

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

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

For the nine months period ended 30 September 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 nine months period ended 30 September 2020

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Review Report on the 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 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 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 nine months period ended 30 September 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 nine months period ended 30 September 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: 12 November 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 nine months period ended 30 September 2020

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2020	2019	2020	2019
		KD	KD	KD	KD
Revenue					
Revenue from sales and services		2,547,162	2,682,681	5,729,269	8,056,590
Unrealized loss from changes in fair value of financial assets at fair value through profit or loss		(236,934)	(686,479)	(145,009)	(976,012)
Realized gain from sale of financial assets at fair value through profit or loss		102,012	146,341	120,658	154,075
Dividend income		126,736	280,173	570,374	1,871,243
Gain on sale of investment properties		-	7,118	-	7,118
Group's share of results from associates	4	431,892	(113,050)	(1,918,929)	1,225,664
Interest income		539	596	9,648	8,725
Foreign exchange gain / (loss)		34,084	(55,686)	(44,500)	(37,315)
Other income		21,624	52,188	42,592	84,809
Total revenue		3,027,115	2,313,882	4,364,103	10,394,897
Expenses and other charges					
Cost of sales and services		(2,803,182)	(2,468,127)	(6,357,009)	(7,379,535)
General and administrative expenses		(567,248)	(744,419)	(1,702,643)	(2,092,023)
Portfolio management fees		(8,003)	(8,154)	(18,672)	(28,503)
Finance costs		(278,594)	(348,852)	(1,017,415)	(1,074,278)
Total expenses and other charges		(3,657,027)	(3,569,552)	(9,095,739)	(10,574,339)
Loss for the period before contribution to National Labour Support Tax (NLST)		(629,912)	(1,255,670)	(4,731,636)	(179,442)
NLST		-	17,077	-	-
Net loss for the period		(629,912)	(1,238,593)	(4,731,636)	(179,442)
Attributable to:					
Shareholders of the Parent Company		(484,809)	(1,207,008)	(4,324,600)	(195,384)
Non-controlling interests		(145,103)	(31,585)	(407,036)	15,942
Net loss for the period		(629,912)	(1,238,593)	(4,731,636)	(179,442)
Basic and diluted loss per share attributable to the shareholders of the Parent Company (Fils)	3	(0.79)	(1.98)	(7.09)	(0.32)

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 nine months period ended 30 September 2020

Note	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	KD	KD	KD	KD
Net loss for the period	(629,912)	(1,238,593)	(4,731,636)	(179,442)
Other comprehensive (loss) / income items:				
<u>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</u>				
Exchange differences on translating of foreign operations	(46,087)	24,291	86,658	16,589
Group's share of other comprehensive (loss) / income of associates	4 (941,543)	141,494	(1,077,305)	(94,564)
<u>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</u>				
Changes in fair value of financial assets at fair value through other comprehensive (loss) / income ("FVOCI")	(271,098)	231,975	(1,476,125)	(408,126)
Total other comprehensive (loss) / income for the period	(1,258,728)	397,760	(2,466,772)	(486,101)
Total comprehensive loss for the period	(1,888,640)	(840,833)	(7,198,408)	(665,543)
Attributable to:				
Shareholders of the Parent Company	(1,743,430)	(810,578)	(6,788,050)	(690,456)
Non-controlling interests	(145,210)	(30,255)	(410,358)	24,913
Total comprehensive loss for the period	(1,888,640)	(840,833)	(7,198,408)	(665,543)

