

**Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait**

**Interim condensed consolidated financial information (Unaudited)
and review report**

For the three months period ended 31 March 2020

Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait

Interim condensed consolidated financial information (Unaudited) and review report
For the three months period ended 31 March 2020

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Review Report the on Interim Condensed Consolidated Financial Information**To the Board of Directors
Privatization Holding Company – K.P.S.C.
State of Kuwait*****Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Privatization Holding Company – K.P.S.C. (“the Parent Company”) and its subsidiaries (together referred to as “the Group”) as at 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 months period then ended. The Parent Company’s 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 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.


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”.

Report on other legal and regulatory requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that nothing has come to our attention indicating any violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, nor of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three months period ended 31 March 2020, that might have had a material effect on business of the Group or its interim condensed consolidated financial position.

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 violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority, its related regulations and the related instructions, as amended, during the three months period ended 31 March 2020, that might have had a material effect on the business of the Group or on its interim condensed consolidated financial position.



Qais M. Al Nisf
License No. 38 "A"
BDO Al Nisf & Partners

Kuwait 24 August 2020

Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait

Interim condensed consolidated statement of profit or loss (Unaudited)
For the three months period ended 31 March 2020

	Note	Three months ended	
		31 March	
		2020	2019
		KD	KD
Revenue			
Revenue from sales and services		1,355,531	2,959,894
Unrealized loss from changes in fair value of financial assets at fair value through profit or loss		(1,993,122)	(84,508)
Realized gain from sale of financial assets at fair value through profit or loss		18,646	7,734
Dividend income		143,297	7,767
Group's share of results from associates	4	(1,574,006)	1,386,897
Interest income		749	7,059
Other income		-	101
Total revenue		(2,048,905)	4,284,944
Expenses and other charges			
Cost of sales and services		(1,799,750)	(2,701,587)
General and administrative expenses		(512,624)	(689,903)
Portfolio management fees		(4,613)	(9,692)
Foreign exchange loss		(82,334)	(18,377)
Finance costs		(393,398)	(366,822)
Total expenses and other charges		(2,792,719)	(3,786,381)
(Loss) / profit for the period before contribution to National Labour Support Tax (NLST) and Zakat		(4,841,624)	498,563
NLST		-	(10,776)
Zakat		-	(570)
Net (loss) / profit for the period		(4,841,624)	487,217
Attributable to:			
Shareholders of the Parent Company		(4,590,214)	455,485
Non-controlling interests		(251,410)	31,732
Net (loss) / profit for the period		(4,841,624)	487,217
Basic and diluted (loss) / earnings per share attributable to the shareholders of the Parent Company (Fils)	3	(7.52)	0.75

The accompanying notes on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait

Interim condensed consolidated statement of profit or loss and other comprehensive income (Unaudited)
For the three months period ended 31 March 2020

	Note	Three months ended 31 March	
		2020 KD	2019 KD
Net (loss) / profit for the period		<u>(4,841,624)</u>	<u>487,217</u>
Other comprehensive income items:			
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss</i>			
Exchange differences on translating of foreign operations		154,090	14,592
Group's share of other comprehensive (loss) / income of associates	4	(46,682)	119,672
<i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss</i>			
Changes in fair value of financial assets at fair value through other comprehensive income ("FVOCI")		34,498	69,047
Total other comprehensive income for the period		<u>141,906</u>	<u>203,311</u>
Total comprehensive (loss) / income for the period		<u>(4,699,718)</u>	<u>690,528</u>
Attributable to:			
Shareholders of the Parent Company		(4,446,037)	657,154
Non-controlling interests		(253,681)	33,374
Total comprehensive (loss) / income for the period		<u>(4,699,718)</u>	<u>690,528</u>

The accompanying notes on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.


Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait

Interim condensed consolidated statement of financial position (Unaudited)
As at 31 March 2020

	Note	31 March 2020 KD	(Audited) 31 December 2019 KD	31 March 2019 KD
Assets				
Non-current assets:				
Property, plant and equipment		12,153,849	11,801,921	12,029,251
Intangible assets		651,265	756,788	680,565
Investment properties		108,158	108,158	239,862
Investment in associates	4	52,225,485	54,284,485	55,229,711
Financial assets at fair value through other comprehensive income	5	9,588,465	9,532,034	12,628,377
Accounts receivable and other debit balances	6	4,392,478	4,132,774	2,811,784
Total non-current assets		79,119,700	80,616,160	83,619,550
Current assets:				
Inventories		1,698,313	1,874,189	1,580,981
Accounts receivable and other debit balances	6	16,426,342	17,603,808	15,872,121
Financial assets at fair value through profit or loss	7	22,170,436	24,587,719	28,233,907
Cash and cash equivalents	8	1,773,824	2,112,464	4,068,908
Total current assets		42,068,915	46,178,180	49,755,917
Total assets		121,188,615	126,794,340	133,375,467
Equity and liabilities				
Equity:				
Capital		61,000,000	61,000,000	61,000,000
Share premium		24,761,544	24,761,544	24,761,544
Statutory reserve		1,590,532	1,590,532	1,590,532
General reserve		3,200,595	3,200,595	3,200,595
Fair value reserve of financial assets at FVOCI		(3,323,787)	(3,085,457)	286,306
Foreign currency translation reserve		928,387	545,880	613,187
Other reserves		(1,369,494)	(931,164)	(876,533)
Accumulated losses		(8,478,771)	(3,888,557)	(2,726,522)
Equity attributable to shareholders of the Parent Company		78,309,006	83,193,373	87,849,109
Non-controlling interests		724,898	978,561	916,273
Total equity		79,033,904	84,171,934	88,765,382
Liabilities:				
Non-current liabilities:				
Employees' end of service benefits		1,240,863	1,175,815	1,068,827
Term loans	9	-	-	8,874,941
Accounts payable and other credit balances	10	4,121,077	4,047,776	5,078,316
Total non-current liabilities		5,361,940	5,223,591	15,022,084
Current liabilities:				
Term loans	9	27,858,235	27,753,056	21,520,451
Bank overdraft	8	287,142	410,618	2,718
Accounts payable and other credit balances	10	8,647,394	9,235,141	8,064,832
Total current liabilities		36,792,771	37,398,815	29,588,001
Total liabilities		42,154,711	42,622,406	44,610,085
Total equity and liabilities		121,188,615	126,794,340	133,375,467

The accompanying notes on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.


Reyadh S. A. Edrees
Chairman


Mohammed A. Al-Asfor
Vice Chairman

Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait

Interim condensed consolidated statement of changes in equity (Unaudited)

For the three months period ended 31 March 2020

	Equity attributable to the shareholders of the Parent Company										
	Capital KD	Share premium KD	Statutory reserve KD	General reserve KD	Fair value reserve of financial assets at FVOCI KD	Foreign currency translation reserve KD	Other reserves KD	Accumulated losses KD	Sub-total KD	Non- controlling interests KD	Total Equity KD
As at 31 December 2019	61,000,000	24,761,544	1,590,532	3,200,595	(3,085,457)	545,880	(931,164)	(3,888,557)	83,193,373	978,561	84,171,934
Net loss for the period	-	-	-	-	-	-	-	(4,590,214)	(4,590,214)	(251,410)	(4,841,624)
Other comprehensive (loss) / income:											
Changes in fair value of financial assets at FVOCI	-	-	-	-	36,768	-	-	-	36,768	(2,270)	34,498
Exchange differences on translating of foreign operations	-	-	-	-	-	154,090	-	-	154,090	-	154,090
Group's share of other comprehensive (loss) / income of associates (Note 4)	-	-	-	-	(275,098)	228,417	-	-	(46,681)	(1)	(46,682)
Total other comprehensive (loss) / income for the period	-	-	-	-	(238,330)	382,507	-	-	144,177	(2,271)	141,906
Total comprehensive (loss) / income for the period	-	-	-	-	(238,330)	382,507	-	(4,590,214)	(4,446,037)	(253,681)	(4,699,718)
Share of other reserves of associates (Note 4)	-	-	-	-	-	-	(438,330)	-	(438,330)	18	(438,312)
As at 31 March 2020	61,000,000	24,761,544	1,590,532	3,200,595	(3,323,787)	928,387	(1,369,494)	(8,478,771)	78,309,006	724,898	79,033,904

