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, 2021

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, 2021
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, 2021 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 of qualified conclusion

- The group's investments in the associate company (Jiyad Holding Company K.S.C.P) were recorded as of March 31, 2021 at an amount of Kuwaiti Dinars 8,485,861 based on the audited financial statements on December 31, 2020,the Group's investments in the associate company (Tatweer Capital Real Estate Co (KSCC)) were accounted by using the equity method at an amount of Kuwaiti Dinars 12,795,639 as of March 31, 2021 based on the audited financial statements on December 31, 2020 which audited by another auditor who issued a qualified audit report dated April 21, 2021, accordingly, the interim condensed consolidated financial information do not include any material adjustments that may be necessary as a result of the above.

- There is a claim about the ownership of a land owned by (Sarh Al Madina for Investment and Real Estate Development Company (Saudi Arabia), which is a subsidiary of Sarh Capital Real Estate Company KSC (closed) (the associate of the group's associate company, Tatweer Capital Real Estate Co (KSCC)) (Although there are assurances from the external lawyer (for Sarh Al Madina for Investment and Real Estate Development (Saudi Arabia) and the Group's management that the ownership of the land is correct and there are no legal actions have been taken on it, it is not possible to determine the impact of this dispute on the interim condensed consolidated financial information.

- The Group's management did not include the disclose financial impact to the Kuwait Stock Exchange that resulted due to the Capital Markets Authority's decision issued on April 1, 2021, amounting to Kuwaiti Dinars 2,230,000 regarding the cancellation of the subscription to the capital increase of an associate (Jiyad Holding Company (KSCP)) amounting to Kuwaiti Dinars 8,485,861, and which is included in the interim condensed consolidated financial information as detailed in note (7, 15, 20) about the interim condensed consolidated financial information, also, the Group's management has not evaluate the associate company in accordance with the above to determine whether there is impairment in value or not.

  The opening balance of the interim condensed consolidated financial information as of March 31, 2021 does not include the essential adjustments that would have been necessary to make to the financial statements of Jiyad Holding Company (which is classified as an investment in an associate company) as on December 31, 2020, in addition to the financial impact disclosed above to date.

- During the previous financial year, the group acquired a subsidiary company (Arabian Educational Pen Company KSC (closed)) from a related party, the group also sold 50% of one of its subsidiaries (Energy International Company for the sale and purchase of bonds and Shares (previously) Al-Sanabel Company for the Sale and Purchase of Bonds and Shares – W.L.L) to an associate, as well as the sale of 7% of the Group's share in the subsidiary (Tatweer Capital Real Estate Co. KSCC) to a related party. The above investments that have been sold or acquired include substantial shares in Jiyad Holding Company for which the financial impact resulting from the Capital Markets Authority's decision to cancel the capital increase for that company. Therefore, we were unable to verify whether it was necessary to make adjustments to the value of these investments or determining the resulting impact at the end of the financial year as of December 31, 2020 which represents the opening balance for the financial period ending on March 31, 2021.

- During the previous financial year, an appeal ruling was issued in favor of one of the creditors to obligate Al Madina for Finance and Investment Company and Tatweer Capital Real Estate Co (the associate) with an amount of Kuwaiti Dinars 5,624,615, and the parent company did not record a provision to meet the obligation arising from this ruling based on the parent company's appeal at Cassation court to that judgment as detailed in (Note - 15) about the interim condensed consolidated financial information.

Qualified Conclusion

Based on our review, except for what has been mentioned in "Basis of 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".

