit balances		**700,375**	155,202
Payables and other credit balances		**735,756**	(123,497)
Cash used in operations		**(1,054,210)**	(1,884,855)
End of service indemnity paid		**(11,516)**	(777)
Net cash used in operating activities		**(1,065,726)**	(1,885,632)
Cash flows from investing activities			
Purchase of investments in associates		**(1,287,111)**	(34,042)
Proceeds from sale of investments in associates		**1,405,941**	535,753
Proceeds from sale of investments at fair value through profit or loss		**1,036,848**	1,240,276
Net cash generated from investing activities		**1,155,678**	1,741,987
Net increase/(decrease) in cash and cash equivalents		**89,952**	(143,645)
Cash and cash equivalents at beginning of the period		**73,670**	385,892
Cash and cash equivalents due to acquisition of a subsidiary		**25,836**	-
Cash and cash equivalents at end of the period	4	**189,458**	242,247

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 nine months ended September 30, 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 - AI- 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 parent company 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 November 12, 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 consolidated financial statements prepared in accordance with International Financial Reporting Standards.

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

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

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 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 financial statements of the Company 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 consolidated 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 September 30, 2020. The management has also considered that the current assets of the Group currently cover 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.

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**	**September 30, 2020**	December 31, 2019 (Audited)	September 30, 2019
Real Capita and its subsidiaries	W.L.L.	Kuwait	General trading	**%99**	%99	%99
Murgan One Co.	W.L.L.	Cayman Island	Real estate	**%100**	%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	%98
Morlo for General Trading	W.L.L.	Kuwait	General trading & Contracting	**%99**	%99	%99
Dasman United Real Estate	W.L.L.	Kuwait	Real estate	**%99**	%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	%55.08
Arabian Educational Pen	K.S.C.C.	Kuwait	educational services	**%99.33**	-	-
Al-Sanabel Company for the sale and purchase of bonds and shares	W.L.L	Kuwait	General trading & Contracting	**%99**	%99	%99
Held through Tatweer Capital Real Estate Co.						
Economic Pen for Publishing, Distribution & Advertising Co.	W.L.L.	Kuwait	Publishing, distribution & advertising	**%99**	%99	%99
Develop for General Trading & Contracting Co.	W.L.L.	Kuwait	General trading & Contracting	**%99**	%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 38,554,356 and Kuwaiti Dinars 4,648,533 as of September 30, 2020 (September 30, 2019: Kuwaiti Dinars 33,244,604 and Kuwaiti Dinars (956,794) respectively.

- During the current financial period, the group - through one of its subsidiaries (Dar Al-Bairaq General Trading and Contracting Company W.L.L.) - has acquired Arabian Educational Pen K.S.C - closed of %99.33 with an amount of KD 450,000 from a related party based on the financial statements prepared by the management on the date of acquisition. Accordingly, the group has the control over the financial and operating policies of that company, and hence its financial statements were consolidated from the date of acquisition (note - 17) and resulted in goodwill with an amount of Kuwaiti Dinars 167,295. The effect of this transaction has been eliminated from the interim condensed consolidated statement of cash flows as it is a non-cash transaction.

- During the current financial period, the subsidiary (Tatweer Capital Real Estate Co. and its Subsidiaries – K.S.C - Closed) has restructured its shares which it owns in Al-Sanabel Company for the Sale and Purchase of Bonds and Shares (W.L.L) for the benefit of Dar Al-Bairaq General Trading and Contracting Company (W.L.L) by concluding a share sale contract. The restructuring has not resulted in any effect on the interim condensed consolidated statement of profit or loss or the interim condensed consolidated statement of cash flows.