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 30 September 2020

	Note	30 September 2020 KD	(Audited) 31 December 2019 KD	30 September 2019 KD
Assets				
Non-current assets:				
Property, plant and equipment		11,902,243	11,801,921	11,917,022
Intangible assets		527,466	756,788	883,233
Investment properties		108,158	108,158	163,585
Investment in associates	4	50,775,782	54,284,485	53,509,904
Financial assets at fair value through other comprehensive income	5	8,154,651	9,532,034	11,503,169
Accounts receivable and other debit balances	6	4,513,626	4,132,774	3,279,448
Total non-current assets		75,981,926	80,616,160	81,256,361
Current assets:				
Inventories		1,246,213	1,874,189	1,673,645
Accounts receivable and other debit balances	6	19,583,920	17,603,808	16,689,983
Financial assets at fair value through profit or loss	7	24,512,472	24,587,719	26,830,076
Cash and cash equivalents	8	1,829,269	2,112,464	1,887,058
Total current assets		47,171,874	46,178,180	47,080,762
Total assets		123,153,800	126,794,340	128,337,123
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		(4,377,843)	(3,085,457)	(402,616)
Foreign currency translation reserve		814,492	545,880	605,368
Other reserves		(2,330,837)	(931,164)	(883,276)
Accumulated losses		(8,212,788)	(3,888,557)	(3,377,391)
Equity attributable to shareholders of the Parent Company		76,445,695	83,193,373	86,494,756
Non-controlling interests		568,208	978,561	907,815
Total equity		77,013,903	84,171,934	87,402,571
Liabilities:				
Non-current liabilities:				
Employees' end of service benefits		1,310,283	1,175,815	1,134,836
Term loans	9	4,442,736	-	5,901,072
Accounts payable and other credit balances	10	4,089,764	4,047,776	4,063,506
Total non-current liabilities		9,842,783	5,223,591	11,099,414
Current liabilities:				
Term loans	9	24,017,612	27,753,056	21,666,500
Bank overdraft	8	861,412	410,618	370,406
Accounts payable and other credit balances	10	11,418,090	9,235,141	7,798,232
Total current liabilities		36,297,114	37,398,815	29,835,138
Total liabilities		46,139,897	42,622,406	40,934,552
Total equity and liabilities		123,153,800	126,794,340	128,337,123

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 nine months period ended 30 September 2020

	Equity attributable to the shareholders of the Parent Company										
	Capital	Share premium	Statutory reserve	General reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Other reserves	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	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	-	-	-	-	-	-	-	(4,324,600)	(4,324,600)	(407,036)	(4,731,636)
<u>Other comprehensive (loss) / income:</u>											
Changes in fair value of financial assets at FVOCI	-	-	-	-	(1,472,829)	-	-	-	(1,472,829)	(3,296)	(1,476,125)
Exchange differences on translating of foreign operations	-	-	-	-	-	86,658	-	-	86,658	-	86,658
Group's share of other comprehensive income / (loss) of associates (Note 4)	-	-	-	-	180,812	181,954	(1,440,045)	-	(1,077,279)	(26)	(1,077,305)
Total other comprehensive (loss) / income for the period	-	-	-	-	(1,292,017)	268,612	(1,440,045)	-	(2,463,450)	(3,322)	(2,466,772)
Total comprehensive (loss) / income for the period	-	-	-	-	(1,292,017)	268,612	(1,440,045)	(4,324,600)	(6,788,050)	(410,358)	(7,198,408)
Transferred to retained earnings due to sale of financial assets at fair value through other comprehensive income	-	-	-	-	(369)	-	-	369	-	-	-
Share of other reserves of associates (Note 4)	-	-	-	-	-	-	40,372	-	40,372	5	40,377
As at 30 September 2020	61,000,000	24,761,544	1,590,532	3,200,595	(4,377,843)	814,492	(2,330,837)	(8,212,788)	76,445,695	568,208	77,013,903

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 nine months period ended 30 September 2020