Emphases of matter

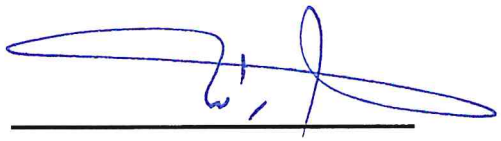
Without considering this as a qualification in our conclusion, we refer that in case of "parent company" recorded the financial impact of the CMA's decision issued on April 1, 2021, or the lawsuits and potential claims regarding the cancellation of the subscription to the increase in the capital of an investee company by an amount of Kuwaiti Dinars 8,485,861 which included in the interim condensed consolidated financial information as investments in associates. This is in addition to the other matters mentioned above and what has been stated in the paragraph of legal requirements and other regulatory matters regarding trading suspension on the parent company's shares on the Kuwait Stock Exchange until the Kuwaiti Financial Investigation Unit completes its work and revokes the license of all securities activities of the parent company, this indicates the existence of a significant uncertainty. That may lead to a material uncertainty regarding the future ability of the "parent company's" going concern. This entails taking appropriate actions and measures by the management of the "parent company" through the general assembly of the shareholders to confirm the continuity of the "parent company" or to take the necessary measures.

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, 2021 of the Companies' Law No. 1 of year 2016, and its executive regulation, as amended, 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, 2021 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 (9) 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.

During our review, we also found out that there were violations by the parent company with respect to the provisions of Law No. 7 of 2010 regarding the Capital Markets Authority and its subsequent amendments, and its executive regulations, during the financial period ending on March 31, 2021, when a decision was issued by the Capital Markets Authority on March 13, 2021 against the parent company by referring it to the Kuwaiti Financial Intelligence Unit, and suspension the parent company's shares from trading on the Kuwait Stock Exchange until the Kuwaiti Financial Intelligence Unit completes its work and revokes the license of all securities activities of the parent company, as detailed in note (19) about the interim condensed consolidated financial information. A matter that may materially affect the parent company's activity or its interim condensed consolidated financial position.



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May 26, 2021
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 March 31, 2021
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	March 31, 2021	December 31, 2020 (Audited)	March 31, 2020
Assets				
Cash and cash equivalents	4	**242,761**	284,323	138,456
Investments at fair value through profit or loss	5	**3,662,103**	3,641,355	1,458,959
Receivables and other debit balances	6	**2,381,686**	2,573,916	5,072,715
Investment properties		**-**	-	827,795
Investment in associates	7	**21,281,500**	21,281,500	17,428,520
Investments at fair value through other comprehensive income		**-**	-	1,677,286
goodwill		**167,295**	167,295	-
Property and equipment		**18,068**	18,068	6,113
Total assets		**27,753,413**	27,966,457	26,609,844
Liabilities and equity				
Liabilities				
Payables and other credit balances	8	**8,823,813**	9,131,736	2,347,005
Wakala payables	9	**2,185,730**	2,185,730	2,216,281
End of service indemnity		**232,564**	225,662	201,622
Total liabilities		**11,242,107**	11,543,128	4,764,908
Equity				
Share capital		**40,706,523**	40,706,523	40,706,523
Share premium		**2,121,070**	2,121,070	3,424,918
Other reserves	10	**1,247,386**	1,247,386	(2,085,337)
Treasury shares		**-**	-	(1,451,970)
Accumulated losses		**(28,664,809)**	(28,738,795)	(29,283,754)
Total equity attributable to shareholders of the Parent Company		**15,410,170**	15,336,184	11,310,380
Non-controlling interests		**1,101,136**	1,087,145	10,534,556
Total equity		**16,511,306**	16,423,329	21,844,936
Total liabilities and equity		**27,753,413**	27,966,457	26,609,844

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, 2021
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	The Three Months Ended March 31,	
		2021	2020
Revenue			
Gain / (Losses) from investments	11	**296,342**	(238,719)
Group's share in results of associates		**-**	(211,911)
Gains from sale of investment in associates		**-**	127,282
Other income / (Loss) and management fees		**655**	(1,262)
		296,997	(324,610)
Expenses and other charges			
Staff cost		**113,585**	120,953
Other expenses		**91,658**	42,905
Total expenses and other charges		**205,243**	163,858
Net profit /(loss) for the period before calculating National Labor Support Tax and Zakat		**91,754**	(488,468)
National Labor Support Tax		**(2,790)**	-
Zakat		**(987)**	-
Net profit / (loss) for the period		**87,977**	(488,468)
Attributable to:			
Shareholders of the Parent Company		**73,986**	(468,924)
Non-controlling interests		**13,991**	(19,544)
		87,977	(488,468)
Earning / (loss) per share attributable to Shareholders of the Parent Company (fils)	12	**0.18**	(1.19)

