

THE SECURITIES HOUSE K.S.C.P. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)
30 JUNE 2020

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**The Securities House K.S.C.P.
Kuwait**

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE BOARD OF DIRECTORS

Report on Review of Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Securities House K.S.C.P (the Parent Company) and its subsidiaries (together called "the Group") as at 30 June 2020 and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with basis of presentation set out in Note 2.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the accompanying interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any 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, during the six-month period ended 30 June 2020 that might have had a material effect on the business of the Parent Company or on its 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. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations, and the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the six-month period 30 June 2020 that might have had a material effect on the business of the Parent Company or on its financial position.



**Talal Y. Al-Muzaini
License No. 209A
Deloitte & Touche
Al-Wazzan & Co.**

Kuwait
15 August 2020

Interim Condensed Consolidated Statement of Income (Unaudited)
For the period ended 30 June 2020

		Kuwaiti Dinars			
		Three months ended 30 June		Six months ended 30 June	
Notes		2020	2019	2020	2019
INCOME					
From investment activities					
	Management fee income	337,441	395,842	720,292	1,638,309
	Advisory fee income	-	-	63,819	-
	Dividend income	62,746	171,717	148,381	221,884
	Realised (loss)/gain on sale of investments at fair value through profit or loss	(245,140)	170,179	(168,632)	173,327
	Unrealised (loss)/gain on investments at fair value through profit or loss	263,266	(39,371)	(8,044)	256,502
	Income from investment activities	418,313	698,367	755,816	2,290,022
From commercial activities					
	Sales of goods and services	122,687	579,255	696,180	1,280,850
	Operating costs	(373,497)	(750,275)	(1,114,120)	(1,492,059)
	Operating loss from commercial activities	(250,810)	(171,020)	(417,940)	(211,209)
	Other income	718	27,643	18,390	257,837
	Total income	168,221	554,990	356,266	2,336,650
EXPENSES					
	Staff costs	323,777	392,175	706,480	1,036,798
	General and administration expenses	68,791	273,212	270,723	492,886
	Depreciation	50,007	53,363	114,765	103,249
	Total expenses	442,575	718,750	1,091,968	1,632,933
	(Loss)/profit before share of results, amortisation, finance cost and taxation	(274,354)	(163,760)	(735,702)	703,717
	Share in results of associates	5 (100,824)	44,472	43,578	(4,080)
	Share in results of a joint venture	6 (154,194)	-	(223,770)	-
	Amortisation of intangibles	(50,000)	(50,505)	(138,380)	(212,142)
	Finance cost on lease liabilities	(1,120)	(21,308)	(2,745)	(24,882)
	(Loss)/profit for the period	(580,492)	(191,101)	(1,057,019)	462,613
Attributable to:					
	Equity holders of the Parent Company	(525,591)	(186,915)	(622,931)	100,194
	Non-controlling interests	(54,901)	(4,186)	(434,088)	362,419
		(580,492)	(191,101)	(1,057,019)	462,613
	Basic and diluted (loss)/earnings per share attributable to equity holders of the Parent Company	4 (0.9) fils	(0.4) fils	(1.2) fils	0.2 fils

The accompanying notes form an integral part of this interim condensed consolidated financial information.

The Securities House K.S.C.P. and Subsidiaries
Kuwait

Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the period ended 30 June 2020

		Kuwaiti Dinars			
		Three months ended 30 June		Six months ended 30 June	
Note		2020	2019	2020	2019
	(Loss)/profit for the period	(580,492)	(191,101)	(1,057,019)	462,613
	Other comprehensive income/ (loss):				
	<i>Other comprehensive income/(loss) to be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>				
	Foreign currency translation adjustment	96,218	(789,210)	(1,011,692)	7,628
	<i>Items that will not be reclassified to interim condensed consolidated statement of income:</i>				
	Cumulative changes in fair value of investments through other comprehensive loss	-	(22,077)	(433,426)	(22,077)
	Share in other comprehensive income/(loss) of associates	2,819	41,751	(10,179)	104,191
	Other comprehensive income/(loss) for the period	99,037	(769,536)	(1,455,297)	89,742
	Total comprehensive (loss)/income for the period	(481,455)	(960,637)	(2,512,316)	552,355
	Attributable to:				
	Equity holders of the Parent Company	(426,554)	(947,196)	(2,078,228)	199,191
	Non-controlling interests	(54,901)	(13,441)	(434,088)	353,164
		(481,455)	(960,637)	(2,512,316)	552,355