	Equity attributable to the shareholders of the Parent Company										
	Capital	Share premium	Statutory reserve	General reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Other reserves	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	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 loss for the period	-	-	-	-	-	-	-	(195,384)	(195,384)	15,942	(179,442)
Other comprehensive (loss) / income:											
Changes in fair value of financial assets at FVOCI	-	-	-	-	(417,068)	-	-	-	(417,068)	8,942	(408,126)
Exchange differences on translating of foreign operations	-	-	-	-	-	16,589	-	-	16,589	-	16,589
Group's share of other comprehensive (loss) / income of associates (Note 4)	-	-	-	-	(142,119)	47,526	-	-	(94,593)	29	(94,564)
Total other comprehensive (loss) / income for the period	-	-	-	-	(559,187)	64,115	-	-	(495,072)	8,971	(486,101)
Total comprehensive (loss) / income for the period	-	-	-	-	(559,187)	64,115	-	(195,384)	(690,456)	24,913	(665,543)
Transferred to retained earnings											
Due to 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)	-	-	-	-	-	-	(21,105)	-	(21,105)	3	(21,102)
As at 30 September 2019	<u>61,000,000</u>	<u>24,761,544</u>	<u>1,590,532</u>	<u>3,200,595</u>	<u>(402,616)</u>	<u>605,368</u>	<u>(883,276)</u>	<u>(3,377,391)</u>	<u>86,494,756</u>	<u>907,815</u>	<u>87,402,571</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 cash flows (Unaudited)
For the nine months period ended 30 September 2020

	Nine months ended	
	30 September	
	2020	2019
	KD	KD
OPERATING ACTIVITIES		
Net loss for the period	(4,731,636)	(179,442)
<i>Adjustments for:</i>		
Unrealized loss from changes in fair value on financial assets at fair value through profit or loss	145,009	976,012
Realized gain from sale of financial assets at fair value through profit or loss	(120,658)	(154,075)
Dividend income	(570,374)	(1,871,243)
Gain on sale of investment properties	-	(7,118)
Group's share of results from associates	1,918,929	(1,225,664)
Interest income	(9,648)	(8,725)
Foreign exchange loss	44,500	37,315
Depreciation	341,671	297,586
Amortisation	235,973	740,654
Finance costs	1,017,415	1,074,278
Provision for employees' end of service benefits	160,886	182,248
	<u>(1,567,933)</u>	<u>(138,174)</u>
Change in operating assets and liabilities:		
Inventories	627,976	(224,338)
Financial assets at fair value through profit or loss	50,896	676,774
Accounts receivable and other debit balances	(2,360,961)	(2,518,533)
Accounts payable and other credit balances	2,291,109	(1,306,581)
Cash flows used in operating activities	(958,913)	(3,510,852)
Employees' end of service benefits paid	(26,418)	(8,033)
Net cash flows used in operating activities	<u>(985,331)</u>	<u>(3,518,885)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(348,310)	(129,776)
Proceeds from sale of property, plant and equipment	12,345	-
Proceeds from sale of investment properties	-	83,395
Purchase of intangible assets	(6,651)	(908,531)
Purchase of financial assets at FVOCI	(101,413)	-
Proceeds from sale of financial assets at FVOCI	15,234	723,481
Purchase of investment in an associate	(13,268)	-
Dividends received from associates	566,114	1,337,603
Fixed deposits	-	34,386
Dividend income received	570,374	1,871,243
Interest income received	9,648	8,725
Net cash flows from investing activities	<u>704,073</u>	<u>3,020,526</u>
FINANCING ACTIVITIES		
Proceeds from term loans	5,386,799	6,696,144
Repayment of term loans	(4,740,244)	(10,443,214)
Finance costs paid	(1,083,587)	(1,121,452)
Dividend paid	-	(13,000)
Net cash flows used in financing activities	<u>(437,032)</u>	<u>(4,881,522)</u>
Net decrease in cash and cash equivalents	(718,290)	(5,379,881)
Foreign currency translation adjustment	(15,699)	(2,808)
Cash and cash equivalents at the beginning of the period (Note 8)	1,701,846	6,899,341
Cash and cash equivalents at the end of the period (Note 8)	<u>967,857</u>	<u>1,516,652</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**

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 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 12 November 2020.

2. Basis of preparation

The interim condensed consolidated 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 nine months period ended 30 September 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:

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.

