

Interim condensed consolidated financial information and review report

Al-Deera Holding Company – KPSC and Subsidiaries

Kuwait

30 September 2020 (Unaudited)

Contents

	Page
Review report	1 and 2
Interim condensed consolidated statement of profit or loss	3
Interim condensed consolidated statement of profit or loss and other comprehensive income	4
Interim condensed consolidated statement of financial position	5
Interim condensed consolidated statement of changes in equity	6 and 7
Interim condensed consolidated statement of cash flows	8
Notes to the interim condensed consolidated financial information	9 to 19

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 30 September 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 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 necessitates the belief that the accompanying interim condensed consolidated financial information has not been prepared, in all material respects, in accordance with International Accounting Standard No. 34 “Interim Financial Report”.

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 30 September, 2020 amounted to KD16,432,601, which exceeds three quarters of the Group’s share capital. Also, the Group’s current liabilities exceeded its current assets by KD15,344,097.

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 interim condensed consolidated financial information of Al-Deera Holding Company – KPSC (continued)

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 nine-month period ended 30 September 2020 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine-month period ended 30 September 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
12 November 2020

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended		Nine months ended	
		30 Sept. 2020 (Unaudited) KD	30 Sept. 2019 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD	30 Sept. 2019 (Unaudited) KD
Revenue					
Change in fair value of investments at fair value through profit or loss		1,380	(1,845)	(1,016)	(673)
gain on sale of investments at fair value through profit or loss		-	-	-	1,101
Share of results of associates	7	(83,966)	74,770	(1,620,333)	718,750
Dividend income		-	15,273	-	15,299
Other income		349	-	10,349	126,517
		(82,237)	88,198	(1,611,000)	860,994
Expenses and other charges					
Staff costs		(29,502)	(30,725)	(96,027)	(121,060)
General, administrative and other expenses		(40,906)	(42,742)	(114,238)	(131,319)
Finance costs		(58,559)	(119,569)	(294,821)	(354,834)
provision for doubtful debts		-	(145,800)	-	(145,800)
		(128,967)	(338,836)	(505,086)	(753,013)
(Loss)/profit for the period		(211,204)	(250,638)	(2,116,086)	107,981
Attributable to:					
Shareholders of the Parent Company		(211,204)	(175,761)	(2,115,877)	183,448
Non-controlling interests		-	(74,877)	(209)	(75,467)
		(211,204)	(250,638)	(2,116,086)	107,981
Basic and diluted (loss)/profit per share attributable to the shareholders of the Parent Company					
	6	(1.07)Fils	(0.89)Fils	(10.72)Fils	0.93Fils

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

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

	Note	Three months ended		Nine months ended	
		30 Sept. 2020 (Unaudited) KD	30 Sept. 2019 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD	30 Sept. 2019 (Unaudited) KD
(Loss)/profit for the period		(211,204)	(250,638)	(2,116,086)	107,981
Other comprehensive income / (loss):					
<i>Items that will be reclassified subsequently to consolidated statement of profit or loss:</i>					
Share of other comprehensive income / (loss) of associates	9	2,132,611	9,769	1,858,948	(1,514,826)
Total other comprehensive income/(loss) that will be reclassified to consolidated statement of profit or loss in subsequent periods					
		2,132,611	9,769	1,858,948	(1,514,826)
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>					
Investments at fair value through other comprehensive income:					
- Net change in fair value arising during the period		27,877	(267,697)	(657,017)	(551,324)
Total other comprehensive income/(loss) that will not be reclassified to consolidated statement of profit or loss in subsequent periods					
		27,877	(267,697)	(657,017)	(551,324)
Total other comprehensive income / (loss)		2,160,488	(257,928)	1,201,931	(2,066,150)
Total comprehensive income / loss for the period		1,949,284	(508,566)	(914,155)	(1,958,169)
Attributable to:					
Shareholders of the Parent Company		1,949,284	(433,689)	(913,946)	(1,882,702)
Non-controlling interests		-	(74,877)	(209)	(75,467)
		1,949,284	(508,566)	(914,155)	(1,958,169)