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, 2021
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	The Three Months Ended March 31,	
	2021	2020
Net profit /(loss) for the period	**87,977**	(488,468)
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
Transferred to the interim condensed consolidated statement of profit or loss on sale	-	127,150
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)
Group's share in the adjustment of retained earnings of the associate	-	(91,619)
Total other comprehensive income	-	(324,371)
Total comprehensive income for the period	**87,977**	(812,839)
Attributable to:		
Shareholders of the Parent Company	**73,986**	(559,324)
Non-controlling interests	**13,991**	(253,515)
Total comprehensive income for the period	**87,977**	(812,839)

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 changes in equity for the three months ended March 31, 2021

(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Attributable to the Parent Company's shareholders equity							
	Share capital	Share premium	Other reserves (Note - 10)	Treasury shares	Accumulated losses	Total	Non-controlling interests	Total
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	22,543,07
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	-	(1,128,006)	-	1,242,710	-	114,704	-	114,70
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	21,844,93
Balance at January 1, 2021	40,706,523	2,121,070	1,247,386	-	(28,738,795)	15,336,184	1,087,145	16,423,32
Net profit for the period	-	-	-	-	73,986	73,986	13,991	87,97
Total comprehensive income for the period	-	-	-	-	73,986	73,986	13,991	87,97
Balance at March 31, 2021	**40,706,523**	**2,121,070**	**1,247,386**	**-**	**(28,664,809)**	**15,410,170**	**1,101,136**	**16,511,30**

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, 2021
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	The Three Months Ended March 31, 2021	2020
Cash flows from operating activities			
Net profit /(loss) the period		**87,977**	(488,468)
Adjustments:			
Change in fair value of investments at fair value through profit or loss		**(152,117)**	247,737
Gains from sale of investments at fair value through profit or loss		**(144,225)**	(9,018)
Group's share of results in associates		**-**	211,911
Gains from selling a share of investment in associates		**-**	(127,282)
End of service indemnity		**19,836**	8,506
Operating loss before calculating the effect of changes in working capital		**(188,529)**	(156,614)
Investments at fair value through profit or loss		**(1,861,014)**	(314,675)
Receivables and other debit balances		**192,230**	(92,159)
Payables and other credit balances		**(307,923)**	114,029
Cash used in operations		**(2,165,236)**	(449,419)
End of service indemnity paid		**(12,934)**	(8,492)
Net cash used in operating activities		**(2,178,170)**	(457,911)
Cash flows from investing activities			
Purchase of investments in associates		**-**	(410,937)
Proceeds from sale of investments in associates		**-**	566,829
Proceeds from sale of investments at fair value through profit or loss		**2,136,608**	297,730
Net cash generated from investing activities		**2,136,608**	453,622
Net decrease in cash and cash equivalents		**(41,562)**	(4,289)
Cash and cash equivalents at beginning of the period		**284,323**	73,670
Cash and cash equivalents at end of the period	4	**242,761**	69,381

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, 2021
(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 located 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. On March 13, 2021, the Capital Markets Authority issued a decision to revoke the license for all securities activities of the parent company, as indicated in (note - 19).

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 May 26, 2021.

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, 2020.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2021 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, 2021. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2020.

