

THE SECURITIES HOUSE K.S.C.P. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)
30 SEPTEMBER 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 September 2020 and the related interim condensed consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with 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, nothing has come to our attention that causes us to believe that there is 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 nine-month period ended 30 September 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, nothing has come to our attention that causes us to believe that there is 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 nine-month period 30 September 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.**

11 November 2020
Kuwait

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

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

	Notes	Kuwaiti Dinars			
		Three months ended		Nine months ended	
		30 September	30 September	30 September	30 September
		2020	2019	2020	2019
INCOME					
From investment activities					
Management fee income		371,888	400,141	1,092,180	2,038,450
Advisory fee income		-	35,561	63,819	35,561
Dividend income		36,179	30,966	184,560	252,850
Realised (loss)/gain on sale of investments at fair value through profit or loss		(8,982)	111,500	(177,614)	284,827
Unrealised gain on investments at fair value through profit or loss		50,338	97,720	42,294	354,222
Income from investment activities		449,423	675,888	1,205,239	2,965,910
From commercial activities					
Sales of goods and services		312,538	578,086	1,008,718	1,858,936
Operating costs		(589,710)	(741,266)	(1,703,830)	(2,233,325)
Operating loss from commercial activities		(277,172)	(163,180)	(695,112)	(374,389)
Other income		11,715	24,699	30,105	282,536
Total income		183,966	537,407	540,232	2,874,057
EXPENSES					
Staff costs		259,858	400,778	966,338	1,437,576
General and administration expenses		79,380	124,221	350,103	617,107
Depreciation		50,007	51,273	164,772	154,522
Total expenses		389,245	576,272	1,481,213	2,209,205
(Loss)/profit before share of results, amortisation, finance cost and taxation		(205,279)	(38,865)	(940,981)	664,852
Share in results of associates	5	33,247	(103,944)	76,825	(108,024)
Share in results of a joint venture	6	99,482	33,721	(124,288)	33,721
Amortisation of intangibles		(50,000)	(50,505)	(188,380)	(262,647)
Finance cost on lease liabilities		(668)	(2,614)	(3,413)	(27,496)
(Loss)/profit for the period		(123,218)	(162,207)	(1,180,237)	300,406
Attributable to:					
Equity holders of the Parent Company		(114,531)	(53,470)	(737,462)	46,724
Non-controlling interests		(8,687)	(108,737)	(442,775)	253,682
		(123,218)	(162,207)	(1,180,237)	300,406
Basic and diluted (loss)/earnings per share attributable to equity holders of the Parent Company	4	(0.2) fils	(0.1) fils	(1.4) fils	0.1 fils

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

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

	Note	Kuwaiti Dinars			
		Three months ended		Nine months ended	
		30 September		30 September	
		2020	2019	2020	2019
(Loss)/profit for the period		(123,218)	(162,207)	(1,180,237)	300,406
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		801,067	(707,784)	(210,625)	(700,156)
<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		(140,498)	(147,018)	(573,924)	(169,095)
Share in other comprehensive income/(loss) of associates	5	31,928	8,029	21,749	112,220
Other comprehensive income/(loss) for the period		692,497	(846,773)	(762,800)	(757,031)
Total comprehensive income/(loss) for the period		569,279	(1,008,980)	(1,943,037)	(456,625)
Attributable to:					
Equity holders of the Parent Company		577,966	(887,959)	(1,500,262)	(688,768)
Non-controlling interests		(8,687)	(121,021)	(442,775)	232,143
		569,279	(1,008,980)	(1,943,037)	(456,625)