Privatization Holding Company – K.P.S.C. and its subsidiaries
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Interim condensed consolidated statement of changes in equity (Unaudited)
For the three months period ended 31 March 2020

	Equity attributable to the shareholders of the Parent Company										
	Capital KD	Share premium KD	Statutory reserve KD	General reserve KD	Fair value reserve of financial assets at FVOCI KD	Foreign currency translation reserve KD	Other reserves KD	Accumulated losses KD	Sub-total KD	Non- controlling interests KD	Total equity KD
As at 31 December 2018	61,000,000	24,761,544	1,590,532	3,200,595	260,378	541,253	(862,171)	(3,285,814)	87,206,317	895,899	88,102,216
Net profit for the period	-	-	-	-	-	-	-	455,485	455,485	31,732	487,217
Other comprehensive income:											
Changes in fair value of financial assets at FVOCI	-	-	-	-	67,434	-	-	-	67,434	1,613	69,047
Exchange differences on translating of foreign operations	-	-	-	-	-	14,592	-	-	14,592	-	14,592
Group's share of other comprehensive income of associates (Note 4)	-	-	-	-	62,301	57,342	-	-	119,643	29	119,672
Total other comprehensive income for the period	-	-	-	-	129,735	71,934	-	-	201,669	1,642	203,311
Total comprehensive income for the period	-	-	-	-	129,735	71,934	-	455,485	657,154	33,374	690,528
Transferred to retained earnings on sale of financial assets at FVOCI	-	-	-	-	(103,807)	-	-	103,807	-	-	-
Cash dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(13,000)	(13,000)
Share of other reserves of associates (Note 4)	-	-	-	-	-	-	(14,362)	-	(14,362)	-	(14,362)
As at 31 March 2019	61,000,000	24,761,544	1,590,532	3,200,595	286,306	613,187	(876,533)	(2,726,522)	87,849,109	916,273	88,765,382

The accompanying notes on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

Privatization Holding Company – K.P.S.C. and its subsidiaries
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Interim condensed consolidated statement of cash flows (Unaudited)
For the three months period ended 31 March 2020

	Three months ended	
	31 March	
	2020	2019
	KD	KD
OPERATING ACTIVITIES		
Net (loss) / profit for the period	(4,841,624)	487,217
<i>Adjustments for:</i>		
Unrealized loss from changes in fair value on financial assets at fair value through profit or loss	1,993,122	84,508
Realized gain from sale of financial assets at fair value through profit or loss	(18,646)	(7,734)
Dividend income	(143,297)	(7,767)
Group's share of results from associates	1,574,006	(1,386,897)
Interest income	(749)	(7,059)
Depreciation	107,671	104,123
Amortization	105,523	34,791
Finance costs	393,398	366,822
Foreign exchange loss	82,334	18,377
Provision for employees' end of service benefits	89,065	108,206
	(659,197)	(205,413)
Change in operating assets and liabilities:		
Inventories	175,876	(131,674)
Financial assets at fair value through profit or loss	442,807	18,106
Accounts receivable and other debit balances	917,762	(1,232,991)
Accounts payable and other credit balances	(454,349)	(37,586)
Cash flows from / (used in) operating activities	422,899	(1,589,558)
Employees' end of service benefits paid	(24,017)	-
Net cash flows from / (used in) operating activities	398,882	(1,589,558)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(275,220)	(48,543)
Proceeds from sale of financial assets at FVOCI	-	75,350
Interest income received	749	7,059
Dividend income received	143,297	7,767
Fixed deposits	-	34,386
Net cash flows (used in) / from investing activities	(131,174)	76,019
FINANCING ACTIVITIES		
Proceeds from term loans	1,233,221	1,804,638
Repayment of term loans	(1,234,087)	(2,727,474)
Finance costs paid	(453,495)	(401,577)
Dividend paid	-	(13,000)
Net cash flows used in financing activities	(454,361)	(1,337,413)
Net decrease in cash and cash equivalents	(186,653)	(2,850,952)
Foreign currency translation adjustment	(28,511)	17,801
Cash and cash equivalents at the beginning of the period	1,701,846	6,899,341
Cash and cash equivalents at the end of the period (Note 8)	1,486,682	4,066,190

The accompanying notes on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

**Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait**

Notes to the interim condensed consolidated financial information (Unaudited)

For the three months period ended 31 March 2020

1. General Information

Privatization Holding Company - K.P.S.C. (the “Parent Company”) is a Kuwaiti public shareholding Company registered on 10 October 1994 and is listed on Boursa Kuwait.

