# Al Salam Group Holding Company

**K.S.C (Public)**
**and its subsidiaries**
**Kuwait**

**Interim condensed consolidated financial information**
**for the nine months ended September 30, 2019**
**with review report**
**(Unaudited)**

# Al Salam Group Holding Company
**K.S.C (Public)**
**and its subsidiaries**
**Kuwait**

**Interim condensed consolidated financial information**
**for the nine months ended September 30, 2019**
**with review report**
**(Unaudited)**

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Rödl
Middle East
Burgan - International Accountants
Ali Al-Hasawi & Co

**The Board of Directors,**
**Al Salam Group Holding Company**
**K.S.C (Public)**
**and its subsidiaries**
**Kuwait**

**Review report on the interim condensed consolidated financial information**

**Introduction**
We were engaged to review the accompanying interim condensed consolidated statement of financial position of Al Salam Group Holding Company K.S.C. (Public) – (the Parent Company) and it's subsidiaries (together referred to as "the Group") as of September 30, 2019 and the 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 management of the Group is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. 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's 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 No. 34, "Interim Financial Reporting".

**Report on other legal and regulatory matters**
Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting books of the "Parent Company". We further report that, to the best of our knowledge and belief, no violations of the Companies Law no. 1 of year 2016 and related Executive Regulations and as amended, law No. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity or the "Parent Company" memorandum and articles of association, as amended, have occurred during the nine months period ended September 30, 2019 that might have had a material effect on the business of the "Parent Company" or on its interim condensed consolidated financial position.

**Ali A. Al Hasawi**
**License No. 30 - (A)**
**Rödl Middle East**
**Burgan - International Accountants**

November 13, 2019
State of Kuwait

Exhibit – A

# Al Salam Group Holding Company
**K.S.C (Public)**
**and its subsidiaries**
**Kuwait**

**Interim condensed consolidated statement of financial position as of September 30, 2019**
**(Unaudited)**
***"All amounts are in Kuwaiti Dinar"***

| | Note | September 30, 2019 (Unaudited) | December 31, 2018 (audited) | September 30, 2018 (Unaudited) |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | | **57,373** | 5,067 | 133,146 |
| Investments at fair value through profit or loss | 4 | **135,284** | 130,642 | 189,787 |
| Accounts receivable and other debit balances | 5 | **5,379,679** | 5,559,481 | 5,092,236 |
| Inventory | | **56,714** | 30,286 | - |
| Investments at fair value through other comprehensive income | 6 | **2,975,083** | 3,100,576 | 4,510,913 |
| Investments in associates | 7 | **22,506,803** | 22,932,766 | 22,846,230 |
| Intangible assets | | **3,364,665** | 3,364,665 | 3,364,665 |
| Property and equipments | | **2,160,421** | 2,217,165 | 2,245,995 |
| Right of use asset | 8 | **60,211** | - | - |
| **Total assets** | | **36,696,233** | 37,340,648 | 38,382,972 |
| **Liabilities and equity** | | | | |
| **Liabilities** | | | | |
| Accounts payable and other credit balances | 9 | **3,112,929** | 2,989,964 | 2,848,507 |
| Lease liability | | **61,369** | - | - |
| Provision for end of service indemnity | | **165,151** | 132,395 | 128,986 |
| **Total liabilities** | | **3,339,449** | 3,122,359 | 2,977,493 |
| **Equity** | | | | |
| Share capital | | **26,964,000** | 26,964,000 | 26,964,000 |
| Share premium | | **5,904,559** | 5,904,559 | 5,904,559 |
| Statutory reserve | | **833,543** | 833,543 | 833,543 |
| Voluntary reserve | | **17,978** | 17,978 | 17,978 |
| Cumulative changes in fair value | | **(1,727,907)** | (1,602,414) | (192,077) |
| Group's share of associates reserves | | **85,760** | 316,367 | 230,686 |
| Gains on sale of treasury shares | | **730,372** | 730,372 | 730,372 |
| Accumulated losses | | **(1,836,146)** | (1,432,650) | (1,176,311) |
| Equity attributable to shareholders of the "Parent Company" | | **30,972,159** | 31,731,755 | 33,312,750 |
| Non-controlling interests | | **2,384,625** | 2,486,534 | 2,092,729 |
| **Total equity** | | **33,356,784** | 34,218,289 | 35,405,479 |
| **Total liabilities and equity** | | **36,696,233** | 37,340,648 | 38,382,972 |