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, 2020, 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, 2021. 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, 2021
(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, 2021**	December 31, 2020
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	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%
Energy International Company for the sale and purchase of bonds and stocks (previously: Al-Sanabel Company for the Sale and Purchase of Bonds and Shares – W.L.L)	W.L.L	Kuwait	General trading & Contracting	**50%**	50%
Held through Energy International Company for the sale and purchase of bonds and stocks (previously: Al-Sanabel Company for the Sale and Purchase of Bonds and Shares – W.L.L)					
Arabian Educational pen company	K.S.C.C.	Kuwait	Educational services	**99.33%**	99.33%

- 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 27,536,784 and Kuwaiti dinars 222,086 as of 31 March 2021 (March 31, 2020: Kuwaiti Dinars 31,854,383 and Kuwaiti Dinars (138,404)) respectively.

4- Cash and cash equivalents

	March 31, 2021	December 31, 2020 (Audited)	March 31, 2020
Banks current accounts	**12,293**	20,420	41,842
Restricted cash against letters of credit	**-**	-	69,075
Cash at portfolios and Kuwait Clearing company	**229,387**	262,858	15,084
Cash on hand	**1,081**	1,045	12,455
Cash and cash equivalents as per consolidated statement of financial position	**242,761**	284,323	138,456
Less: Restricted cash against letters of credit	**-**	-	(69,075)
Cash and cash equivalents for the purpose of preparing the consolidated statement of cash flows	**242,761**	284,323	69,381

5- Investments at fair value through of profit or loss

	March 31, 2021	December 31, 2020 (Audited)	March 31, 2020
Financial investments in local shares - quoted	**2,172,595**	3,562,559	1,375,480
Financial investments in local shares - unquoted	**1,411,240**	528	528
Financial investments in local funds - unquoted	**78,268**	78,268	82,951
	3,662,103	3,641,355	1,458,959

- 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, 2020, 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 - 17).

6- Receivables and other debit balances

	March 31, 2021	December 31, 2020 (Audited)	March 31, 2020
Receivables from sale of properties	**-**	-	551,876
Due from related parties (Note – 13)	**2,323,640**	2,486,670	5,084,307
Accrued income	**121,045**	153,239	118,228
Accrued rents	**491,210**	491,210	491,210
Other	**179,193**	176,199	566,992
	3,115,088	3,307,318	6,812,613
Less: provision for ECL	**(733,402)**	(733,402)	(1,739,898)
	2,381,686	2,573,916	5,072,715

7- Investments in associates

The Investment in associates is represented as follows:

	Ownership	March 31, 2021	Ownership	December 31, 2020 (Audited)	Ownership	March 31, 2020
Ekttitab Holding Co. (K.S.C.P)	-	-	-	-	16.09%	535,187
AAN Digital Services Holding Co. (K.P.S.P)	-	-	-	-	13.38%	1,658,861
Sarh Capital Real Estate Company (K.S.C.C)	-	-	-	-	42.42%	15,234,472
Jiyad Holding Co. K.S.C.P	22.20%	**8,485,861**	22.20%	8,485,861	-	-
Tatweer Capital for real-estate Co. K.S.C.C	48.08%	**12,795,639**	48.08%	12,795,639	-	-
		21,281,500		21,281,500		17,428,520

- During the previous financial year, the group increased its ownership percentage in Jiyad Holding Company (K.S.C.P) from 16.03% to 22.20% through the subsidiary company acquired during the previous financial year (Arabian Educational Pen Company, K.S.C.C) Accordingly, the group has a significant influence on the financial and operating 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, and at a later date of the interim condensed consolidated financial position (April 1, 2021) A decision was issued by the Capital Markets Authority against the associate company according to which the subscription of the shares of the subsidiary acquired during the previous year was canceled (Arabian Educational Pen Company K.S.C (closed)) in Increasing the capital of the associate company, against which this decision is issued. The financial impact or the claims and potential issues that may arise from the decision of the Disciplinary Board of the Capital Markets Authority have not been included until it is decided upon, as it is still under evaluation and review by the Group's management.
- 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 3,396,090 as of March 31, 2021.
- The group's share in results and reserves of Jiyad Holding Company (KSCP) and Tatweer Capital Real estate Company K.S.C (closed) are recorded based on audited financial statements as of December 31, 2020.