The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As at 30 June 2020

	Notes	Kuwaiti Dinars		
		30 June 2020 (unaudited)	31 December 2019 (audited)	30 June 2019 (unaudited) Restated
ASSETS				
Bank balances and cash	4	5,836,187	2,484,025	1,754,240
Short-term murabaha investments	4	-	2,250,000	2,640,000
Accounts receivable and prepayments		726,054	932,365	935,163
Investments at fair value through profit or loss		3,533,216	5,416,727	5,790,418
Investments at fair value through other comprehensive income		3,513,984	3,642,410	3,959,016
Investment in associates	5	31,264,036	32,232,006	32,057,903
Investment in a joint venture	6	1,548,667	1,772,437	1,805,500
Intangible assets	7	3,700,000	3,838,380	3,939,390
Goodwill	7	2,600,000	2,600,000	2,654,582
Right of use assets		798,919	992,317	1,180,338
Property and equipment		448,870	546,683	480,763
TOTAL ASSETS		53,969,933	56,707,350	57,197,313
EQUITY				
Share capital	8	55,500,000	45,000,000	45,000,000
Statutory reserve		101,480	101,480	101,480
Fair value reserve		(1,450,769)	(1,426,886)	(1,273,621)
Foreign currency translation reserve		(3,963,378)	(2,951,686)	(3,715,289)
Cumulative changes in equity of associates		(523,999)	(513,820)	(275,403)
Retained earnings		(1,107,141)	409,853	934,101
Equity attributable to equity holders of the Parent Company		48,556,193	40,618,941	40,771,268
Non-controlling interests		(230,678)	10,218,890	10,404,378
TOTAL EQUITY		48,325,515	50,837,831	51,175,646
LIABILITIES				
Accounts payable and accruals		3,752,285	3,894,419	3,929,064
Lease liabilities		861,078	1,038,138	1,206,309
Employees' end of service benefits		1,031,055	936,962	886,294
TOTAL LIABILITIES		5,644,418	5,869,519	6,021,667
TOTAL EQUITY AND LIABILITIES		53,969,933	56,707,350	57,197,313

The accompanying notes form an integral part of this interim condensed consolidated financial information.


Ibrahim Yousef Al Ghanim
Chairman


Fahad Faisal Boodai
Vice Chairman and Chief Executive Officer

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the period ended 30 June 2020

	Notes	Kuwaiti Dinars	
		Six months ended 30 June	
		2020	2019
OPERATING ACTIVITIES			
(Loss)/profit for the period		(1,057,019)	462,613
Adjustments for:			
Realised loss/(gain) on sale of investments at fair value through profit or loss		168,632	(173,327)
Dividend income		(148,381)	(221,884)
Unrealised loss/ (gain) on investments at fair value through profit or loss		8,044	(256,502)
Share in results of associates	5	(43,578)	4,080
Share in results of a joint venture	6	223,770	-
Amortization of intangibles		138,380	212,142
Depreciation		291,211	235,543
Finance cost on lease liabilities		27,600	45,246
Provision for employees' end of service benefits		94,093	99,736
		(297,248)	407,647
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		191,937	(125,517)
Investments at fair value through profit or loss		1,715,273	(688,402)
Accounts payable and accruals		(127,760)	(119,795)
Net cash flows from/(used in) operating activities		1,482,202	(526,067)
INVESTING ACTIVITIES			
Purchase of investments at fair value through other comprehensive income		(305,000)	-
Proceeds from sale of investments at fair value through other comprehensive income		-	48,869
Additions to investment property		(39,964)	(121,482)
Investment in an associate and a joint venture	5&6	-	(1,805,500)
Dividend income		148,381	221,884
Dividends received from an associate	5	22,901	-
Purchase of property and equipment		-	(69,631)
Net cash flows used in investing activities		(173,682)	(1,725,860)
FINANCING ACTIVITIES			
Payment to non-controlling interests on purchase of interest in a subsidiary		-	(8,144)
Repayment of lease liabilities		(177,060)	(154,835)
Finance cost on lease liabilities paid		(27,600)	(45,246)
Net cash flows used in financing activities		(204,660)	(208,225)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Net foreign exchange difference		(1,698)	15
Cash and cash equivalents at 1 January		4,734,025	6,854,377
CASH AND CASH EQUIVALENTS AT 30 JUNE	4	5,836,187	4,394,240