**Ali Khalid Al-Qabandi**
**Chairman**

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

# Al Salam Group Holding Company
**K.S.C (Public)**
**and its subsidiaries**
**Kuwait**

**Interim condensed consolidated statement of profit or loss for the nine months ended September 30, 2019**
**(Unaudited)**
***"All amounts are in Kuwaiti Dinar"***

| | Note | The three months ended September 30 | | The nine months ended September 30 | |
|---|---|---|---|---|---|
| | | **2019** | 2018 | **2019** | 2018 |
| **Revenue** | | | | | |
| Investments losses | 10 | **(8,622)** | (10,703) | **(179,667)** | (265,002) |
| Net contracts revenues/(losses) | | **112,980** | (345,507) | **92,497** | (40,364) |
| Group's share in associates results | 7 | **(16,763)** | (65,174) | **(7,276)** | 230,159 |
| Other revenues | | **36,074** | 1,127 | **41,312** | 31,468 |
| General and administrative expenses | | **(135,855)** | (147,658) | **(452,271)** | (391,698) |
| **Net loss for the period** | | **(12,186)** | (567,915) | **(505,405)** | (435,437) |
| Attributable to: | | | | | |
| Shareholders of the "Parent Company" | | **(39,873)** | (348,913) | **(403,496)** | (287,710) |
| Non-controlling interests | | **27,687** | (219,002) | **(101,909)** | (147,727) |
| **Net loss for the period** | | **(12,186)** | (567,915) | **(505,405)** | (435,437) |
| **Loss per share/(fils)** | 11 | **(0.15)** | (1.29) | **(1.50)** | (1.07) |

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

Exhibit – C

# Al Salam Group Holding Company

**K.S.C (Public)**
**and its subsidiaries**
**Kuwait**

**Interim condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended September 30, 2019**
**(Unaudited)**
***"All amounts are in Kuwaiti Dinar"***

| | The three months ended September 30 | | The nine months ended September 30 | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| Net loss for the period | **(12,186)** | (567,915) | **(505,405)** | (435,437) |
| **Other comprehensive income :** | | | | |
| *Items that will be reclassified subsequently to the interim condensed consolidated statement of profit or loss:* | | | | |
| Cumulative changes in fair value | **36,250** | (80,871) | **(125,493)** | (256,557) |
| Group's share of an associate's reserves | **(22,025)** | 69,072 | **(230,607)** | 36,793 |
| Other comprehensive income for the period | **14,225** | (11,799) | **(356,100)** | (219,764) |
| **Total comprehensive income for the period** | **2,039** | (579,714) | **(861,505)** | (655,201) |
| Attributable to: | | | | |
| Shareholders of the "Parent Company" | **(25,648)** | (360,712) | **(759,596)** | (507,474) |
| Non-controlling interests | **27,687** | (219,002) | **(101,909)** | (147,727) |
| **Total comprehensive income for the period** | **2,039** | (579,714) | **(861,505)** | (655,201) |

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

Exhibit - D

# Al Salam Group Holding Company
**K.S.C (Public)**
**and its subsidiaries**
**Kuwait**

**Interim condensed consolidated statement of changes in equity for the nine months ended September 30, 2019**
**(Unaudited)**
***"All amounts are in Kuwaiti Dinar"***