The Parent Company is licensed to:

- Invest in Kuwaiti and foreign shareholding companies and limited liability Companies and to participate in the establishment and management of such entities,
- Lend to such entities and act as their guarantor,
- Utilization of excess funds in investment in financial portfolios or real estate portfolios through specialised parties inside or outside Kuwait,
- Invest in real estate, hold patents and copy rights, and advance loans to associates,
- Represent foreign consulting firms in local market.

The Parent Company’s registered office is located in Sharq, Ahmad Al-Jaber Street, Dar Al-Awadi Tower, 23rd Floor, and P.O. Box 4323, Safat 13104, Kuwait.

The interim condensed consolidated financial information of the Group were authorised for issuance by the Board of Directors of the Parent Company on 24 August 2020.

2. Basis of preparation

The interim consolidated condensed financial information has been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”. This interim condensed consolidated financial information does not include all the information and disclosures required for preparation of complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”). In the opinion of Group’s management, all adjustments consisting of (normal recurring accruals) considered necessary for fair presentation have been included.

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

Operating results for the three months period ended 31 March 2020 is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. For further information, refer to the annual consolidated audited financial statements of the Group for the year ended 31 December 2019.

New Standards, interpretations and amendments

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the financial statements for the year ended 31 December 2019, except for application of new standards effective from 1 January 2020.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but not yet effective. Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial information of the Group as follow:

Notes to the interim condensed consolidated financial information (Unaudited)

For the three months period ended 31 March 2020

2. Basis of preparation (Continued)

New Standards, interpretations and amendments (Continued)

Definition of a Business (Amendments to IFRS 3)

The amendments in definition of a business in IFRS 3 (Business combinations) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- 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;
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

These amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. This amendment did not have any material impact to the Group.

Amendments to IFRS 7, IFRS 9, IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial information of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8: Definition of Material

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- That the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- The meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

The application of these amendments did not have any material impact on the Group.

Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2020

2. Basis of preparation (Continued)

New Standards, interpretations and amendments (Continued)

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting.
- Reinstating prudence as a component of neutrality.
- Defining a reporting entity, which may be a legal entity, or a portion of an entity.
- Revising the definitions of an asset and a liability.
- Removing the probability threshold for recognition and adding guidance on derecognition.
- Adding guidance on different measurement basis, and
- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework. This amendment did not have any material impact on the Group.

Amendments to IFRS 16 “leases” – COVID-19-Related Lease Concessions

Paragraphs have been added to the COVID-19-Related Lease Concessions, issued in May 2020. This amendment should be applied by the lessee for the annual reporting periods beginning on or after 1 June 2020 with early application permitted, including financial statements that have not yet been issued as at 28 May 2020.

A lessee shall apply COVID-19-Related Rent Concessions retrospectively, recognizing the cumulative effect of initially applying that amendment as an adjustment to the opening retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. This amendment is not expected to have a material impact on the Group’s interim condensed consolidated financial information.

Other than the above, several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial information of the Group.