The accompanying notes form an integral part of this interim condensed consolidated financial information.

The Securities House K.S.C.P. and Subsidiaries
Kuwait

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the period ended 30 June 2020

	Kuwaiti Dinars							Non- controlling interests	Total equity
	Attributable to equity holders of the Parent Company								
	Share capital	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Cumulative changes in equity of associates	Retained earnings	Sub total		
As at 1 January 2020	45,000,000	101,480	(1,426,886)	(2,951,686)	(513,820)	409,853	40,618,941	10,218,890	50,837,831
Loss for the period	-	-	-	-	-	(622,931)	(622,931)	(434,088)	(1,057,019)
Other comprehensive loss	-	-	(23,883)	(1,011,692)	(10,179)	(409,543)	(1,455,297)	-	(1,455,297)
Total comprehensive loss for the period	-	-	(23,883)	(1,011,692)	(10,179)	(1,032,474)	(2,078,228)	(434,088)	(2,512,316)
Share swap with non-controlling interests (Note 8)	10,500,000	-	-	-	-	(484,520)	10,015,480	(10,015,480)	-
As at 30 June 2020	55,500,000	101,480	(1,450,769)	(3,963,378)	(523,999)	(1,107,141)	48,556,193	(230,678)	48,325,515
As at 1 January 2019	45,000,000	101,480	(1,251,544)	(3,732,172)	(379,594)	833,907	40,572,077	8,022,090	48,594,167
Non-controlling interests share in intangible assets	-	-	-	-	-	-	-	2,044,395	2,044,395
Balance as at 1 January 2019 (restated)	45,000,000	101,480	(1,251,544)	(3,732,172)	(379,594)	833,907	40,572,077	10,066,485	50,638,562
Profit for the period	-	-	(22,077)	16,883	104,191	100,194	100,194	362,419	462,613
Other comprehensive (loss)/income	-	-	(22,077)	16,883	104,191	100,194	98,997	(9,255)	89,742
Total comprehensive (loss)/income for the period	-	-	(22,077)	16,883	104,191	100,194	199,191	353,164	552,355
Net movement on non-controlling interests	-	-	-	-	-	-	-	(15,271)	(15,271)
As at 30 June 2019	45,000,000	101,480	(1,273,621)	(3,715,289)	(275,403)	934,101	40,771,268	10,404,378	51,175,646

The accompanying notes form an integral part of this interim condensed consolidated financial information.

1. Corporate information

The interim condensed consolidated financial information of The Securities House K.S.C.P. (the "Parent Company") and subsidiaries (collectively the "Group") for the six months ended 30 June 2020 were authorised for issue by the Board of Directors on 15 August 2020.

The Parent Company is a Kuwaiti public shareholding company incorporated and registered in Kuwait on 28 March 1982 and is engaged in dealing and brokerage in securities on its behalf and on behalf of third parties, providing financial advisory and research services, establishing financial, real estate, industrial and multipurpose investment funds and companies, fund management on behalf of third parties, investment in real estate and other economic sectors, finance activities and mediation in borrowing and international trade activities. The Parent Company performs all of its activities in accordance with Islamic Shariah principles and is regulated by the Central Bank of Kuwait (CBK) and the Capital Markets Authority (CMA) as a licenced person.

The Parent Company's principal place of business and registered address is 18th floor, Al-Dhow Tower, Khalid Ibn Al-Waleed Street, Sharq, P. O. Box 26972 Safat, 13130, Kuwait.

2. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting, except as noted below.