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 Sept. 2019 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		12	12	12
Investment in associates	7	17,604,345	17,490,079	17,500,809
Investments at fair value through other comprehensive income	8	1,625,233	2,282,250	2,376,162
		19,229,590	19,772,341	19,876,983
Current assets				
Receivables and other assets		360,811	351,401	368,002
Investments at fair value through profit or loss		3,123	4,139	9,197
Cash and cash equivalents		26,728	43,737	34,265
		390,662	399,277	411,464
Total assets		19,620,252	20,171,618	20,288,447
Equity and liabilities				
Equity				
Share capital		19,737,880	19,737,880	19,737,880
Other components of equity	9	187,822	(1,011,517)	(1,400,413)
Accumulated losses		(16,432,601)	(14,194,967)	(13,686,675)
Total equity attributable to the shareholders of the Parent Company		3,493,101	4,531,396	4,650,792
Non-controlling interests		239,368	239,577	256,460
Total equity		3,732,469	4,770,973	4,907,252
Liabilities				
Non-current liabilities				
Payables and other liabilities – non-current portion		-	-	10,139,704
Provision for employees' end of service benefits		153,024	153,377	149,693
		153,024	153,377	10,289,397
Current liabilities				
Payables and other liabilities – current portion		2,276,962	15,247,268	5,091,798
Term loans from related parties	10	13,457,797	-	-
		15,734,759	15,247,268	5,091,798
Total liabilities		15,887,783	15,400,645	15,381,195
Total equity and liabilities		19,620,252	20,171,618	20,288,447


Talal Bader Al Bahar
Chairman

The notes set out on pages 9 to 19 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		
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	-	-	(2,115,877)	(2,115,877)	(209)	(2,116,086)
Other comprehensive income	-	1,201,931	-	1,201,931	-	1,201,931
Total comprehensive income / (loss) for the period	-	1,201,931	(2,115,877)	(913,946)	(209)	(914,155)
Share of profit realized from equity investments at fair value through other comprehensive income (FVOCI) owned by an associate	-	(2,592)	2,592	-	-	-
Effect of the change in ownership percentage for a subsidiary of an associate	-	-	(23,531)	(23,531)	-	(23,532)
The effect of the change as a result of purchasing the treasury shares of an associate company	-	-	(100,818)	(100,818)	-	(100,818)
Balance at 30 September 2020 (Unaudited)	19,737,880	187,822	(16,432,601)	3,493,101	239,368	3,732,469

The notes set out on pages 9 to 19 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 8) KD	Accumulated losses KD	Sub – total 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	-	-	183,448	183,448	(75,467)	107,981
Other comprehensive loss	-	(2,066,150)	-	(2,066,150)	-	(2,066,150)
Total comprehensive (loss) / income for the period	-	(2,066,150)	183,448	(1,882,702)	(75,467)	(1,958,169)
Realised loss on equity investments at FVOCI owned by the group	-	37,022	(37,022)	-	-	-
Share of realised loss on equity investments at FVOCI owned by an associate	-	696,792	(696,792)	-	-	-
Effect of the change in ownership percentage for a subsidiary of an associate	-	-	(28,925)	(28,925)	-	(28,925)
Balance at 30 September 2019 (Unaudited)	19,737,880	(1,400,413)	(13,686,675)	4,650,792	256,460	4,907,252

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Nine months ended 30 Sept. 2020 (Unaudited) KD	Nine months ended 30 Sept. 2019 (Unaudited) KD
OPERATING ACTIVITIES		
(Loss)/profit for the period	(2,116,086)	107,981
Adjustments for:		
provision for doubtful debts	-	145,800
Provision for employees' end of service benefits	10,547	11,827
Share of results of associates	1,620,333	(718,750)
Finance costs	294,821	354,834
Dividend income	-	(15,299)
	(190,385)	(113,607)
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	1,016	(428)
Receivables and other assets	(9,410)	11,570
Payables and other liabilities	192,670	41,964
Employees' end of service benefits paid	(10,900)	-
Net cash used in operating activities	(17,009)	(60,501)
INVESTING ACTIVITIES		
Dividend income received	-	26
Net cash from investing activities	-	26
Net decrease in cash and cash equivalents	(17,009)	(60,475)
Cash and cash equivalents at beginning of the period	43,737	94,740
Cash and cash equivalents at end of the period	26,728	34,265

The notes set out on pages 9 to 19 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 above mentioned 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 for the nine-month period ended 30 September 2020 was authorized for issue by the directors of the Parent Company on 12 November 2020.

2 Basis of presentation

The interim condensed consolidated financial information of the Group for the nine-month period ended 30 September 2020 has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. The accounting policies used in the preparation of the 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 changes described in Note (3).

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.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

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

This 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 management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the nine-month period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the year ending 31 December 2020. For further details, refer to the Group’s audited consolidated financial statements and its 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:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
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 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

Application of the amendments did not have a significant impact on the Group’s consolidated interim condensed 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’.