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 September 2020

	Notes	Kuwaiti Dinars		
		30 September 2020 (unaudited)	31 December 2019 (audited)	30 September 2019 (unaudited) Restated
ASSETS				
Bank balances and cash	4	2,685,305	2,484,025	2,666,455
Short-term murabaha investments	4	-	2,250,000	2,250,000
Accounts receivable and prepayments		780,661	932,365	1,019,333
Investments at fair value through profit or loss		6,340,711	5,416,727	5,129,304
Investments at fair value through other comprehensive income		3,373,486	3,642,410	3,799,713
Investment in associates	5	32,006,979	32,232,006	31,292,071
Investment in a joint venture	6	1,648,149	1,772,437	1,839,221
Intangible assets	7	3,650,000	3,838,380	3,888,885
Goodwill	7	2,600,000	2,600,000	2,654,582
Right of use assets		702,210	992,317	1,084,065
Property and equipment		418,747	546,683	572,423
TOTAL ASSETS		54,206,248	56,707,350	56,196,052
EQUITY				
Share capital	8	55,500,000	45,000,000	45,000,000
Statutory reserve		101,480	101,480	101,480
Fair value reserve		(1,591,267)	(1,426,886)	(1,420,639)
Foreign currency translation reserve		(3,162,311)	(2,951,686)	(4,410,789)
Cumulative changes in equity of associates		(492,071)	(513,820)	(267,374)
(Accumulated losses)/retained earnings		(1,121,672)	409,853	880,631
Equity attributable to equity holders of the Parent Company		49,234,159	40,618,941	39,883,309
Non-controlling interests	8	(277,911)	10,218,890	10,283,357
TOTAL EQUITY		48,956,248	50,837,831	50,166,666
LIABILITIES				
Accounts payable and accruals		3,424,837	3,894,419	3,970,592
Lease liabilities		770,382	1,038,138	1,121,111
Employees' end of service benefits		1,054,781	936,962	937,683
TOTAL LIABILITIES		5,250,000	5,869,519	6,029,386
TOTAL EQUITY AND LIABILITIES		54,206,248	56,707,350	56,196,052

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 September 2020

		Kuwaiti Dinars	
		Nine months ended	
		30 September	
	Notes	2020	2019
OPERATING ACTIVITIES			
(Loss)/profit for the period		(1,180,237)	300,406
Adjustments for:			
Realised loss/(gain) on sale of investments at fair value through profit or loss		177,614	(284,827)
Dividend income		(184,560)	(252,850)
Unrealised gain on investments at fair value through profit or loss		(42,294)	(354,222)
Share in results of associates	5	(76,825)	108,024
Share in results of a joint venture	6	124,288	(33,721)
Amortization of intangibles		188,380	262,647
Depreciation		418,043	384,638
Finance cost on lease liabilities		39,234	70,167
Provision for employees' end of service benefits		142,008	151,125
		<u>(394,349)</u>	<u>351,387</u>
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		429,067	(223,192)
Investments at fair value through profit or loss		(1,050,866)	181,932
Accounts payable and accruals		(746,945)	(64,761)
		<u>(1,763,093)</u>	<u>245,366</u>
Employees' end of service benefits paid		(24,189)	-
Net cash flows (used in)/from operating activities		<u>(1,787,282)</u>	<u>245,366</u>
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
Investment in an associate	5	(39,964)	(162,135)
Investment in a joint venture	6	-	(1,805,500)
Dividend income		184,560	252,850
Dividends received from an associate	5	146,200	15,085
Purchase of property and equipment		-	(214,113)
Net cash flows used in investing activities		<u>(14,204)</u>	<u>(1,864,944)</u>
FINANCING ACTIVITIES			
Payment to non-controlling interests on purchase of interest in a subsidiary		-	(8,144)
Cash received from non-controlling interests on sale of interest in a subsidiary		63,269	-
Net movement on non-controlling interests		(1,815)	-
Repayment of lease liabilities		(267,756)	(240,033)
Finance cost on lease liabilities paid		(39,234)	(70,167)
Net cash flows used in financing activities		<u>(245,536)</u>	<u>(318,344)</u>
DECREASE IN CASH AND CASH EQUIVALENTS		(2,047,022)	(1,937,922)
Net foreign exchange difference		(1,698)	-
Cash and cash equivalents at 1 January		4,734,025	6,854,377
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	4	<u>2,685,305</u>	<u>4,916,455</u>