The annual consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait ("CBK") in the State of Kuwait. These regulations require expected credit loss ("ECL") to be measured at the higher of the ECL on credit facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instruction; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") (collectively referred to as IFRS, as adopted for use by the State of Kuwait).

The interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. In addition, results for the six months ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company.

Changes in accounting policy and disclosures

The accounting policies used in the preparation of the condensed consolidated interim 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:

Lease Modification

In May 2020, IASB issued amendment to IFRS 16 that allowed lessees to apply a practical expedient which permits them not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meets below specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) - 30 June 2020

- there is no substantive change to other terms and conditions of the lease.

The application of the above did not have any significant impact on the Group's interim consolidated financial information.

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

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

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

	Kuwaiti Dinars			
	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
(Loss)/ profit for the period attributable to equity holders of the Parent Company	(525,591)	(186,915)	(622,931)	100,194
	Shares			
Weighted average number of shares outstanding for the period	555,000,000	450,000,000	502,500,000	450,000,000
Basic and diluted (loss)/earning per share attributable to the equity holders of the parent company	(0.9) Fils	(0.4) fils	(1.2) Fils	0.2 fils

4. Cash and cash equivalents

Cash and cash equivalents as shown in the interim condensed consolidated statement of cash flows are reconciled to the related items in the interim condensed consolidated statement of financial position as follows:

	Kuwaiti Dinars		
	30 June 2020	31 December 2019 (Audited)	30 June 2019
	Bank balances and cash	4,079,963	2,373,832
Balances with custodians	1,756,224	110,193	428,216
Short-term Murabaha investments with original maturity up to three months	-	2,250,000	2,640,000
	5,836,187	4,734,025	4,394,240

5. Investment in associates

	Kuwaiti Dinars		
	30 June 2020	31 December 2019 (Audited)	30 June 2019
	At the beginning of the period/year	32,232,006	31,815,414
Acquisitions	39,964	283,929	121,482
Share of results	43,578	(511,655)	(4,080)
Share of other comprehensive (loss)/income	(10,179)	(134,226)	104,191
Foreign currency translation adjustment	(1,018,432)	793,850	20,896
Dividend received	(22,901)	(15,306)	-

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) - 30 June 2020

At the end of the period/year	31,264,036	32,232,006	32,057,903
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This represents the Group's share of its investments in Gatehouse Financial Group Limited, United Kingdom ("GFGL"), Saudi Projects Holding Group, Wareef Al Jubail and in Madrono Capital, LLC.

The Group's share of results for all the associates except for GFGL for the six-month period ended 30 June 2020 are based on its management accounts.

6. Investment in a joint venture

	Kuwaiti Dinars		
	30 June 2020	31 December 2019	30 June 2019
At the beginning of the period/year	1,772,437	-	-
Acquisition	-	1,805,500	1,805,500
Share of results	(223,770)	(33,063)	-
At the end of the period/year	1,548,667	1,772,437	1,805,500

The Group's share of results of First Kuwaiti for Education Holding Company WLL for the six-month period ended 30 June 2020 above is based on its management accounts.

7. Intangible assets and goodwill

	Kuwaiti Dinars		
	30 June 2020 (Unaudited)	31 December 2019 (Audited) Restated	30 June 2019 (Unaudited) Restated
Intangible assets			
Asset management agreements	3,700,000	3,838,380	3,939,390
	3,700,000	3,838,380	3,939,390
Goodwill-Manarat Educational Services Company WLL.	1,000,000	1,000,000	1,017,508
Goodwill- Juzur Al Canary Restaurant Company W.L.L	1,600,000	1,600,000	1,637,074
Total goodwill	2,600,000	2,600,000	2,654,582

Comparative figures

On acquisition of Al-Aman Investment Company in December 2018 by The Securities House.

