Interim condensed consolidated financial information and review report

Al-Deera Holding Company – KPSC and Subsidiaries

Kuwait

31 March 2020 (Unaudited)

Contents

Grant Thornton
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Report on review of interim condensed consolidated financial information

To the board of directors of
Al-Deera Holding Company – KPSC
Kuwait

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Deera Holding Company - KPSC ("the Parent Company") and its subsidiaries ("the Group") as of 31 March 2020 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim 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.

Conclusion
Based on our review, 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 34, "Interim Financial Reporting".

Material Uncertainty Related to Going Concern
We draw attention to note (5) to the interim condensed consolidated financial information, which indicates that the Group's accumulated losses as of 31 March, 2020 amounted to KD15,099,691, which exceeds three quarters of the Group's share capital. Also, the Group's current liabilities exceeded its current assets by KD15,050,904.

Although this condition may indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, the Group's management has prepared this interim condensed consolidated financial information on a going concern basis due to the reasons specified in Note 5: Fundamental Accounting Concept. Our conclusion is not modified in respect of this matter.

Report on review of other legal and regulatory requirements
Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2020 that might have had a material effect on the business or financial position of the Parent Company.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
2 September 2020

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
Revenue			
Change in fair value of investments at fair value through profit or loss		**(2,516)**	(132)
Gain on sale of investments at fair value through profit or loss		**-**	1,101
Share of results of associates	7	**(709,289)**	416,002
Interest income and other income		**-**	106,380
		(711,805)	523,351
Expenses and other charges			
Staff costs		**(30,758)**	(34,011)
General, administrative and other expenses		**(44,239)**	(54,133)
Finance costs		**(118,131)**	(116,986)
		(193,128)	(205,130)
(Loss)/profit for the period		**(904,933)**	318,221
Attributable to:			
Shareholders of the Parent Company		**(904,724)**	318,811
Non-controlling interests		**(209)**	(590)
		(904,933)	318,221
Basic and diluted (loss) / profit per share attributable to the shareholders of the Parent Company	6	**(4.58) Fils**	1.62 Fils

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
(Loss)/profit for the period	**(904,933)**	318,221
Other comprehensive (loss):		
Items that will be reclassified subsequently to consolidated statement of profit or loss:		
Share of other comprehensive loss of associates (note 7)	**(85,362)**	(583,693)
Total other comprehensive loss that will be reclassified to consolidated statement of profit or loss in subsequent periods	**(85,362)**	(583,693)
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
investments at fair value through other comprehensive income		
- Net change in fair value arising during the period	**(539,528)**	(310,862)
Total other comprehensive loss that will not be reclassified to consolidated statement of profit or loss in subsequent periods	**(539,528)**	(310,862)
Total other comprehensive loss	**(624,890)**	(894,555)
Total comprehensive loss for the period	**(1,529,823)**	(576,334)
Attributable to:		
Shareholders of the Parent Company	**(1,529,614)**	(575,744)
Non-controlling interests	**(209)**	(590)
	(1,529,823)	(576,334)

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		**12**	12	12
Investment in associates	7	**16,695,428**	17,490,079	18,158,119
Investments at fair value through other comprehensive income	8	**1,742,722**	2,282,250	2,622,452
		18,438,162	19,772,341	20,780,583
Current assets				
Receivables and other assets		**355,814**	351,401	503,637
Investments at fair value through profit or loss		**1,623**	4,139	9,738
Balances with banks and other financial institutions		**28,062**	43,737	112,140
		385,499	399,277	625,515
Total assets		**18,823,661**	20,171,618	21,406,098
Equity and liabilities				
Equity				
Share capital		**19,737,880**	19,737,880	19,737,880
Other components of equity	9	**(1,636,407)**	(1,011,517)	(982,845)
Accumulated losses		**(15,099,691)**	(14,194,967)	(12,768,360)
Total equity attributable to the shareholders of the Parent Company		**3,001,782**	4,531,396	5,986,675
Non-controlling interests		**239,368**	239,577	331,337
Total equity		**3,241,150**	4,770,973	6,318,012
Liabilities				
Non-current liabilities				
Payables and other liabilities – non-current portion		**-**	-	10,162,645
Provision for employees' end of service benefits		**146,108**	153,377	142,365
		146,108	153,377	10,305,010
Current liabilities				
Payables and other liabilities – current portion		**15,436,403**	15,247,268	4,783,076
Total liabilities		**15,582,511**	15,400,645	15,088,086
Total equity and liabilities		**18,823,661**	20,171,618	21,406,098