4. Cash and cash equivalents

	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Current accounts	**52,562**	40,851	97,603
Restricted cash against letters of credit	**69,075**	69,075	69,340
Cash at portfolios and Kuwait Clearing company	**128,076**	21,528	128,240
Cash in hand	**8,820**	11,291	16,404
Cash and cash equivalents as per consolidated statement of financial position	**258,533**	142,745	311,587
Less: Restricted cash against letters of credit	**(69,075)**	(69,075)	(69,340)
Cash and cash equivalents	**189,458**	73,670	242,247

5. Investments at fair value through statement of profit or loss

	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Financial investments in local shares - quoted	**2,831,264**	1,597,254	1,761,578
Financial investments in local shares - unquoted	**528**	528	528
Financial investments in local funds - unquoted	**82,951**	82,951	82,952
	2,914,743	1,680,733	1,845,058

- The General Assembly of shareholders of the associate company - (AAN Digital Services Holding Company K.S.C.P) in which the members of the Board of Directors were elected was held on July 28, 2020. The group's management decided not to nominate for membership in the associate's board of directors after the group's ownership decreased. Therefore, the group lost the significant influence on that associate company, which is its ability to participate in the financial and operational decisions of the associate company, and accordingly, the group transferred its investment in the associate company whose book value is Kuwaiti Dinars 1,064,472 into investments at fair value through profit or loss on the date of transfer amounting to Kuwaiti Dinars 611,946 (note 8). This transfer resulted in losses of Kuwaiti Dinars (452,526), which was included in the interim condensed consolidated statement of profit or loss.

- 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, those shares represent unquoted local shares (note - 11). The total sale value of those shares amounted to KD 30,768 and resulted in a gain on sale of those shares with an amount of KD 30,768 recorded in the interim condensed consolidated statement of profit or loss under the item of "gains from investments".

- Financial investments in local shares - unquoted with an amount of KD 528 are retained to one of the creditors.

- The financial 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 profit or loss were evaluated according to the evaluation methods disclosed in (Note - 21).

6. Receivables and other debit balances

	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Receivables from sale of properties	**479,640**	558,621	675,282
Due from related parties (Note -16)	**4,378,689**	4,983,068	4,986,904
Accrued income	**128,630**	118,321	119,547
Accrued rents	**491,210**	491,210	491,210
Other	**604,756**	569,234	584,714
	6,082,925	6,720,454	6,857,657
Less: Provision for ECL	**(1,739,898)**	(1,739,898)	(1,693,464)
	4,343,027	4,980,556	5,164,193

7. Investments properties

	September 30, 2020	December 31, 2019 (Audited)	September 30, 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 there is a written waver is in favor of the group.

8. Investments in associates

The Investment in associates is represented as follows:

	Ownership	**September 30, 2020**	Ownership	December 31, 2019 (Audited)	Ownership	September 30, 2019
Ekttitab Holding Co. K.S.C.P.*	**%13.27**	**840,803**	%16.13	638,373	%16.13	801,333
AAN Digital Services Holding Co. K.P.S.P.	-	-	%11.07	1,801,615	%11.07	1,865,872
Sarh Capital Real Estate Company K.S.C.C	**%42.42**	**15,234,114**	%42.42	15,234,614	%42.41	15,292,873
Jiyad Holding Co. K.P.S.P.	**%22.20**	**8,672,371**	-	-	-	-
		24,747,288		17,674,602		17,960,078

* During the current financial period, no member has been nominated to the board of directors of one of the associate companies (Ekttitab Holding Company - K.S.C.P) as the group considered it an associate company based on its representation on the board of directors, and it will rectify the matter by reappointing a representative to the board of directors within the coming period as the management believes that it still has a significant influence on its operational and financial policy.

- The investments that were mortgaged, amounted to Kuwaiti Dinars 272,110 as of December 31, 2019 (September 30, 2020: Nil).

- The General Assembly of shareholders of the associate company - (AAN Digital Services Holding Company K.S.C.P) in which the members of the Board of Directors were elected was held on July 28, 2020. The group's management decided not to nominate for membership in the associate's board of directors after the group's ownership decreased. Therefore, the group lost the significant influence on that associate company, which is its ability to participate in the financial and operational decisions of the associate company, and accordingly, the group transferred its investment in the associate company whose book value is Kuwaiti Dinars 1,064,472 into investments at fair value through profit or loss on the date of transfer amounting to Kuwaiti Dinars 611,946 (note 5). This transfer resulted in losses of Kuwaiti Dinars (452,526), which was included in the interim condensed consolidated statement of profit or loss.