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:

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Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2020

2. Basis of preparation (Continued)

New Standards, interpretations and amendments (Continued)

Revised Conceptual Framework for Financial Reporting (Continued)

- 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 per share attributable to the shareholders of the Parent Company

There are no potential dilutive ordinary shares. Basic and diluted loss per share attributable to the shareholders of the Parent Company are computed by dividing net loss 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		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
Net loss for the period attributable to the shareholders of the Parent Company (KD)	(484,809)	(1,207,008)	(4,324,600)	(195,384)
Weighted average number of outstanding shares (shares)	610,000,000	610,000,000	610,000,000	610,000,000
Basic and diluted loss per share attributable to the shareholders of the Parent Company (fils)	(0.79)	(1.98)	(7.09)	(0.32)

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**Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2020**

4. Investment in associates

	30 September 2020	(Audited) 31 December 2019	30 September 2019
	KD	KD	KD
Balance at the beginning of the period / year	54,284,485	53,734,978	53,734,978
Additions	13,268	16,911	2,531
Disposals	-	(55,415)	-
Impairment loss	-	(1,055,303)	-
Cash dividends received from associates	(566,114)	(1,369,688)	(1,337,603)
Group's share of results from associates	(1,918,929)	3,946,273	1,225,664
Group's share of other comprehensive income / (loss) from associates' cumulative changes in fair value	180,812	(881,857)	(142,090)
Group's share of other comprehensive income from associates' foreign currency translation adjustment	181,928	17,595	47,526
Group's share of other comprehensive loss from associates' other reserve	(1,440,045)	-	-
Other reserves	40,377	(69,009)	(21,102)
Balance at end of the period / year	<u>50,775,782</u>	<u>54,284,485</u>	<u>53,509,904</u>

Investment in associates amounting to KD 36,568,933 (31 December 2019: KD 36,814,545, 30 September 2019: KD 36,814,545) are secured against certain term loans (Note 9).

5. Financial assets at fair value through other comprehensive income

	30 September 2020	(Audited) 31 December 2019	30 September 2019
	KD	KD	KD
Quoted securities	335,721	274,720	278,609
Unquoted securities	4,808,868	5,847,846	7,870,277
Funds and portfolios	3,010,062	3,409,468	3,354,283
	<u>8,154,651</u>	<u>9,532,034</u>	<u>11,503,169</u>

Financial assets at fair value through other comprehensive income amounting to KD 271,428 (31 December 2019: KD 292,112, 30 September 2019: KD 4,520,336) 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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6. Accounts receivable and other debit balances

	30 September 2020	(Audited) 31 December 2019	30 September 2019
	KD	KD	KD
Trade receivables	11,862,847	9,714,611	6,554,380
Due from related parties (Note 12)	5,494,813	5,138,357	5,082,108
Interest receivable	3,000,000	3,000,000	3,000,000
Prepaid expenses and accrued income	107,848	85,822	151,260
Advances to supplier	5,904,777	5,553,393	5,940,499
Other receivables	1,506,991	2,024,129	2,373,103
	27,877,276	25,516,312	23,101,350
Provision for expected credit losses	(3,779,730)	(3,779,730)	(3,131,919)
	24,097,546	21,736,582	19,969,431

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

	30 September 2020	(Audited) 31 December 2019	30 September 2019
	KD	KD	KD
Non-current portion	4,513,626	4,132,774	3,279,448
Current portion	19,583,920	17,603,808	16,689,983
	24,097,546	21,736,582	19,969,431

7. Financial assets at fair value through profit or loss

	30 September 2020	(Audited) 31 December 2019	30 September 2019
	KD	KD	KD
Quoted securities	8,895,587	9,975,387	10,219,608
Unquoted security	14,699,387	13,656,329	14,250,221
Mutual funds	917,498	956,003	2,360,247
	24,512,472	24,587,719	26,830,076

Financial assets at fair value through profit or loss amounting to KD 18,280,666 (31 December 2019: KD 19,737,335, 30 September 2019: KD 21,574,352) 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:

	30 September	(Audited)	30 September
	2020	31 December	2019
	KD	KD	KD
Cash on hand and at banks	1,565,017	1,662,997	1,240,885
Cash with portfolios	24,682	223,629	574,511
Short term bank deposits	503	498	8,989
Restricted cash*	239,067	225,340	62,673
	1,829,269	2,112,464	1,887,058
Less: bank overdraft	(861,412)	(410,618)	(370,406)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	967,857	1,701,846	1,516,652

*This balance represents cash restricted against bank facilities.