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 September 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	Accumulated losses/ 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	-	-	-	-	-	(737,462)	(737,462)	(442,775)	(1,180,237)
Other comprehensive (loss)/income	-	-	(164,381)	(210,625)	21,749	(409,543)	(762,800)	-	(762,800)
Total comprehensive (loss)/income for the period	-	-	(164,381)	(210,625)	21,749	(1,147,005)	(1,500,262)	(442,775)	(1,943,037)
Share swap with non-controlling interests (Note 8)	10,500,000	-	-	-	-	(484,520)	10,015,480	(10,015,480)	-
Sale of interest in a subsidiary to non-controlling interests (Note 2)	-	-	-	-	-	100,000	100,000	(36,731)	63,269
Net movement on non-controlling interests	-	-	-	-	-	-	-	(1,815)	(1,815)
As at 30 September 2020	55,500,000	101,480	(1,591,267)	(3,162,311)	(492,071)	(1,121,672)	49,234,159	(277,911)	48,956,248
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 (Note 7)	-	-	-	-	-	-	-	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	-	-	-	-	-	46,724	46,724	253,682	300,406
Other comprehensive (loss)/income	-	-	(169,095)	(678,617)	112,220	-	(735,492)	(21,539)	(757,031)
Total comprehensive (loss)/income for the period	-	-	(169,095)	(678,617)	112,220	46,724	(688,768)	232,143	(456,625)
Net movement on non-controlling interests	-	-	-	-	-	-	-	(15,271)	(15,271)
As at 30 September 2019	45,000,000	101,480	(1,420,639)	(4,410,789)	(267,374)	880,631	39,883,309	10,283,357	50,166,666

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 nine months ended 30 September 2020 were authorised for issue by the Board of Directors on 11 November 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 nine months ended 30 September 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 nine months ended 30 September 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.

In July 2020 the Parent Company sold its 6% stake in Juzur Al Canary Restaurant Company W.L.L to the non-controlling shareholders which has resulted into a gain of KD 100,000.

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;

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

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- 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.

Significant judgments and estimates

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2019, except as disclosed in note 13.

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 September		Nine months ended 30 September	
	2020	2019	2020	2019
(Loss)/ profit for the period attributable to equity holders of the Parent Company	(114,531)	(53,470)	(737,462)	46,724
	Shares			
Weighted average number of shares outstanding for the period	555,000,000	450,000,000	520,127,737	450,000,000
Basic and diluted loss per share attributable to the equity holders of the parent company	(0.2) Fils	(0.1) fils	(1.4) Fils	0.1 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 September 2020	31 December 2019	30 September 2019
	Unaudited	(Audited)	Unaudited
Bank balances and cash	2,323,202	2,373,832	2,666,455
Balances with custodians	362,103	110,193	-
Short-term Murabaha investments with original maturity up to three months	-	2,250,000	2,250,000
	2,685,305	4,734,025	4,916,455

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

5. Investment in associates

	Kuwaiti Dinars		
	30 September 2020 Unaudited	31 December 2019 (Audited)	30 September 2019 Unaudited
At the beginning of the period/year	32,232,006	31,815,414	31,815,414
Acquisitions	39,964	283,929	162,135
Share of results	76,825	(511,655)	(108,024)
Share of other comprehensive (loss)/income	21,749	(134,226)	112,220
Foreign currency translation adjustment	(217,365)	793,850	(674,589)
Dividend received	(146,200)	(15,306)	(15,085)
At the end of the period/year	32,006,979	32,232,006	31,292,071

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 for the nine-month period ended 30 September 2020 are based on its management accounts.

6. Interest in a joint venture

	Kuwaiti Dinars		
	30 September 2020 Unaudited	31 December 2019 Audited	30 September 2019 Unaudited
At the beginning of the period/year	1,772,437	-	-
Acquisition	-	1,805,500	1,805,500
Share of results	(124,288)	(33,063)	33,721
At the end of the period/year	1,648,149	1,772,437	1,839,221

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

7. Intangible assets and goodwill

	Kuwaiti Dinars		
	30 September 2020 (Unaudited)	31 December 2019 (Audited) Restated	30 September 2019 (Unaudited) Restated
Intangible assets			
Asset management agreements	3,650,000	3,838,380	3,888,885
	3,650,000	3,838,380	3,888,885
Goodwill-Manarat Educational Services Company W.L.L.	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.