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

There are no potential dilutive ordinary shares. Basic and diluted (loss) / earnings per share attributable to the shareholders of the Parent Company are computed by dividing net (loss) /profit for the period attributable for the shareholders of the Parent Company by the weighted average number of shares outstanding during the period as follow:

	Three months ended 31 March	
	2020	2019
Net (loss) / profit for the period attributable to the shareholders of the Parent Company (KD)	<u>(4,590,214)</u>	<u>455,485</u>
Weighted average number of outstanding shares (shares)	<u>610,000,000</u>	<u>610,000,000</u>
Basic and diluted (loss) / earnings per share attributable to shareholders of the Parent Company (fils)	<u>(7.52)</u>	<u>0.75</u>

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Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2020

4. Investment in associates

	31 March 2020	(Audited) 31 December 2019	31 March 2019
	KD	KD	KD
Balance at the beginning of the period / year	54,284,485	53,734,978	53,734,978
Additions	-	16,911	2,526
Disposals	-	(55,415)	-
Impairment loss	-	(1,055,303)	-
Cash dividends received from associates	-	(1,369,688)	-
Group's share of results from associates	(1,574,006)	3,946,273	1,386,897
Group's share of other comprehensive (loss) / income from associates' cumulative changes in fair value	(275,099)	(881,857)	62,330
Group's share of other comprehensive income from associates' foreign currency translation adjustment	228,417	17,595	57,342
Other reserves	(438,312)	(69,009)	(14,362)
Balance at end of the period / year	<u>52,225,485</u>	<u>54,284,485</u>	<u>55,229,711</u>

Investment in associates amounting to KD 35,526,704 (31 December 2019: KD 36,814,545, 31 March 2019: KD 43,654,454) are secured against certain term loans (Note 9).

5. Financial assets at fair value through other comprehensive income

	31 March 2020	(Audited) 31 December 2019	31 March 2019
	KD	KD	KD
Quoted securities	262,418	274,720	260,708
Unquoted securities	5,854,803	5,847,846	8,935,407
Funds and portfolios	3,471,244	3,409,468	3,432,262
	<u>9,588,465</u>	<u>9,532,034</u>	<u>12,628,377</u>

Financial assets at fair value through other comprehensive income amounting to KD 285,686 (31 December 2019: KD 292,112, 31 March 2019: KD 4,944,238) are secured against certain term loans (Note 9).

Valuation techniques of financial assets at fair value through other comprehensive income ("FVOCI") are disclosed in (Note 15).

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Notes to the interim condensed consolidated financial information (Unaudited)

For the three months period ended 31 March 2020

6. Accounts receivable and other debit balances

	31 March 2020	(Audited) 31 December 2019	31 March 2019
	KD	KD	KD
Trade receivables	8,762,868	9,714,611	6,036,683
Due from related parties (Note 12)	5,367,471	5,138,357	4,302,626
Interest receivable	3,000,000	3,000,000	3,000,000
Prepaid expenses and accrued income	104,854	85,822	131,060
Advances to supplier	5,770,787	5,553,393	5,081,543
Other receivables	1,592,570	2,024,129	3,263,912
	<u>24,598,550</u>	<u>25,516,312</u>	<u>21,815,824</u>
Provision for expected credit losses	<u>(3,779,730)</u>	<u>(3,779,730)</u>	<u>(3,131,919)</u>
	<u>20,818,820</u>	<u>21,736,582</u>	<u>18,683,905</u>

Accounts receivable and other debit balances are represented in the following:

	31 March 2020	(Audited) 31 December 2019	31 March 2019
	KD	KD	KD
Non-current portion	4,392,478	4,132,774	2,811,784
Current portion	16,426,342	17,603,808	15,872,121
	<u>20,818,820</u>	<u>21,736,582</u>	<u>18,683,905</u>

7. Financial assets at fair value through profit or loss

	31 March 2020	(Audited) 31 December 2019	31 March 2019
	KD	KD	KD
Quoted securities	7,528,637	9,975,387	10,965,775
Unquoted security	13,696,705	13,656,329	14,766,425
Mutual funds	945,094	956,003	2,501,707
	<u>22,170,436</u>	<u>24,587,719</u>	<u>28,233,907</u>

Financial assets at fair value through profit or loss amounting to KD 17,878,733 (31 December 2019: KD 19,737,335, 31 March 2019: KD 21,993,987) are pledged against certain term loans (Note 9).

Valuation techniques of financial assets at fair value through profit or loss are disclosed in (Note 15).