| | Equity attributable to Shareholders of the "Parent Company" | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Statutory reserve | Voluntary reserve | Cumulative changes in fair value | Group's share of associates' reserves | Gains on sale of treasury shares | Accumulated losses | Equity attributable to shareholders of the "Parent Company" | Non controlling interests | Total |
| Balance at January 1, 2018 | 26,964,000 | 5,904,559 | 833,543 | 17,978 | 64,480 | 193,893 | 730,372 | (697,354) | 34,011,471 | 2,426,513 | 36,437,984 |
| Transition adjustment on adoption of IFRS 9 at January 1, 2018 | - | - | - | - | - | - | - | (191,247) | (191,247) | (186,057) | (377,304) |
| Balance at January 1, 2018 (Adjusted) | 26,964,000 | 5,904,559 | 833,543 | 17,978 | 64,480 | 193,893 | 730,372 | (888,601) | 33,820,224 | 2,240,456 | 36,060,680 |
| Net loss for the period | - | - | - | - | - | - | - | (287,710) | (287,710) | (147,727) | (435,437) |
| Other comprehensive income for the period | - | - | - | - | (256,557) | 36,793 | - | - | (219,764) | - | (219,764) |
| Total comprehensive income for the period | - | - | - | - | (256,557) | 36,793 | - | (287,710) | (507,474) | (147,727) | (655,201) |
| Balance at September 30, 2018 | 26,964,000 | 5,904,559 | 833,543 | 17,978 | (192,077) | 230,686 | 730,372 | (1,176,311) | 33,312,750 | 2,092,729 | 35,405,479 |
| Balance at January 1, 2019 | 26,964,000 | 5,904,559 | 833,543 | 17,978 | (1,602,414) | 316,367 | 730,372 | (1,432,650) | 31,731,755 | 2,486,534 | 34,218,289 |
| Net loss for the period | - | - | - | - | - | - | - | (403,496) | (403,496) | (101,909) | (505,405) |
| Other comprehensive income for the period | - | - | - | - | (125,493) | (230,607) | - | - | (356,100) | - | (356,100) |
| Total comprehensive income for the period | - | - | - | - | (125,493) | (230,607) | - | (403,496) | (759,596) | (101,909) | (861,505) |
| Balance at September 30, 2019 | 26,964,000 | 5,904,559 | 833,543 | 17,978 | (1,727,907) | 85,760 | 730,372 | (1,836,146) | 30,972,159 | 2,384,625 | 33,356,784 |

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

Exhibit – E

# Al Salam Group Holding Company
**K.S.C (Public)**
**and its subsidiaries**
**Kuwait**

**Interim condensed consolidated statement of cash flows for the nine months ended September 30, 2019**
**(Unaudited)**
***"All amounts are in Kuwaiti Dinar"***

| | The nine months ended September 30 | |
|---|---|---|
| **Cash flows from operating activities** | **2019** | 2018 |
| Net loss for the period | **(505,405)** | (435,437) |
| | | |
| **Adjustments** | | |
| Investments losses | **179,667** | 265,002 |
| Loss on disposal of property and equipment | **55,708** | - |
| Depreciation of property and equipment | **233,746** | 201,578 |
| Right of use assets amortization | **20,046** | - |
| Lease liability's interest | **3,612** | - |
| Group's share in associates results | **7,276** | (230,159) |
| Provision for end of service indemnity | **49,545** | 32,579 |
| Operating profit /(losses) before calculating the effect of change in working capital items | **44,195** | (166,437) |
| Accounts receivable and other debit balances | **179,802** | 271,989 |
| paid for lease liability's | **(22,500)** | - |
| Inventory | **(26,428)** | - |
| Accounts payable and other credit balances | **(54,957)** | 294,820 |
| Cash generated from the operations | **120,112** | 400,372 |
| End of service indemnity paid | **(16,789)** | (10,156) |
| Net cash generated from operating activities | **103,323** | 390,216 |
| | | |
| **Cash flows from investing activities** | | |
| Paid for purchasing of investments at fair value through profit or loss | **(330,690)** | (130,980) |
| Proceeds from sale of investments at fair value through profit or loss | **293,522** | 81,399 |
| Paid for purchasing of share in an associate | **(38,233)** | (15,359) |
| Proceeds from sale of share in an associate | **79,172** | 75,395 |
| Paid for purchasing of property and equipment | **(54,788)** | (299,804) |
| Net cash used in investing activities | **(51,017)** | (289,349) |
| | | |
| Net increase in cash and cash equivalents | **52,306** | 100,867 |
| Cash and cash equivalents at beginning of the period | **5,067** | 32,279 |
| **Cash and cash equivalents at end of the period** | **57,373** | 133,146 |

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

# Al Salam Group Holding Company

**K.S.C (Public)**
**and its subsidiaries**
**Kuwait**

**Notes to the interim condensed consolidated financial information for the nine months ended September 30, 2019**
**(Unaudited)**
***"All amounts are in Kuwaiti Dinar unless stated otherwise"***

## 1- Incorporation and activity

Al Salam Group Holding Company - K.S.C (Public) was incorporated on November 9, 1997.