8- Payables and other credit balances

	March 31, 2021	December 31, 2020 (Audited)	March 31, 2020
Trade payables	-	-	58,338
Due to contractors	-	-	41,877
Provision for amount payable towards purchase of Investment properties	-	-	781,250
Due to related parties (Note – 13)	**7,730,118**	8,039,853	54,280
Dividends payables	**6,087**	6,087	111,711
Accrued expenses	**102,268**	109,369	125,708
Tax Provision	**765,026**	761,404	802,522
Other credit balances	**220,314**	215,023	371,319
	8,823,813	9,131,736	2,347,005

9- Wakala payables

	March 31, 2021	December 31, 2020 (Audited)	March 31, 2020
Wakala payables from investment funds	**2,185,730**	**2,185,730**	2,216,281

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. Negotiations are underway with the creditor.

10- Other reserves

	Employees' share options reserves	Group's share in associates reserves	Change in fair value reserve	Total
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)
Balance as at January 1, 2021	490,500	756,886	-	1,247,386
Balance as at March 31, 2021	**490,500**	**756,886**	**-**	**1,247,386**

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

11- Gain / (Loss) from investments

	Three months ended 31 March	
	2021	2020
Realized gain on sale of investments at fair value through profit or loss	**144,225**	9,018
Change in fair value of investments at fair value through profit or loss	**152,117**	(247,737)
	296,342	(238,719)

12- 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 loss per share calculation:

	Three months ended 31 March	
	2021	2020
Net profit / (loss) for the period attributable to Shareholders of the Parent Company	**73,986**	(468,924)
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)
Weighted average of outstanding shares during the period (share)	**407,065,225**	394,432,694
Earning / (Loss) per share attributable to Shareholders of the Parent Company (fils)	**0.18**	(1.19)

13- 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. The transactions and outstanding balances related to these parties other than what was disclosed in the other notes are as follows:

	March 31, 2021	December 31, 2020 (Audited)	March 31, 2020
Interim condensed consolidated statement of financial position			
Due from related parties (Note - 6)	**2,323,640**	2,486,670	5,084,307
Due to related parties (Note - 8)	**7,730,118**	8,039,853	54,280
Goodwill from acquiring subsidiary	**167,295**	167,295	-
Top management's benefits	**132,391**	124,261	59,456

	Three months ended 31 March	
	2021	2020
Interim condensed consolidated statement of profit or loss		
Top management's benefits	**40,489**	27,300

The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 11,398,658 as of March 31, 2021 (KD 9,836,271 as of December 31, 2020 and KD 420,035 as of March 31, 2020) 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.

14- 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	
	2021	2020	**2021**	2020	**2021**	2020
Segment profit / (losses)	-	-	**296,342**	(323,348)	**296,342**	(323,348)
Segment results	-	-	**296,342**	(323,348)	**296,342**	(323,348)
Segment assets	-	528,482	**24,943,603**	20,564,765	**24,943,603**	21,093,247
Segment liabilities	-	823,127	**11,242,107**	3,941,781	**11,242,107**	4,764,908

	2021	2020
Total segment result	**296,342**	(323,348)
Other income	**655**	1,460
Other expenses	**(209,020)**	(166,580)
Net profit / (loss) for the period	**87,977**	(488,468)
Total segment assets	**24,943,603**	21,093,247
Cash and cash equivalents	**242,761**	138,456
Receivables and other debit balances	**2,381,686**	5,372,028
Goodwill	**167,295**	-
Property and equipment	**18,068**	6,113
Total assets	**27,753,413**	26,609,844

15- 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) an associate company with a percentage of % 48.08 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 March 31, 2021 (KD 3,201,136 as of March 31, 2020). 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 May 18, 2021 to rule for peace.