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8. Cash and cash equivalents

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	31 March 2020	(Audited) 31 December 2019	31 March 2019
	KD	KD	KD
Cash on hand and at banks	1,465,943	1,662,997	3,250,349
Cash with portfolios	77,953	223,629	670,069
Short term bank deposits	507	498	102,959
Restricted cash*	<u>229,421</u>	<u>225,340</u>	<u>45,531</u>
	1,773,824	2,112,464	4,068,908
Less: bank overdraft	<u>(287,142)</u>	<u>(410,618)</u>	<u>(2,718)</u>
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	<u><u>1,486,682</u></u>	<u><u>1,701,846</u></u>	<u><u>4,066,190</u></u>

*This balance represents cash restricted against bank facilities.

9. Term loans

	31 March 2020	(Audited) 31 December 2019	31 March 2019
	KD	KD	KD
Term loans obtained from local financial institutions and carrying interest rate range from 2% to 4% per annum over the Central Bank of Kuwait discount rate	23,699,029	23,845,961	26,851,011
Term loans obtained from a foreign financial institutions and carry interest rate range from 8.5% to 9.75% per annum	<u>4,159,206</u>	<u>3,907,095</u>	<u>3,544,381</u>
	<u><u>27,858,235</u></u>	<u><u>27,753,056</u></u>	<u><u>30,395,392</u></u>

Certain investment in associates, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are secured against term loans (Note 4, 5 and 7).

Term loans are represented in the following:

	31 March 2020	(Audited) 31 December 2019	31 March 2019
	KD	KD	KD
Non-current portion	-	-	8,874,941
Current portion	<u>27,858,235</u>	<u>27,753,056</u>	<u>21,520,451</u>
	<u><u>27,858,235</u></u>	<u><u>27,753,056</u></u>	<u><u>30,395,392</u></u>

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10. Accounts payable and other credit balances

	31 March 2020	(Audited) 31 December 2019	31 March 2019
	KD	KD	KD
Trade payable	1,210,121	1,374,600	1,150,191
Due to related parties (Note 12)	2,541,028	2,536,184	2,060,654
Fixed assets payable	5,151,347	5,059,720	6,093,980
Accrued expenses and other liabilities	3,865,975	4,312,413	3,838,323
	<u>12,768,471</u>	<u>13,282,917</u>	<u>13,143,148</u>

Accounts payable and other credit balances are represented in the following:

	31 March 2020	(Audited) 31 December 2019	31 March 2019
	KD	KD	KD
Non-current portion	4,121,077	4,047,776	5,078,316
Current portion	8,647,394	9,235,141	8,064,832
	<u>12,768,471</u>	<u>13,282,917</u>	<u>13,143,148</u>

11. Annual General Assembly of the Shareholder of the Parent Company

The Shareholders' Annual General Assembly meeting of the Parent Company held on 21 June 2020 has approved the consolidated financial statements for the year ended 31 December 2019, and approved not to distribute cash dividends and Board of Directors' remuneration for the year ended 31 December 2019.

The Shareholders' Annual General Assembly meeting of the Parent Company held on 15 May 2019 has approved the consolidated financial statements for the year ended 31 December 2018, and approved not to distribute cash dividends and Board of Directors' remuneration for the year ended 31 December 2018.

12. Related party transactions and balances

Related parties represent major shareholders, 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 to be approved by the Group's management.

Balances and transactions with related parties included in the interim condensed consolidated financial information are as follows:

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12. Related party transactions and balances (Continued)

	31 March 2020	(Audited) 31 December 2019	31 March 2019
	KD	KD	KD
<u>Balances included in interim condensed consolidated statement of financial position</u>			
Cash with portfolios managers	3,936	2,842	8,331
Financial assets at FVOCI	4,493,728	4,493,728	4,903,268
Financial assets at fair value through profit or loss	3,734,243	4,694,933	3,375,958
Due from related parties (Note 6)	5,367,471	5,138,357	4,302,626
Due to related parties (Note 10)	2,541,028	2,536,184	2,060,654

Amount due from/to related parties are interest free and are receivable / payable on demand.