- At end of the current financial period, the group increased its ownership percentage in Jiyad Holding Company (KSCP) from %16.03 to %22.20 through shares owned by the subsidiary company acquired during the period (Arabian Educational Pen Company K.S.C - closed) (Note - 3) Accordingly, the group has a significant influence on the financial and operational policies of the company and based on that, its ownership share has been transferred from an investment at fair value through other comprehensive income to an investment in an associate company (note - 9) resulted in gain on transferring investments at fair value through other comprehensive income to an investment in an associate with an amount of Kuwaiti Dinars 5,672,622 which has been recorded in the interim condensed consolidated statement of profit or loss, and the transfer of losses of reserve of change in fair value through other comprehensive income with an amount of Kuwaiti Dinars 3,444,327 to the accumulated losses in the interim condensed consolidated statement of changes in equity .

- Ekttitab Holding Co. K.S.C.P. shares are listed on the Kuwait Boursa and Dubai financial market based on published quoted prices, the market value of Ekttitab Holding Co. K.S.C.P. was KD 661,236 as of September 30, 2020 (KD 770,967 as of December, 31 2019 and KD 806,818 as of September 30, 2019) and also Jiyad holding company K.S.C.P shares are listed on the Kuwait Boursa based on published quoted prices, the market value of Jiyad holding company K.S.C.P was KD 2,999,750 as of September 30, 2020.

- The Group's share in the results and reserves of associate for Ekttitab Holding Company K.S.C.P. has been recognized based on interim condensed consolidated financial information (Unaudited) as of September 30, 2020.

- The Group's share of result and reserves in Sarh Capital Real Estate Company K.S.C.C has been recognized based on financial information prepared by the management as of September 30, 2020.

- 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 196,917 which resulted in a loss of KD 112,447 included in the interim condensed consolidated statement of profit or loss under the item of "loss on sale of investments in associates".

9. Investments at fair value through other comprehensive income

	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Financial investments in local shares - quoted	-	2,187,764	2,451,417

At end of the current financial period, the group increased its ownership percentage in Jiyad Holding Company (KSCP) from %16.03 to %22.20 Accordingly, the group has a significant influence on the financial and operational policies of the company and based on that, its ownership share has been transferred from an investment at fair value through other comprehensive income to an investment in an associate company (note - 8) resulted in gain on transferring investments at fair value through other comprehensive income to an investment in an associate with an amount of Kuwaiti Dinars 5,672,622 which has been recorded in the interim condensed consolidated statement of profit or loss, and the transfer of losses of reserve of change in fair value through other comprehensive income with an amount of Kuwaiti Dinars 3,444,327 to the accumulated losses in the interim condensed consolidated statement of changes in equity .

10. payables and other credit balances

	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Trade payables	**58,338**	58,338	58,338
Due to contractors	**55,868**	42,137	30,386
Amount payable towards purchase of Investment properties*	**1,406,153**	781,250	781,250
Due to related parties (Note – 16)	**493,076**	54,280	54,280
Dividends payables	**111,711**	111,711	111,711
Accrued expenses	**138,394**	121,545	167,310
Tax Provision	**803,066**	802,522	802,522
Other credit balances	**238,529**	261,193	253,064
	3,305,135	2,232,976	2,258,861

* This balance represents the amount recorded for one of the creditor parties to purchase investment properties to which the judgment of appeal was issued and included in note (19).

11. Wakala payables

	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Wakala payables from investment funds	**2,185,730**	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 ruling rejecting the restructuring request, the parent company appealed against the ruling for cassation, and the appeal submitted by the parent company was rejected.

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 - previously 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 306,311 , and resulted in a loss on sale related to the shares of the associate company amounted to KD 112,447 recorded in the interim condensed consolidated statement of profit or loss under the item of "loss on sale of investments in associates",and loss on sale of treasury shares amounting to KD 1,133,315 recorded in the interim condensed consolidated statement of changes in equity in share premium item and unquoted local shares as well (note - 5) . The total sale value of those shares amounted to KD 30,768 and resulted in a gain on sale of those shares with an amount of KD 30,768 recorded in the interim condensed consolidated statement of profit or loss under the item of "gains from investments" accordingly , the group reduced the balance of wakala payables to KD 2,185,730 as of September 30, 2020.