The initial accounting of the business combination and acquisition above was carried out using provisional values of identifiable assets, liabilities and contingent liabilities and the purchase price allocation (PPA) was completed during the previous year. The Group restated comparative figures as disclosed below to give effect to adjustments arising from the PPA and allocating the goodwill to Manarat Educational Services Company WLL. and Juzur Al Canary Restaurant Company W.L.L

Interim consolidated statement of financial position

	Kuwaiti Dinars			
	Goodwill	Intangible Assets	Non-controlling Interests	Accounts payable and accruals
As at 30 June 2019 as previously reported	2,306,711	4,728,870	(10,645,987)	4,129,064
Adjustment due to PPA	347,871	(789,480)	241,609	(200,000)
As at 30 June 2019 (restated)	2,654,582	3,939,390	(10,404,378)	3,929,064

There was no impact on the Interim consolidated statement of income on account of PPA.

8. Share capital and merger with Al Aman Investment Company

The authorised, issued and fully paid up share capital of the Parent Company is KD 55,500,000 (31 December 2019: KD 45,000,000; 30 June 2019: KD 45,000,000) comprising of 555,000,000 shares (31 December 2019: 450,000,000; 30 June 2019: 450,000,000) of 100 fils each.

In September 2019, the Parent Company obtained the approval of the Capital Markets Authority for the merger by amalgamation with Al Aman Investment Company ("Al Aman"). In January 2020, the extraordinary general meetings of the shareholders of the two companies have approved the merger and in March 2020, the merger was completed.

The share swap ratio was 1.40252722315358 share of the Parent Company for 1 share of Al Aman. Accordingly, the Parent Company issued 105,000,000 shares of 100 fils each against 74,864,857 Al Aman shares to the shareholders of Al Aman other than the Parent Company.

As a result, the Parent Company's authorised and issued share capital increased to KD 55,500,000 and the difference in amount of KD 484,520 between non-controlling interests acquired and the share capital issued of was recorded in the retained earnings

9. Related party transactions

Related parties represent major shareholders, directors and executive officers of the Parent Company, close members of their families and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Related party transactions consist of the following:

	Kuwaiti Dinars	
	Six months ended	
	30 June	
	2020	2019
Key management compensation:		
Salaries and other short term benefits	273,478	292,666
Employees' end of services	33,239	23,806
	306,717	316,472

10. Segmental analysis

For management purposes the Group is organised into four major business segments:

Proprietary investment management	: Investing of group funds in securities and real estate, financing corporate and individual customers, and managing the group's liquidity requirements.
Asset management and advisory services	: Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related investment services.
Education	: Operating schools in the State of Kuwait.
Food and beverages	: Operating restaurants in the State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2020

The following table presents information regarding the Group's business segment:

	Proprietary investment		Asset management and advisory services		Education		Food and beverages		Total	
	Six months ended 30 June	2019	2020	2019	Six months ended 30 June	2019	Six months ended 30 June	2019	Six months ended 30 June	2019
					Kuwaiti Dinars					
Segment revenue	(9,905)	909,550	784,111	1,638,309	201,343	500,259	494,837	780,591	1,470,386	3,828,709
Segment results	(828,881)	(315,150)	511,119	1,230,076	(208,792)	(129,241)	(209,148)	(81,968)	(735,702)	703,717
Share in results of associates	43,578	(4,080)	-	-	(223,770)	-	-	-	(180,192)	(4,080)
Amortization of intangibles	-	-	(138,380)	(212,142)	-	-	-	-	(138,380)	(212,142)
Finance cost on lease liabilities	(2,745)	(24,882)	-	-	-	-	-	-	(2,745)	(24,882)
(Loss)/profit for the period									(1,057,019)	462,613

Revenue of the asset management and advisory services includes incentive fees received that arises mostly in the first quarter, as it is based on 31 March year end annual performance of the assets managed under the fiduciary activities.