	Three months ended 31 March	
	2020	2019
	KD	KD
<u>Compensation of key management personnel</u>		
Short term benefits	110,251	97,935
End of service benefits	50,156	72,673

13. Capital commitments and contingencies

	31 March 2020	(Audited) 31 December 2019	31 March 2019
	KD	KD	KD
Capital commitments			
Purchase of financial assets at fair value through other comprehensive income	-	-	2,497,732
Other commitments	796,731	339,324	322,635

Contingencies

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 3,745,224 (31 December 2019: KD 3,455,999, 31 March 2019: KD 4,359,972) from which it is anticipated that no material liabilities will arise.

The Parent Company and Al Khair National for Stocks and Real Estate Company (related party) have provided a guarantee to NBK against a loan of KD 35,358,476 (31 December 2019: KD 35,358,476, 31 March 2019: KD 36,442,427) assigned to a third party during 2012. This loan was rescheduled during 2013 and the principal (excluding interest) is repayable in eleven annual installments commencing 15 June 2016.

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14. Segmental information

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments. The Group does not have any inter-segment transactions.

The following table presents segment income and results information regarding the Group's business segments:

	<u>Investment KD</u>	<u>Others KD</u>	<u>Total KD</u>
Three months ended 31 March 2020			
Segment revenues	<u>(3,413,423)</u>	<u>1,364,518</u>	<u>(2,048,905)</u>
Segment loss before finance costs, foreign exchange loss	<u>(3,749,600)</u>	<u>(616,292)</u>	<u>(4,365,892)</u>
Finance costs plus foreign exchange loss	<u>(343,782)</u>	<u>(131,950)</u>	<u>(475,732)</u>
Loss before taxation	<u>(4,093,382)</u>	<u>(748,242)</u>	<u>(4,841,624)</u>
Segment assets	85,332,945	35,855,670	121,188,615
Segment liabilities (excluding term loans)	<u>(3,975,132)</u>	<u>(10,321,344)</u>	<u>(14,296,476)</u>
Segment net assets before term loans	<u>81,357,813</u>	<u>25,534,326</u>	<u>106,892,139</u>
Term loans	<u>(20,208,813)</u>	<u>(7,649,422)</u>	<u>(27,858,235)</u>
Net assets	<u>61,149,000</u>	<u>17,884,904</u>	<u>79,033,904</u>
	<u>Investment KD</u>	<u>Others KD</u>	<u>Total KD</u>
Three months ended 31 March 2019			
Segment revenues	<u>1,338,180</u>	<u>2,946,764</u>	<u>4,284,944</u>
Segment profit / (loss) before finance costs, foreign exchange loss	<u>930,169</u>	<u>(46,407)</u>	<u>883,762</u>
Finance costs plus foreign exchange loss	<u>(346,947)</u>	<u>(38,252)</u>	<u>(385,199)</u>
Profit / (loss) before taxation	<u>583,222</u>	<u>(84,659)</u>	<u>498,563</u>
Segment assets	98,936,357	34,439,110	133,375,467
Segment liabilities (excluding term loans)	<u>(3,762,979)</u>	<u>(10,451,714)</u>	<u>(14,214,693)</u>
Segment net assets before term loans	<u>95,173,378</u>	<u>23,987,396</u>	<u>119,160,774</u>
Term loans	<u>(23,523,222)</u>	<u>(6,872,170)</u>	<u>(30,395,392)</u>
Net assets	<u>71,650,156</u>	<u>17,115,226</u>	<u>88,765,382</u>

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15. Fair value measurement

15.1 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 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

15.2 Fair value measurement of financial instruments

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

	31 March 2020 KD	(Audited) 31 December 2019 KD	31 March 2019 KD
Financial assets:			
<i>Financial assets at fair value through other comprehensive income:</i>			
Financial assets at fair value through other comprehensive income	9,588,465	9,532,034	12,628,377
<i>Financial assets at amortised cost:</i>			
Accounts receivable and other debit balances (excluding prepayments and advances)	14,943,179	16,097,367	13,471,302
Cash and cash equivalents	1,773,824	2,112,464	4,068,908
<i>Financial assets at fair value through profit or loss:</i>			
Financial assets at fair value through profit or loss	22,170,436	24,587,719	28,233,907
	<u>48,475,904</u>	<u>52,329,584</u>	<u>58,402,494</u>
Financial liabilities:			
<i>Financial liabilities at amortised cost:</i>			
Term loans	27,858,235	27,753,056	30,395,392
Accounts payable and other credit balances (excluding advances)	12,719,118	12,961,116	13,101,571
Bank overdraft	287,142	410,618	2,718
	<u>40,864,495</u>	<u>41,124,790</u>	<u>43,499,681</u>