Talal Bader Al Bahar
Chairman

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the shareholders of the Parent Company				Non-controlling interests	Total
	Share capital KD	Other components of equity (note 9) KD	Accumulated losses KD	Sub – total KD	KD	KD
Balance at 31 December 2019 (Audited)	**19,737,880**	**(1,011,517)**	**(14,194,967)**	**4,531,396**	**239,577**	**4,770,973**
Loss for the period	-	-	(904,724)	(904,724)	(209)	(904,933)
Other comprehensive loss	-	(624,890)	-	(624,890)	-	(624,890)
Total comprehensive loss for the period	-	(624,890)	(904,724)	(1,529,614)	(209)	(1,529,823)
Balance at 31 March 2020 (Unaudited)	**19,737,880**	**(1,636,407)**	**(15,099,691)**	**3,001,782**	**239,368**	**3,241,150**

The notes set out on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the shareholders of the Parent Company				Non-controlling interests	Total
	Share capital KD	Other components of equity (note 9) KD	Accumulated losses KD	Sub – total KD	KD	KD
Balance at 31 December 2018 (Audited)	19,737,880	(68,077)	(13,107,384)	6,562,419	331,927	6,894,346
Profit for the period	-	-	318,811	318,811	(590)	318,221
Other comprehensive loss	-	(894,555)	-	(894,555)	-	(894,555)
Total comprehensive (loss) / income for the period	-	(894,555)	318,811	(575,744)	(590)	(576,334)
Realised profit on equity investments at FVOCI owned by the group	-	(852)	852	-	-	-
Share of realised profit on equity investments at FVOCI owned by an associate	-	(19,361)	19,361	-	-	-
Balance at 31 March 2019 (Unaudited)	19,737,880	(982,845)	(12,768,360)	5,986,675	331,337	6,318,012

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
OPERATING ACTIVITIES		
(Loss)/profit for the period	**(904,933)**	318,221
Adjustments for:		
Interest income and other income	**-**	(106,380)
Provision for employees' end of service benefits	**3,631**	4,499
Share of results of associates	**709,289**	(416,002)
Finance charges	**118,131**	116,986
	(73,882)	(82,676)
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	**2,516**	(969)
Receivables and other assets	**(4,413)**	6,462
Payables and other liabilities	**71,004**	(11,797)
Employees' end of service benefits paid	**(10,900)**	-
Net cash used in operating activities	**(15,675)**	(88,980)
INVESTING ACTIVITIES		
Dividend income received	**-**	106,380
Net cash from investing activities	**-**	106,380
Net (decrease)/increase in cash and cash equivalents	**(15,675)**	17,400
Cash and cash equivalents at beginning of the period	**43,737**	94,740
Cash and cash equivalents at end of the period	**28,062**	112,140

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Al Deera Holding Company ("the Parent Company") was established on 18 February 1998 as a Kuwaiti limited liability company. On 8 September 2005, the legal status of the Company was changed from a limited liability Company to a Kuwaiti public shareholding Company.

The extraordinary general assembly held on 26 June 2015 approved the amendment of the Parent Company's objectives to become as follows:

- Management of the Parent Company's subsidiaries or participation in management of other companies in which it holds ownership stakes and providing the necessary support thereto.
- Investing funds by way of trading in shares, bonds and other financial securities.
- Acquisition of properties and movables necessary to carry out the business activities as allowable by the law.
- Financing and extending loans to investee companies and providing guarantees for third parties, provided that the share of the holding company in the investee company is not less than 20%.
- Acquisition of industrial rights and related intellectual properties or any other industrial trademarks or royalties and any other property related thereto, and renting such properties to the subsidiary companies and others whether inside Kuwait or abroad.