9. Term loans

	30 September	(Audited)	30 September
	2020	31 December	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	23,578,234	23,845,961	24,819,703
Term loans obtained from a foreign financial institutions and carry interest rate range from 8.5% to 9.5% per annum	4,882,114	3,907,095	2,747,869
	28,460,348	27,753,056	27,567,572

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:

	30 September	(Audited)	30 September
	2020	31 December	2019
	KD	KD	KD
Non-current portion	4,442,736	-	5,901,072
Current portion	24,017,612	27,753,056	21,666,500
	28,460,348	27,753,056	27,567,572

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10. Accounts payable and other credit balances

	30 September 2020	(Audited) 31 December 2019	30 September 2019
	KD	KD	KD
Trade payable	2,698,375	1,374,600	1,074,571
Due to related parties (Note 12)	3,051,316	2,536,184	2,530,958
Fixed assets payable	5,112,205	5,059,720	5,079,379
Accrued expenses and other liabilities	4,645,958	4,312,413	3,176,830
	<u>15,507,854</u>	<u>13,282,917</u>	<u>11,861,738</u>

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

	30 September 2020	(Audited) 31 December 2019	30 September 2019
	KD	KD	KD
Non-current portion	4,089,764	4,047,776	4,063,506
Current portion	11,418,090	9,235,141	7,798,232
	<u>15,507,854</u>	<u>13,282,917</u>	<u>11,861,738</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)

	30 September 2020	(Audited) 31 December 2019	30 September 2019
	KD	KD	KD
<u>Balances included in interim condensed consolidated statement of financial position</u>			
Cash with portfolios managers	5,807	2,842	11,938
Financial assets at FVOCI	3,618,643	4,493,728	3,827,410
Financial assets at fair value through profit or loss	5,737,881	4,694,933	2,983,825
Due from related parties (Note 6)	5,494,813	5,138,357	5,082,108
Due to related parties (Note 10)	3,051,316	2,536,184	2,530,958

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

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	KD	KD	KD	KD
<u>Transactions included in interim condensed consolidated statement of profit or loss:</u>				
Dividend income	41,151	-	73,741	1,050,907
Portfolio management fees	-	(10)	-	(64)
<u>Compensation of key management personnel</u>				
Short term benefits	101,809	129,149	552,196	546,628
End of service benefits	16,618	19,546	77,393	104,705

13. Capital commitments and contingencies

	30 September 2020	(Audited) 31 December 2019	30 September 2019
	KD	KD	KD
Capital commitments			
Purchase of financial assets at fair value through other comprehensive income	-	-	2,436,119
Purchase of investment in an associate	325,000	-	-
Other commitments	1,021,452	339,324	643,344