The "Parent Company's" main activities are as follow:

- Owning shares in Kuwaiti or Foreign shareholding or limited liability companies, or participating in establishing these companies and managing and lending them and providing guarantees on their behalf to others.
- Lending the companies in which it owns shares and providing guarantees on behalf of those companies to others, providing that the holding Company's ownership percentage in the share capital of the borrowed Company must be at least 20%.
- Owning industrial equity of patents, industrial trademarks, industrial fees or any other rights related to that and renting them to other companies to utilize them inside Kuwait or abroad.
- Owning the necessary movables and properties to carry out its activity in accordance with the Law.

The "Parent Company" may have an interest in, or may participate in any form with the institutions that have a similar business or that will assist it to achieve its objectives inside or outside Kuwait. Also it may establish or participate in or acquire these institutions or join them.

The "Parent company" carries on all its activities in accordance with the rules of the Islamic Sharia forgiving.

The registered address of the "Parent Company" is: Al-Sharq – Block 5 – Building 4 Bahbahani real-estate Company ownership - Floor 16 – Office No. 11.

The Board of Directors approved this interim condensed consolidated financial information for the nine months ended September 30, 2019 for issuance on November 13, 2019.

## 2- Significant accounting policies

### 2/1) Basis of preparation

The accompanying interim condensed consolidated financial information are prepared in accordance with IAS 34-"Interim Financial Reporting". These interim condensed consolidated financial information should be read in conjunction with the financial information of the Group for the year ended December 31, 2018.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for nine-months period ended September 30, 2019 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2019.

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2018.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended December 31, 2018.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of newly effective and amended standards as set out below.

**Newly effective standard and amendments and improvements to standards**
The new International Financial Reporting Standard ("IFRS" or "standard") No. 16 has become effective with effect from January1, 2019, The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial information of the Group. Except for the adoption of IFRS 16.The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

**a. IFRS 16 Leases**

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

**The Group attend to apply IFRS 16 using the modified retrospective approach. Under this approach the Group does not restate its comparative figures but recognises the cumulative effect of adopting IFRS 16, as an adjustment to the opening balance of accumulated losses as of January 1, 2019. Accordingly, the Group's accompanying interim condensed consolidated financial information for the nine months ended September 30, 2019 have been prepared in accordance with the requirements of IFRS 16 and there for the group recognized a right-of-use within assets and lease liabilities with in other liabilities.**

**b. Other amendments to Standards**

The following interpretation and amendments to standards have also been applied by the Group in preparation of these interim condensed consolidated financial information. The amendments to the below standards did not have any material impact to the Group, but they may result in additional disclosures at the year end:

- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Annual Improvements 2015-2017 Cycle (issued in December 2017)
  - Amendments to IFRS 3 Business Combinations
  - Amendments to IFRS 11 Joint Arrangements
  - Amendments to IAS 12 Income Taxes
  - Amendments to IAS 23 Borrowing Costs

The adoption of the above did not result in any changes to previously reported net profit or consolidated equity of the Group.

**New and amended standards not yet effective, but available for early adoption**
The below new and amended IFRS that are available for early adoption for financial year ending December 31, 2019 are not effective until a later period, and they have not been applied in preparing these interim condensed consolidated financial information.

**Adoption not expected to impact the Group's interim condensed consolidated financial information:**

| Effective date | Description |
|---|---|
| January 1, 2020 | • Amendments to IFRS 3<br>• Amendments to References to the Conceptual Framework in IFRS Standards<br>• Amendments to IAS 1 and IAS 8 on "Definition of Material" |
| January 1, 2022 | • IFRS 17 Insurance Contracts |
| Effective date to be determined | • Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |

### 2/2) Critical judgments and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying "the Group's" accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2018.