The Parent Company has the right to carry out its activities inside Kuwait or abroad whether directly or through power of attorney.

The Parent Company is authorized to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the Company in achieving its objectives whether in Kuwait or abroad. The Parent Company has the right to establish, participate in or acquire such institutions.

The Parent Company's shares are listed on Kuwait Stock Exchange. The group comprises the Parent Company and its subsidiaries.

The address of the Parent Company's registered offices is PO. Box 4839, Safat 13049 – Kuwait.

The interim condensed consolidated financial information of the group for the three-month period ended 31 March 2020 was authorized for issue by the directors of the Parent Company on 2 September 2020..

2 Basis of presentation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2020 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting polices used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019, except for the changes described in note 3.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

The annual consolidated financial statements for the year ended 31 December 2019 were prepared in accordance with the International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board ("IASB"), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional and presentation currency of the Parent Company.

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the three-month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2019.

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2020 which have been adopted by the Group. Information on these new standards is presented below:

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 3 – Amendments	1 January 2020
IAS 1 and IAS 8 – Amendments	1 January 2020

IFRS 3 – Amendments

The Amendments to IFRS 3 Business Combinations are changes to Appendix A Defined terms, the application guidance, and the illustrative e examples of IFRS 3 only with respect to Definition of Business. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business

The application of the amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the Group (continued)

IAS 1 and IAS 8 – Amendments
The amendments to IAS 1 and IAS 8 clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The application of the amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's interim condensed consolidated financial information is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's interim condensed consolidated financial information.

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments	No stated date
IAS 1 Amendments	1 January 2023

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments
The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future should such transactions arise.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IAS 1 Amendments
The amendments provide for consistent application of the requirements with respect to determining whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (i.e. due to be settled within one year) or non-current.

4 Judgement and estimates
The preparation of interim condensed consolidated financial information requires management to make judgements, 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.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2019.

5 Basis of accounting concept
The interim condensed consolidated financial information has been prepared on the basis of the going concern although as of 31 March 2020, the accumulated losses of the Group amounted to KD15,099,691, which exceeds three quarters of the Group's share capital, and the current liabilities of the Group exceeded its current assets by an amount of KD15,050,904.

In accordance with Article 271 of the Companies Law No. 1 of 2016, in case the accumulated losses of the shareholding company reached three quarters of the share capital, the members of the Board of Directors shall invite the extraordinary general assembly to consider the continuation of the company or its dissolution before the term specified in its contract, or other appropriate measures for decision.

The Group's board of directors has made an assessment of the Group's ability to continue its activities as a going concern, and is fully convinced that the Group has the resources required to ensure its continuity. Among the proposals that will be presented to the shareholders of the Parent Company is a proposal of agreement with related parties to capitalize the debts due from the Group in favor of those parties in such a way that enables the Group to continue its business for the foreseeable future.

Based on this agreement, the Group's management believes that it remains appropriate to prepare the consolidated financial statements on the basis of the going concern principle. However, this uncertainty may cast doubt on the Group's ability to continue its activities as a going concern and then continue to realize its assets and discharge its obligations in the normal course of business. The consolidated financial statements do not include any adjustments that may result from the basis of preparation being inappropriate.

Notes to the interim condensed consolidated financial information (continued)

6 Basic and diluted (loss)/earnings per share attributable to the shareholders of the Parent Company

Basic and diluted (loss)/earnings per share is calculated by dividing the (loss)/profit for the period attributable to the shareholders of the Parent Company by weighted average number of shares outstanding during the period is as follows:

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
(Loss)/profit for the period attributable to the shareholders of the parent company (KD)	**(904,724)**	318,811
Weighted average number of shares outstanding during the period (shares)	**197,378,800**	197,378,800
Basic and diluted (loss)/profit per share attributable to the shareholders of the parent company	**(4.58) Fils**	1.62 Fils

7 Investment in associates

The movement of investment in associates during the period/year is as follows:

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Balance at beginning of the period/year	**17,490,079**	18,325,810	18,325,810
Share of results	**(709,289)**	199,809	416,002
Share of other comprehensive loss of the associates	**(85,362)**	(1,006,615)	(583,693)
Effect of the change in ownership percentage for a subsidiary of an associate	-	(28,925)	-
	16,695,428	17,490,079	18,158,119

- Investment in associates amounting to KD4,456,261 (31 December 2019: KD3,462,734 and 31 March 2019: KD4,237,100) is pledged against balances due to related parties (note 11).