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

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 September 2019 as previously reported	2,306,711	4,678,365	(10,524,966)	(4,170,592)
Adjustment due to PPA	347,871	(789,480)	241,609	200,000
As at 30 September 2019 (restated)	2,654,582	3,888,885	(10,283,357)	(3,970,592)

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 September 2019: KD 45,000,000) comprising of 555,000,000 shares (31 December 2019: 450,000,000; 30 September 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 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	
	2020	2019
Key management compensation:		
Salaries and other short term benefits	320,843	544,634
Employees' end of services	42,279	35,799
	363,122	580,433

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 September 2020

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

	Proprietary investment		Asset management and advisory services		Education		Food and beverages		Total	
	Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Segment revenue	79,345	1,174,435	1,155,999	2,074,011	201,343	681,788	807,375	1,177,148	2,244,062	5,107,382
Segment results	(1,031,565)	(482,469)	785,696	1,521,710	(453,425)	(217,222)	(241,687)	(157,167)	(940,981)	664,852
Share in results of associates and joint ventures	76,825	(108,024)	-	-	(124,288)	33,721	-	-	(47,463)	(74,303)
Amortization of intangibles	-	-	(188,380)	(262,647)	-	-	-	-	(188,380)	(262,647)
Finance cost on lease liabilities (Loss)/profit for the period	(3,413)	(27,496)	-	-	-	-	-	-	(3,413)	(27,496)
									(1,180,237)	300,406

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 September		30 September		30 September		30 September		30 September	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Assets										
Segment assets	8,966,596	8,045,431	382,664	391,478	623,283	910,290	522,315	601,151	10,494,858	9,948,350
Investment in associates and a joint venture	32,006,979	31,292,071	-	-	1,648,149	1,839,221	-	-	33,655,128	33,131,292
Others	6,325,146	8,920,156	3,650,000	3,939,390	29,365	173,277	51,751	83,587	10,056,262	13,116,410
	47,298,721	48,257,658	4,032,664	4,330,868	2,300,797	2,922,788	574,066	684,738	54,206,248	56,196,052
Liabilities:										
Lease liabilities	41,075	176,898	-	-	424,055	563,924	305,252	380,289	770,382	1,121,111
Account payable and accruals	2,440,600	3,441,683	-	-	445,244	340,069	538,993	188,840	3,424,837	3,970,592
Employees' end of service benefits	820,063	738,950	-	-	82,230	67,562	152,488	131,171	1,054,781	937,683
	3,301,738	4,357,531	-	-	951,529	971,555	996,733	700,300	5,250,000	6,029,386

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

11. Capital Commitments and contingent liabilities

	Kuwaiti Dinars		
	30 September 2020 (Unaudited)	31 December 2019 (Audited)	30 September 2019 (Unaudited)
Uncalled capital of an investee company	-	-	78,773
Guarantee provided for Murabaha payable of joint venture	10,530,000	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 September 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	1,488,354	-	1,488,354
Unquoted equity securities	-	4,852,357	4,852,357
	1,488,354	4,852,357	6,340,711
<i>Financial assets at fair value through other comprehensive income:</i>			
Unquoted equity securities	-	3,373,486	3,373,486
	-	3,373,486	3,373,486
	1,488,354	8,225,843	9,714,197

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

30 September 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	2,022,571	-	2,022,571
Unquoted equity securities	-	3,106,733	3,106,733
	<u>2,022,571</u>	<u>3,106,733</u>	<u>5,129,304</u>
<i>Financial assets at fair value through other comprehensive income:</i>			
Unquoted equity securities	-	3,799,713	3,799,713
	<u>-</u>	<u>3,799,713</u>	<u>3,799,713</u>
	<u>2,022,571</u>	<u>6,906,446</u>	<u>8,929,017</u>

Measurement at fair value

The Method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting year/period

The following table shows a reconciliation of the opening and closing amount of level 3 financial instruments which are recorded at fair value.

	Kuwaiti Dinars				As at 30 September 2020
	As at 1 January 2020	Gain recorded in the consolidated statement of income	Loss recorded in other comprehensive income	Net purchases, sales and settlements	
Financial assets at fair value					
<i>Unquoted equity securities</i>	6,592,534	386,672	(573,924)	1,820,561	8,225,843

	Kuwaiti Dinars				As at 30 September 2019
	As at 1 January 2019	Gain recorded in the consolidated statement of income	Loss recorded in other comprehensive income	Net purchases, sales and settlements	
Financial assets at fair value					
<i>Unquoted equity securities</i>	6,364,217	211,508	(169,095)	499,816	6,906,446

During the period ended 30 September 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:

Support measures on COVID-19

During the period, the Parent Company received Covid-19 financial support from the Public Authority for Manpower of the Government of Kuwait and this is included within staff expenses in the interim condensed consolidated statement of income.

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.