Contingencies

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 3,660,923(31 December 2019: KD 3,455,999, 30 September 2019: KD 3,166,400) 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, 30 September 2019: KD36,442,427) 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</u> KD	<u>Others</u> KD	<u>Total</u> KD
Nine months ended 30 September 2020			
Segment revenues	<u>(1,393,580)</u>	<u>5,757,683</u>	<u>4,364,103</u>
Segment loss before finance costs, foreign exchange loss	<u>(2,279,211)</u>	<u>(1,390,510)</u>	<u>(3,669,721)</u>
Finance costs plus foreign exchange loss	<u>(774,265)</u>	<u>(287,650)</u>	<u>(1,061,915)</u>
Loss before taxation	<u>(3,053,476)</u>	<u>(1,678,160)</u>	<u>(4,731,636)</u>
Segment assets	<u>84,395,043</u>	<u>38,758,757</u>	<u>123,153,800</u>
Segment liabilities (excluding term loans)	<u>(4,171,979)</u>	<u>(13,507,570)</u>	<u>(17,679,549)</u>
Segment net assets before term loans	<u>80,223,064</u>	<u>25,251,187</u>	<u>105,474,251</u>
Term loans	<u>(20,163,503)</u>	<u>(8,296,845)</u>	<u>(28,460,348)</u>
Net assets	<u>60,059,561</u>	<u>16,954,342</u>	<u>77,013,903</u>
	<u>Investment</u> KD	<u>Others</u> KD	<u>Total</u> KD
Nine months ended 30 September 2019			
Segment revenues	<u>2,356,926</u>	<u>8,037,971</u>	<u>10,394,897</u>
Segment profit / (loss) before finance costs, foreign exchange gain	<u>1,136,870</u>	<u>(204,719)</u>	<u>932,151</u>
Finance costs plus foreign exchange loss	<u>(981,167)</u>	<u>(130,426)</u>	<u>(1,111,593)</u>
Profit / (loss) before taxation	<u>155,703</u>	<u>(335,145)</u>	<u>(179,442)</u>
Segment assets	<u>93,273,648</u>	<u>35,063,475</u>	<u>128,337,123</u>
Segment liabilities (excluding term loans)	<u>(3,529,403)</u>	<u>(9,837,577)</u>	<u>(13,366,980)</u>
Segment net assets before term loans	<u>89,744,245</u>	<u>25,225,898</u>	<u>114,970,143</u>
Term loans	<u>(21,298,419)</u>	<u>(6,269,153)</u>	<u>(27,567,572)</u>
Net assets	<u>68,445,826</u>	<u>18,956,745</u>	<u>87,402,571</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:

	30 September 2020	(Audited) 31 December 2019	30 September 2019
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Financial assets:			
<i>Financial assets at fair value through other comprehensive income:</i>			
Financial assets at fair value through other comprehensive income	8,154,651	9,532,034	11,503,169
<i>Financial assets at amortised cost:</i>			
Accounts receivable and other debit balances (excluding prepayments and advances)	18,084,921	16,097,367	13,877,672
Cash and cash equivalents	1,829,269	2,112,464	1,887,058
<i>Financial assets at fair value through profit or loss:</i>			
Financial assets at fair value through profit or loss	24,512,472	24,587,719	26,830,076
	<u>52,581,313</u>	<u>52,329,584</u>	<u>54,097,975</u>
Financial liabilities:			
<i>Financial liabilities at amortised cost:</i>			
Term loans	28,460,348	27,753,056	27,567,572
Accounts payable and other credit balances (excluding advances)	15,470,694	12,961,116	11,854,149
Bank overdraft	861,412	410,618	370,406
	<u>44,792,454</u>	<u>41,124,790</u>	<u>39,792,127</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:

30 September 2020	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through other comprehensive income				
Quoted securities	335,721	-	-	335,721
Funds and portfolio	-	3,010,062	-	3,010,062
Unquoted securities	-	-	4,808,868	4,808,868
Financial assets at fair value through profit or loss				
Quoted securities	8,895,587	-	-	8,895,587
Mutual funds	-	917,498	-	917,498
Unquoted securities	-	3,619,060	11,080,327	14,699,387
	<u>9,231,308</u>	<u>7,546,620</u>	<u>15,889,195</u>	<u>32,667,123</u>
31 December 2019 (Audited)	Level 1	Level 2	Level 3	Total
	KD	KD	KD	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)

30 September 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD	KD
Financial assets at fair value through other comprehensive income				
Quoted securities	278,609	-	-	278,609
Funds and portfolio	-	3,354,283	-	3,354,283
Unquoted securities	-	-	7,870,277	7,870,277
Financial assets at fair value through profit or loss				
Quoted securities	10,219,608	-	-	10,219,608
Mutual funds	-	2,360,247	-	2,360,247
Unquoted securities	-	2,241,488	12,008,733	14,250,221
	<u>10,498,217</u>	<u>7,956,018</u>	<u>19,879,010</u>	<u>38,333,245</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 other comprehensive income

As a result of the economic conditions 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 other comprehensive income amounting to KD 1,476,125 Accordingly, the Group has incurred material losses arising from changes in fair values during the period ended 30 September 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.