Application of the amendments did not have a significant impact on the Group’s consolidated interim condensed 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 is expected to be related to the Group’s consolidated interim condensed financial information is set out 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 financial information.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
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 and 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)

IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture – Amendments (continued)

International Accounting Standard No. 1 Amendments

The amendments provide for the consistent application of requirements in relation to determining whether, in the statement of financial position, debts and other liabilities with an uncertain settlement history should be classified as current (i.e. due for settlement 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 30 September 2020, the accumulated losses of the Group amounted to K.D 16,123,172, which exceed three quarters of the Group's share capital, and the current liabilities of the Group exceeded its current assets by an amount of KD15,220,336.

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 interim condensed financial information 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 interim condensed financial information 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)/profit 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.

	Three months ended		Nine months ended	
	30 Sept. 2020 (Unaudited)	30 Sept. 2019 (Unaudited)	30 Sept. 2020 (Unaudited)	30 Sept. 2019 (Unaudited)
(Loss)/profit for the period attributable to the shareholders of the Parent Company (KD)	(211,204)	(175,761)	(2,115,877)	183,448
Weighted average number of shares outstanding during the period (shares)	197,378,800	197,378,800	197,378,800	197,378,800
Basic and diluted (loss)/profit per share attributable to the shareholders of the Parent Company	(1.07) Fils	(0.89)Fils	(10.72) Fils	0.93Fils

7 Investment in associates

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

	30 Sept. 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 Sept. 2019 (Unaudited) KD
Balance at beginning of the period/year	17,490,079	18,325,810	18,325,810
Share of results	(1,620,333)	199,809	718,750
Share of other comprehensive loss of the associates	1,858,948	(1,006,615)	(1,514,826)
Effect of the change in ownership percentage for a subsidiary of an associate	(23,531)	(28,925)	(28,925)
The effect of change as a result of purchasing treasury shares	(100,818)	-	-
Balance at September 30, 2020 (unaudited)	17,604,345	17,490,079	17,500,809

- Investment in associates amounting to KD 8,123,544 (31 December 2019: KD3,462,734 and 30 September 2019: KD3,886,444) is pledged against term loans from related parties (note 10).

8 Investments at fair value through other comprehensive income

	30 Sept. 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 Sept. 2019 (Unaudited) KD
Investment portfolios	1,249,459	1,742,122	1,728,161
Equity contributions	375,774	540,128	648,001
	1,625,233	2,282,250	2,376,162

Notes to the interim condensed consolidated financial information (continued)

8 Investments at fair value through other comprehensive income (continued)

Investments at fair value through other comprehensive income with a carrying value of KD1,249,459 (31 December 2019: KD 1,742,122 and 30 September 2019: KD1,728,161) are pledged against term loans from related parties (note 10).

The investment portfolios are managed by a related party.

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 income of associates	1,788,566	70,382	1,858,948
Investments at fair value through other comprehensive income: - Net change in fair value arising during the period	(657,017)	-	(657,017)
Total other comprehensive income	1,131,549	70,382	1,201,931
Share of profit realized from investments at fair value through other comprehensive income (FVOCI) owned by an associate	(2,592)	-	(2,592)
Balance at 30 September 2020 (Unaudited)	90,875	96,947	187,822
Balance at 31 December 2018 (Audited)	(90,873)	22,796	(68,077)
Share of other comprehensive (loss)/income of associates	(1,526,413)	11,587	(1,514,826)
Equity investments at fair value through other comprehensive income: - Net change in fair value arising during the period	(551,324)	-	(551,324)
Total other comprehensive (loss)/income	(2,077,737)	11,587	(2,066,150)
Realised loss on investments at FVOCI owned by the group	37,022	-	37,022
Share of realised loss on equity investment at FVOCI owned by an associate	696,792	-	696,792
Balance at 30 September 2019 (Unaudited)	(1,434,796)	34,383	(1,400,413)

10 Term loans from related parties

The loans outstanding as of 30 September 2020 represent credit balances owed to related parties that were converted into loans on August 1, 2020. All these loans are due on 31 July 2021 under the facility contracts concluded between the parent company and those related parties, and they are as follows: -

	30 Sept. 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 Sept. 2019 (Unaudited) KD
Financial liabilities			
Kuwait Holding Company - KSCC - A below	7,456,473	-	-
Al-Rana General Trading and Contracting Company - LLC - B below	2,727,886	-	-
International Resorts Company KPSC - c below	359,469	-	-
Al Nozha International Real Estate Company - LLC - d below	1,150,000	-	-
AIM Consulting - LLC - D below	289,317	-	-
International Financial Advisors Holding Company - KPSC - D below	1,474,652	-	-
	13,457,797	-	-

Notes to the interim condensed consolidated financial information (continued)

10 Term loans from related parties (continued)

- a The loan owed to Kuwait Holding Company - KSCC carries an annual interest rate of 7% and is secured against investment in associates (note 7) and investments at fair value through other comprehensive income (note 8).
- b The loan owed to Al Rana General Trading and Contracting Company - LLC carries an annual interest rate of 5.375% and is secured against investment in associates (note 7) and investments at fair value through other comprehensive income (note 8).
- c The loan owed to the International Resorts Company - KPSC does not carry interest and is guaranteed against a pledge of 5% of the company's share capital of the Deera Global Communications Company (subsidiary company).
- d All of these loans granted by other related parties do not carry interest and are not guaranteed.