8 Investments at fair value through other comprehensive income

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Investment portfolios managed by a related party – note 11	**1,366,017**	1,742,122	1,877,115
Equity contributions	**376,705**	540,128	745,337
	1,742,722	2,282,250	2,622,452

Investments at fair value through other comprehensive income with a carrying value of KD 1,366,017 (31 December 2019: KD1,742,122 and 31 March 2019: KD 1,877,115) are pledged as security against balances due to related parties (note 11).

Notes to the interim condensed consolidated financial information (continued)

9 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 31 December 2019 (Audited)	**(1,038,082)**	**26,565**	**(1,011,517)**
Share of other comprehensive (loss)/income of associates	(171,487)	86,125	(85,362)
Investments at fair value through other comprehensive income:			
- Net change in fair value arising during the period	(539,528)	-	(539,528)
Total other comprehensive (loss)/income	(711,015)	86,125	(624,890)
Balance at 31 March 2020 (Unaudited)	**(1,749,097)**	**112,690**	**(1,636,407)**
Balance at 31 December 2018 (Audited)	(90,873)	22,796	(68,077)
Share of other comprehensive (loss)/ income of associates	(600,177)	16,484	(583,693)
Equity investments at fair value through other comprehensive income: - Net change in fair value arising during the period	(310,862)	-	(310,862)
Total other comprehensive (loss)/income for the period	(911,039)	16,484	(894,555)
Realised loss on equity investments at FVOCI owned by the group	(852)	-	(852)
- Share of realised loss on equity investment at FVOCI owned by an associate	(19,361)	-	(19,361)
Balance at 31 March 2019 (Unaudited)	(1,022,125)	39,280	(982,845)

10 Annual General Assembly of Shareholders

The consolidated financial statements for the year ended December 31, 2019 were approved by the annual general assembly of shareholders held on June 17, 2020 and the board members' recommended not to distribute any dividends for the year then ended.

11 Related party balances and transactions

Related parties represent major shareholders, subsidiaries and associates, directors and key management personnel of the group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the group's management. Transactions between the Parent company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note. Details of significant related party balances and transactions are as follows:

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Interim condensed consolidated statement of financial position:			
Due from related parties- net of provision (included in receivables and other assets)	**41,109**	42,117	42,652
Due from associates – net of provision (included in receivables and other assets)	**1,015**	1,015	1,015
Due to related parties – (included in payables and other liabilities)	**13,410,690**	12,362,650	12,528,140

Notes to the interim condensed consolidated financial information (continued)

11 Related party balances and transactions (continued)

- Due to related parties include balances amounting to KD1,478,371 (31 December 2019: KD1,478,371 and 31 March 2019: KD1,478,371) which carry interest rate of 5 % (31 December 2019: 5% and 31 March 2019: 5%) per annum are secured against investment in associates (note 7) and investments at fair value through other comprehensive income (note 8).
- Due to related parties include balances amounting to KD359,469 (31 December 2019: KD359,469 and 31 March 2019: KD359,469) guaranteed against 5% of the capital of the Deera International Communications Company, a subsidiary of the group.
- Due to related parties includes a balance of KD5,633,702 (31 December 2019: KD5,633,702 and 31 March 2019: KD5,633,702) which carries interest rate of 7% (31 December 2019: 7% and 31 March 2019: 7%) and is secured against investment in associates (note 7), investments at fair value through other comprehensive income (note 8) and investments at fair value through profit or loss.