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15. Fair value measurement (Continued)

15.2 Fair value measurement of financial instruments (Continued)

Management considers that the carrying amounts of financial assets and all financial liabilities, which are stated at amortised cost, approximate their fair values.

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 and liabilities 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	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
Financial assets at fair value through other comprehensive income				
Quoted securities	262,418	-	-	262,418
Funds and portfolio	-	3,471,244	-	3,471,244
Unquoted securities	-	-	5,854,803	5,854,803
Financial assets at fair value through profit or loss				
Quoted securities	7,528,637	-	-	7,528,637
Mutual funds	-	945,094	-	945,094
Unquoted securities	-	1,947,015	11,749,690	13,696,705
	<u>7,791,055</u>	<u>6,363,353</u>	<u>17,604,493</u>	<u>31,758,901</u>
31 December 2019 (Audited)	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
Financial assets at fair value through other comprehensive income				
Quoted securities	274,720	-	-	274,720
Funds and portfolio	-	3,409,468	-	3,409,468
Unquoted securities	-	-	5,847,846	5,847,846
Financial assets at fair value through profit or loss				
Quoted securities	9,975,387	-	-	9,975,387
Mutual funds	-	956,003	-	956,003
Unquoted securities	-	1,912,365	11,743,964	13,656,329
	<u>10,250,107</u>	<u>6,277,836</u>	<u>17,591,810</u>	<u>34,119,753</u>

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15. Fair value measurement (Continued)

15.2 Fair value measurement of financial instruments (Continued)

31 March 2019	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through other comprehensive income				
Quoted securities	260,708	-	-	260,708
Funds and portfolio	-	3,432,262	-	3,432,262
Unquoted securities	-	-	8,935,407	8,935,407
Financial assets at fair value through profit or loss				
Quoted securities	10,965,775	-	-	10,965,775
Mutual funds	-	2,501,707	-	2,501,707
Unquoted securities	-	2,757,535	12,008,890	14,766,425
	<u>11,226,483</u>	<u>8,691,504</u>	<u>20,944,297</u>	<u>40,862,284</u>

During the period / year, there were no transfers between levels 1, 2 and 3.

16. The economic situation due to Coronavirus

Due to the current significant events arising from the spread of Coronavirus (“COVID-19”) in early 2020, which affected the global economic environment, local and international financial markets. These conditions are considered significant as they affected the economic and risk environment in which the Group operates. As a result, the Group was exposed to various risks including a decline in the market price for investments and decrease in revenues due to suspension of the Group’s commercial activities. The Group is constantly monitoring the impact on them and how to manage the risks arising from the outbreak of Coronavirus (COVID-19).

The Group has considered whether any adjustments and changes in judgements, estimates and risk management are required to be considered and reported in the interim condensed consolidated financial information as follow:

Financial assets at fair value through profit or loss

As a result of the economic conditions due to the outbreak of the Coronavirus pandemic, local and foreign financial markets have exhibited a significant downturn and volatility, resulting decline in fair value of financial assets at fair value through profit or loss amounting to KD 1,993,122. Accordingly, the Group has incurred material losses arising from changes in fair values during the period ended 31 March 2020.

Revenue from sales and services

As a result of the economic conditions to the outbreak of the Coronavirus pandemic, The Group’s revenue from sales and services had been material declined due to temporarily suspension of Group’s commercial activities.

The Group considers that the time period for this event is not specified and it is difficult to anticipate any future results that might arise therefrom. Accordingly, the financial impact cannot be reasonably determined on the Group’s future results until the interim condensed consolidated financial information date. The Group will take into account the effects of coronavirus when determining magnitude of the impact according to the expected duration of these events and their implications.