	Proprietary investment management		Asset management and advisory services		Education		Food and beverages		Total	
	30 June	2019	2020	2019	30 June	2019	30 June	2019	30 June	2019
					Kuwaiti Dinars					
Assets										
Segment assets	6,215,309	8,425,753	337,684	817,567	674,833	866,277	545,428	575,000	7,773,254	10,684,597
Investment in associates and a joint venture	31,264,036	32,057,903	-	-	1,548,667	1,805,500	-	-	32,812,703	33,863,403
Others	9,552,410	10,675,468	3,700,000	1,950,000	84,928	23,845	46,638	-	13,383,976	12,649,313
	47,031,755	51,159,124	4,037,684	2,767,567	2,308,428	2,695,622	592,066	575,000	53,969,933	57,197,313
Liabilities:										
Lease liabilities	75,747	209,624	-	-	459,126	596,871	326,205	399,814	861,078	1,206,309
Account payable and accruals	3,211,700	3,685,048	-	-	270,364	131,522	270,221	112,494	3,752,285	3,929,064
Employees' end of service benefits	796,269	705,627	-	-	84,519	55,737	150,267	124,930	1,031,055	886,294
	4,083,716	4,600,299	-	-	814,009	784,130	746,693	637,238	5,644,418	6,021,667

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) - 30 June 2020

11. Capital Commitments and contingent liabilities

	Kuwaiti Dinars		
	30 June 2020 (Unaudited)	31 December 2019 (Audited)	30 June 2019 (Unaudited)
Uncalled capital of an investee company	-	-	118,672
Guarantee provided for murabaha payable of joint venture	10,800,000	10,800,000	10,800,000

For the murabaha payable availed by the jointly controlled entity (refer note 6) the Group, the co-investee in the jointly controlled entity and the jointly controlled entity, have given a joint and several guarantee to the lending local Shariah-compliant financial institution. Accordingly, the Group has recognized a provision for ECL on the full amount of murabaha payable guaranteed.

12. Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Financial instruments comprise of financial assets and financial liabilities.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amount approximates their fair value. The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in an active market for identical assets and liabilities:

Level 2 : inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

Level 3 : inputs are unobservable inputs for the asset or liability.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

30 June 2020	Kuwaiti Dinars		
	Level 1	Level 3	Total
Financial assets at fair value			
<i>Financial assets at fair value through profit or loss:</i>			
Quoted equities	1,423,071	-	1,423,071
Unquoted equity securities	-	2,110,145	2,110,145
	1,423,071	2,110,145	3,533,216
<i>Financial assets at fair value through other comprehensive income:</i>			
Unquoted equity securities	-	3,513,984	3,513,984
	-	3,513,984	3,513,984

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) - 30 June 2020

30 June 2019	Kuwaiti Dinars		
	Level 1	Level 3	Total
Financial assets at fair value			
<i>Financial assets at fair value through profit or loss:</i>			
Quoted equities	3,591,203	-	3,591,203
Unquoted equity securities	-	2,199,215	2,199,215
	3,591,203	2,199,215	5,790,418
<i>Financial assets at fair value through other comprehensive income:</i>			
Unquoted equity securities	-	3,959,016	3,959,016
	-	3,959,016	3,959,016

During the period ended 30 June 2020, there were no transfers between the hierarchies.

13. IMPACT OF COVID-19

The outbreak of Novel Coronavirus (Covid-19) in early 2020 in most countries has caused widespread disruptions to business, with a consequential negative impact on economic activities.

The Group is continually monitoring its impact, while working closely with the local regulatory authorities, to manage the potential business disruption COVID-19 outbreak.

In light of the rapidly escalating COVID-19, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the interim consolidated financial statements. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing a material adjustments to the condensed interim consolidated financial information:

Impairment of non-financial assets

The Group has performed a qualitative assessment for its investment in associates and, in CGUs considering the impact of COVID-19 on entities operating in education and restaurant sector, and compared the actual results for period against the budget and industry benchmarks to conclude the impairment assessment as at 31 December 2019 remains largely unchanged.

The Group has also considered any impairment indicators arising and any significant uncertainties around its property and equipment, and right-of-use assets especially arising from any change in lease terms and concluded there is no material impact of COVID-19.

Fair valuation of financial assets

The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for the determination of fair value of unquoted financial assets at FVTPL and FVOCI.

The Group has determined the fair value of its equity securities and managed funds based on most recent market information relating to the respective investments and recognized resulting unrealized loss in this interim condensed consolidated financial information.

Commitments and contingent liabilities

The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group, customers and suppliers, with a view of potential increase in contingent liabilities and commitments.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Group has sufficient resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, these interim condensed consolidated financial statements have been appropriately prepared on a going concern basis.