11 Annual general assembly

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

12 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 have not been disclosed in this note.

Details of significant related party balances and transactions are as follows:

	30 Sept. 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 Sept. 2019 (Unaudited) KD
Interim condensed consolidated statement of financial position:			
Due from related parties- net of provision (included in receivables and other assets)	51,686	41,099	42,727
Due from associates – net of provision (included in receivables and other assets)	-	1,015	1,015
Due to related parties – (included in payables and other liabilities)	94,411	13,052,311	12,814,987
Term loans from related parties (note 10)	13,457,797	-	-
Loss on sale of investments at fair value through other comprehensive income	-	-	37,874

Notes to the interim condensed consolidated financial information (continued)

12 Related party balances and transactions (continued)

	Three months ended		Nine months ended	
	30 Sept. 2020 (Unaudited) KD	30 Sept. 2019 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD	30 Sept. 2019 (Unaudited) KD
Interim condensed consolidated statement of profit or loss:				
Other income	-	-	10,000	-
Advisory fees	21,500	24,000	64,500	72,000
Finance costs	58,560	119,429	294,821	354,393
Compensation of key management personnel:				
Salaries and other short-term benefits	19,500	25,804	64,864	97,304
Employees' end of service benefits	3,279	6,520	9,821	9,726
	22,779	32,324	74,685	107,030

In addition, and as indicated in Note (8), one of the related parties manages an investment portfolio on behalf of the group.

13 Segmental information

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

	Investments		Total	
	30 Sept. 2020 (Unaudited) KD	30 Sept. 2019 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD	30 Sept. 2019 (Unaudited) KD
Nine months ended:				
Segment (loss)/revenue	(1,611,000)	860,994	(1,611,000)	860,994
(Loss)/profit for the period	(2,116,086)	107,981	(2,116,086)	107,981
Three months ended:				
Segment revenue	(82,237)	88,198	(82,237)	88,198
Loss for the period	(211,204)	(250,638)	(211,204)	(250,638)
Total assets	19,620,252	20,288,447	19,620,252	20,288,447
Total liabilities	15,887,783	15,381,195	15,887,783	15,381,195

14 Fair value measurement

14.1 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.

Financial assets and financial liabilities measured at fair value in the interim condensed 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).

Notes to the interim condensed consolidated financial information (continued)

14 Fair value measurement (continued)

14.1 Fair value hierarchy (continued)

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:

30 September 2020 (Unaudited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through profit or loss:				
Investment portfolios	3,123	-	-	3,123
Investments at fair value through other comprehensive income:				
Investment portfolios	1,249,459	-	-	1,249,459
Equity participations	-	-	375,774	375,774
	1,252,582	-	375,774	1,628,356

31 December 2019 (Audited)

Investments at fair value through profit or loss:				
Investment portfolios	4,139	-	-	4,139
Investments at FVTOCI:				
Investment portfolios	1,742,122	-	-	1,742,122
Equity participations	-	-	540,128	540,128
Net fair value	1,746,261	-	540,128	2,286,389

30 September 2019 (Unaudited)

Investments at fair value through profit or loss:				
Investment portfolios	9,197	-	-	9,197
Investments at fair value through other comprehensive income:				
Investment portfolios	1,728,161	-	-	1,728,161
Equity participations	-	-	648,001	648,001
	1,737,358	-	648,001	2,385,359

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

Notes to the interim condensed consolidated financial information (continued)

14 Fair value measurement (continued)

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.

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

	(Unquoted securities)		
	(Investments at fair value through OCI) 30 Sept. 2020 (Unaudited) KD	(Investments at fair value through OCI) 31 Dec. 2019 (Audited) KD	(Investments at fair value through OCI) 30 Sept. 2019 (Unaudited) KD
Opening balance at the beginning of the period/year	540,128	745,337	745,337
Disposals during the year	-	(5,828)	-
Change in fair value during the period/year	(164,354)	(199,381)	(97,336)
Closing balance at the end of period/year	375,774	540,128	648,001

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 financial instrument, with the overall objective of maximising the use of market-based information.

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 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%.

Notes to the interim condensed consolidated financial information (continued)

15 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 Parent Company 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, which represent management’s best evaluation based on the current information available.