- On April 1, 2021, a decision was issued by the Capital Markets Authority to cancel the capital increase of the associate invested in (Jiyad Holding Company K.S.C.P) (Note - 7). As a result of this decision, the decision and its effect are still with the group under study to show the financial impact or the potential claims and issues that may arise from the decision of the Disciplinary Board of the Capital Markets Authority until it is decided upon, as it is still under evaluation and review by the Group's management.

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 March 31, 2021 (December 31, 2020 KD 6 million, March 31, 2020 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 part appealed the judgment by cassation and no hearing was scheduled for it to date.

- 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.

16- Shareholders' ordinary General Assembly

Till the date of issuance of this interim condensed consolidated financial information, the annual general assembly of shareholders for the "parent company" for the financial year ending on December 31, 2020, has not been held, accordingly, the audited consolidated financial statements for the financial year ending on December 31, 2020 have not yet been approved. The interim condensed consolidated financial information for the three-month period ending on March 31, 2021 does not include any amendments that may be required if the annual general assembly of shareholders does not approve the consolidated financial statements for the financial year ending on December 31, 2020.

17- 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, 2021**	December 31, 2020 (Audited)	March 31, 2020
Cash and cash equivalents	**242,761**	284,323	138,456
Investment at fair value through profit or loss	**3,662,103**	3,641,355	1,458,959
Investments at fair value through other comprehensive income	**-**	-	1,677,286
Receivables and other debit balances	**2,381,686**	2,573,916	5,072,715
Investment in associates	**21,281,500**	21,281,500	17,428,520
	27,568,050	27,781,094	25,775,936

Financial liabilities	**March 31, 2021**	December 31, 2020 (Audited)	March 31, 2020
payables and other credit balances	**8,823,813**	9,131,736	2,347,005
Wakala payables	**2,185,730**	2,185,730	2,216,281
	11,009,543	11,317,466	4,563,286

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, 2021:	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at fair value through profit or loss				
Financial investments in local shares - quoted	**2,172,595**	**-**	**-**	**2,172,595**
Financial investments in local funds - unquoted	**-**	**78,268**	**-**	**78,268**
Financial investments in local shares - unquoted	**-**	**-**	**1,411,240**	**1,411,240**
Total	**2,172,595**	**78,268**	**1,411,240**	**3,662,103**

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

18- Consignment assets

The Group manages portfolios on behalf of other parties, the net assets of those portfolios amounted to KD 18,781,814 as at March 31, 2021 (KD 15,404,770 as of December 31, 2020 and KD 582,207 as at March 31, 2020), the balances for those portfolios are not present in the interim condensed consolidated financial position.

19- Significant events

On March 13, 2021, the Capital Markets Authority issued a decision as follows:

- Refer the parent company to the Kuwaiti Financial Intelligence Unit.
- Suspending the parent company's shares from trading on the Kuwait Stock Exchange until the Kuwaiti Financial Investigation Unit completes its work.
- Canceling the licensing of all securities activities of the parent company. Until the date of issuance of the interim condensed consolidated financial information, no results of the above have been issued or the financial impact on the group's interim condensed consolidated financial information has been determined.

On March 15, 2021, a decision was issued by the Capital Markets Authority that the parent company is obligated to hand over clients' money and assets to them or to a person related to keeping them, managing them, or keeping them, within one year from the date of this decision.

20- Subsequent events

On April 1, 2021, a decision was issued by the Capital Markets Authority against one of the associate companies (Jiyad Holding Company K.S.C (Public)) (Note - 7) according to which the subscription of the shares of the capital increase of the associate was issued against which this decision was issued. The financial impact or claims and issues that may arise from the decision of the Disciplinary Board of the Capital Markets Authority have not been included until they are decided upon, as they are still under evaluation and review by the Group's management.