	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
Interim condensed consolidated statement of profit or loss:		
Advisory fees	22,500	24,000
Finance costs (other related parties)	118,131	116,986
Compensation of key management personnel:		
Salaries and other short-term benefits	25,864	28,574
End of service benefits	3,300	3,206
	29,164	31,780

In addition to that, as disclosed in note (8), A related party is managing an investment portfolio on behalf of the Group.

12 Segmental information

The group operates in one sector which is "investments". Most of the group's assets and operations are located inside Kuwait.

	Investments	
	31 March 2020 (Unaudited) KD	31 March 2019 (Unaudited) KD
Three months ended:		
Segment (loss)/revenue	(711,805)	523,351
(Loss)/profit for the period	(904,933)	318,221
Total assets	18,823,661	21,406,098
Total liabilities	15,582,511	15,088,086

13 Fair value measurement

13.1 Fair value hierarchy

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

Notes to the interim condensed consolidated financial information (continued)

13 Fair value measurement (continued)

13.1 Fair value hierarchy (continued)

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- 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 liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

The financial assets measured at fair value on a recurring basis in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 March 2020 (Unaudited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through profit or loss				
Specified on initial recognition				
Investment portfolios	1,623	-	-	1,623
Investments at fair value through other comprehensive income:				
Investment portfolios	926,097	439,920	-	1,366,017
Equity participations	-	-	376,705	376,705
	927,720	**439,920**	**376,705**	**1,744,345**

31 December 2019 (Audited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through profit or loss				
Specified on initial recognition				
Investment portfolios	4,139	-	-	4,139
Investments at FVTOCI				
Investment portfolios	1,742,122	-	-	1,742,122
Equity participations	-	-	540,128	540,128
	1,746,261	-	540,128	2,286,389

Notes to the interim condensed consolidated financial information (continued)

13 Fair value measurement (continued)

13.1 Fair value hierarchy (continued)

31 March 2019 (Unaudited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through profit or loss				
Specified on initial recognition				
Investment portfolios	9,738	-	-	9,738
Investments at fair value through other comprehensive income				
Investment portfolios	1,877,115	-	-	1,877,115
Equity participations	-	-	745,337	745,337
	1,886,853	-	745,337	2,632,190

There have been no transfers between levels 1 and 2 during the reporting period.

Measurement at fair value
The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Level 3 fair value measurements
The group's measurement of financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	(Unquoted securities)		
	(Investments at fair value through OCI) 31 March 2020 (Unaudited) KD	(Investments at fair value through OCI) 31 Dec. 2019 (Audited) KD	(Investments at fair value through OCI) 31 March 2019 (Unaudited) KD
Opening balance at the beginning of the period/year	**540,128**	745,337	745,337
Disposals during the period /year	**-**	(5,828)	-
Change in fair value during the period/year	**(163,423)**	(199,381)	-
Closing balance at the end of period/year	**376,705**	540,128	745,337

The group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Notes to the interim condensed consolidated financial information (continued)

13 Fair value measurement (continued)

Level 3 fair value measurements (continued)
The valuation techniques used for instruments categorised in Levels 2 and 3 are described below:

The fair value of financial instruments that are not traded in an active market (e.g. local unquoted securities) is determined by using valuation techniques. Fair value for the underlying unquoted securities investments are approximately the summation of the estimated value of underlying investments as if realised on the reporting date.

The investment managers in determining the fair value of these investments use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Investment managers use techniques such as discounted cash flow analysis, recent transactions prices and market multiples to determine fair value.

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income, total assets, total liabilities or total equity.

The impact on consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

14 Effects of COVID-19

The Coronavirus ("COVID-19") outbreak and associated global responses have caused material disruptions for companies around the world, leading to an economic slowdown. The global and local financial markets witnessed great volatility and weakness. Meanwhile, governments and central banks have interacted with various financial packages and exemptions designed to stabilize economic conditions. The duration and extent of the impact of the ("Covid-19") outbreak, as well as the effectiveness of the government's and central bank responses, are still unclear at the present time. The Company's management is actively monitoring the effects of Covid – 19 outbreak on its business operations and on the recognised amounts of the financial and non-financial assets, which represent management's best evaluation based on the current information available.