12. Other reserves

	Employees' share options reserve	Group's share in associates reserves	Change in fair value reserve	Total
Balance as of January 1, 2019	490,500	(176,932)	(863,032)	(549,464)
Adjustments to the opening balances due to share of the Group in the adjustments reserves of associates	-	(136,813)	-	(136,813)
Total comprehensive income for the period	-	(380,970)	(841,836)	(1,222,806)
Balance as of September 30, 2019	490,500	(694,715)	(1,704,868)	(1,909,083)
Balance as of January 1, 2020	490,500	(729,866)	(1,847,190)	(2,086,556)
Total comprehensive income for the period	-	982,363	(1,597,137)	(614,774)
Transferred to accumulated losses as a result of the conversion into investments in an associate	-	-	3,444,327	3,444,327
Balance as of September 30, 2020	**490,500**	**252,497**	**-**	**742,997**

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

13. Treasury shares

	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Number of shares	**9,522,619**	17,466,619	17,466,619
Percentage (%)	**2.3**	4.3	4.3
Market value	**146,378**	255,436	289,636
Cost value	**1,452,653**	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 109,395 which resulted in a loss on sale with an amount of KD 1,133,315 recorded in the interim condensed consolidated statement of changes in equity in share premium item.

14. Gain/(loss) from investments

	The three months ended September 30		**The nine months ended September 30**	
	2020	2019	**2020**	2019
Realized loss on sale of investments at fair value through profit or loss	**(62)**	743	**(13,664)**	(17,690)
Change in fair value of investments at fair value through profit or loss	**232,910**	(193,711)	**481,113**	(640,728)
	232,848	(192,968)	**467,449**	(658,418)

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

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

	The three months ended September 30		The nine months ended September 30	
	2020	2019	**2020**	2019
Net profit/(loss) for the period attributable to Shareholders of the Parent Company	**4,375,442**	(386,078)	**4,266,558**	(1,525,971)
Weighted average of outstanding shares:				
Number of issued shares	**407,065,225**	407,065,225	**407,065,225**	407,065,225
Less: Weighted average of treasury shares (share)	**(10,518,306)**	(17,466,619)	**(10,518,306)**	(17,466,619)
Weighted average of outstanding shares during the period/(share)	**396,546,919**	389,598,606	**396,546,919**	389,598,606
Earning/(loss)per share attributable to Shareholders of the Parent Company/(fils)	**11.03**	(0.99)	**10.76**	(3.92)

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 transaction 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:

	September 30, 2020	December 31, 2019 (Audited)	September 30, 2019
Interim condensed consolidated statement of financial position			
Due from related parties (Note – 6)	**4,378,689**	4,983,068	4,986,904
Due to related parties (Note – 10)	**493,076**	54,280	54,280
Goodwill resulted from acquisition of a subsidiary (Note - 17)	**167,296**	-	-
Top management's benefits	**52,098**	16,104	15,737

	The three months ended September 30		The nine months ended September 30	
	2020	2019	**2020**	2019
Interim condensed consolidated statement of profit or loss				
Top management's benefits	**23,842**	12,712	**81,061**	36,003

The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 1,259,403 as of September 30, 2020 (KD 1,355,470 as of December 31, 2019 and KD 1,700,393 as of September 30, 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. Acquisition of a subsidiary

On September 29, 2020 the group - through one of its subsidiaries (Dar Al-Bairaq General Trading and Contracting Company W.L.L.) - acquired Arabian Educational Pen Company - K.S.C - closed by %99.33 from a related party. Accordingly, the group has the control over the financial and operating policies of that company, and hence, that company was classified as a subsidiary company, and its financial statements were consolidated from the date of acquisition.

The following are a statement of the subsidiary company's assets and liabilities as of the date of acquisition:

Assets	**KD**
Cash and cash equivalents	**25,836**
Other debit balances	**22,934**
Due from related parties	**39,912**
Investments at fair value through profit or loss	**73,219**
Investments at fair value through Comprehensive income	**863,555**
Property and equipment	**24,542**
Total assets	**1,049,998**
liabilities	
Due to related parties	**749,364**
Other credit balances	**594**
Provision for end of service indemnity	**15,438**
Total liabilities	**765,396**
Net assets	**284,602**
Group's share in the subsidiary net assets	**282,705**
Value of the acquired share	**450,000**
Goodwill result from acquisition	**167,295**

18. 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 nine months period ended 30 September is as follows:

	Real estate		Investment		Total	
	2020	2019	**2020**	2019	**2020**	2019
Segment (losses)/ revenue	**(624,903)**	-	**5,062,112**	(1,037,506)	**4,437,209**	(1,037,506)
Segment results	**(624,903)**	-	**5,062,112**	(1,037,506)	**4,437,209**	(1,037,506)
Segment assets	**456,246**	655,196	**27,662,031**	22,256,553	**28,118,277**	22,911,749
Segment liabilities	**1,462,021**	811,636	**4,251,094**	4,166,446	**5,713,115**	4,978,082

	2020	2019
Total segment result	**4,437,209**	(1,037,506)
Other income	**16,980**	44,006
Other expenses	**(395,916)**	(586,974)
Net profit/(loss) for the period	**4,058,273**	(1,580,474)
Total segment assets	**28,118,277**	22,911,749
Cash and cash equivalents	**258,533**	311,587
Receivables and other debit balances	**4,714,576**	5,340,101
Goodwill	**167,295**	-
Property and equipment	**29,533**	12,944
Total assets	**33,288,214**	28,576,381

19. 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 is 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, the announcement session was set for August 13, 2020. On August 26, 2020, a court ruling was issued against the parent company obliging it to pay an amount of KD 5,624,615 with legal interest of %7 annually from the date of this ruling until the payment is completed. The parent company appealed the cassation of that ruling, and it also applied to stop the implementation of that ruling. **Based on the opinion of the external lawyer, this ruling will be canceled by the Court of Cassation, especially since the company that benefited from the property in question is Tatweer Capital Real Estate Co. (previously: Al Madina Real Estate Development Company) a subsidiary company with a percentage of % 55.08 and the property ownership document (final contract) is registered in the name of the subsidiary which has used the entire property.**

- The Group has provided a joint security against Murabahat payable granted to a related party of KD 3,201,136 as of September 30, 2020 (KD 3,201,136 as of December 31, 2019 and KD 3,201,136 as at September 30, 2019). There are disputes with respect to those Murabahat. 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 years, 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 previous financial year, a ruling was issued to suspend the case, and it was contested with an appeal. A session is scheduled on December 22, 2020.

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 of September 30, 2020 (December 31, 2019 KD 6 million approximately and September 30, 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 these claims and issues.

20. 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.

21. 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	**September 30, 2020**	December 31, 2019 (Audited)	September 30, 2019
Cash and cash equivalents	**258,533**	142,745	311,587
Investment at fair value through profit or loss	**2,914,743**	1,680,733	1,845,058
Investments at fair value through other comprehensive income	**-**	2,187,764	2,451,417
Receivables and other debit balances	**4,343,027**	4,980,556	5,164,193
Investment in associates	**24,747,288**	17,674,602	17,960,078
	32,263,591	26,666,400	27,732,333

Financial liabilities	**September 30, 2020**	December 31, 2019 (Audited)	September 30, 2019
Payables and other credit balances	**3,305,135**	2,232,976	2,258,861
Wakala payables	**2,185,730**	2,522,653	2,522,653
	5,490,865	4,755,629	4,781,514

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.

September 30, 2020:	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at fair value through profit or loss				
Financial investments in local shares – quoted	**2,831,264**	**-**	**-**	**2,831,264**
Financial investments in local funds – unquoted	**-**	**82,951**	**-**	**82,951**
Financial investments in local shares – unquoted	**-**	**-**	**528**	**528**
Total	**2,831,264**	**82,951**	**528**	**2,914,743**

September 30, 2019:	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss				
Financial investments in local shares – quoted	1,761,578	-	-	1,761,578
Financial investments in local funds – unquoted	-	82,952	-	82,952
Financial investments in local shares – unquoted	-	-	528	528
Investments at fair value through other comprehensive income				
Financial investments in local shares – quoted	2,451,417	-	-	2,451,417
Total	4,212,995	82,952	528	4,296,475

22. Consignment assets

The Group manages portfolios on behalf of other parties, the net assets of those portfolios amounted to KD 1,556,395 as of September 30, 2020 (KD 1,663,416 as of December 31, 2019 and KD 1,845,681 as of September 30, 2019), the balances for those portfolios are not present in the interim condensed consolidated financial position.