### 3- Investments in subsidiaries

The interim condensed consolidated financial information includes the "Parent Company's" and its subsidiaries mentioned below:

| | Shareholding percentage % | | | | |
|---|---|---|---|---|---|
| | September 30, 2019 (Unaudited) | December 31, 2018 (Audited) | September 30, 2018 (Unaudited) | Country of incorporation | Activity |
| Al Dosr International for General Trading and Contracting Company (W.L.L) and its subsidiaries | %99 | %99 | %99 | Kuwait | General trading and contracting |
| Atlantic Group for General Trading and Contracting Company (W.L.L) | %99 | %99 | %99 | Kuwait | General trading and contracting |

The interim condensed financial information of the subsidiaries has been consolidated based on financial information prepared by the management as of September 30, 2019 and the total of its assets stated in the interim condensed consolidated financial position as of September 30, 2019 amounted to KD 21,425,893 (December 31, 2018: KD 20,195,324 – September 30, 2018: KD 19,601,501) and the total liabilities of these companies stated in the interim condensed consolidated financial position as of September 30, 2019 amounted to KD 1,633,725 (December 31, 2018: KD 2,329,147 – September 30, 2018: KD 1,917,243) and the net of its results stated in the interim condensed consolidated statement of profit or loss as of September 30, 2019 was loss with an amount of KD 107,019 (December 31, 2018: profit with an amount of KD 687,502 – September 30, 2018: loss with an amount of KD 68,417).

### 4- Investments at fair value through profit or loss

| | September 30, 2019 (Unaudited) | December 31, 2018 (audited) | September 30, 2018 (Unaudited) |
|---|---|---|---|
| Investments in local shares – quoted | 135,284 | 130,642 | 189,787 |

The investments have been evaluated in accordance with valuation instruments which mentioned in note (15).

## 5- Accounts receivable and other debit balances

| | September 30, 2019 (Unaudited) | December 31, 2018 (audited) | September 30, 2018 (Unaudited) |
|---|---|---|---|
| Advance payments for purchasing of investments | **294,028** | 294,028 | 294,028 |
| Trade receivables | **3,671,057** | 3,483,453 | 1,729,896 |
| Provision for expected credit losses | **(1,422,664)** | (1,422,664) | (527,304) |
| | **2,542,421** | 2,354,817 | 1,496,620 |
| Due from related parties (Note - 12) | **1,102,898** | 1,479,420 | 1,808,101 |
| Bank guarantees | **1,029,918** | 1,154,182 | 1,224,946 |
| Prepaid expenses | **673,670** | 518,118 | 533,589 |
| Staff receivables | **21,059** | 40,722 | 16,623 |
| Refundable deposits | **9,379** | 12,222 | 12,357 |
| Others | **334** | - | - |
| | **5,379,679** | 5,559,481 | 5,092,236 |

The movements of provision for expected credit losses during the period/year/period are as follows:

| | September 30, 2019 (Unaudited) | December 31, 2018 (audited) | September 30, 2018 (Unaudited) |
|---|---|---|---|
| Balance at beginning of the period/year/period | **1,422,664** | 150,000 | 150,000 |
| Transition adjustment of adoption of IFRS 9 | **-** | 1,272,664 | 377,304 |
| Balance at the end of the period/year/period | **1,422,664** | 1,422,664 | 527,304 |

## 6- Investments at fair value through other comprehensive income

| | September 30, 2019 (Unaudited) | December 31, 2018 (audited) | September 30, 2018 (Unaudited) |
|---|---|---|---|
| Investments in local shares - quoted | **437,821** | 563,314 | 621,874 |
| Investments in local shares - unquoted | **2,537,262** | 2,537,262 | 3,889,039 |
| | **2,975,083** | 3,100,576 | 4,510,913 |

The investments at fair value through other comprehensive income have been evaluated in accordance with evaluation methods which mentioned in (Note - 15).

## 7- Investments in associates

The details of these investments are as follow:

| | Shareholding percentage % | | | | | |
|---|---|---|---|---|---|---|
| | September 30, 2019 (Unaudited) | December 31, 2018 (Audited) | September 30, 2018 (Unaudited) | September 30, 2019 (Unaudited) | December 31, 2018 (Audited) | September 30, 2018 (Unaudited) |
| India Holding Company K.S.C (Holding) | 33.98% | 33.98% | 33.98% | 8,362,488 | 8,363,123 | 8,408,146 |
| Gulf Petroleum Investment Co. K.S.C (Public) | 15.065% | 15.487% | 15.148% | 6,313,450 | 6,689,772 | 6,729,311 |
| Jiyad Holding Company - K.S.C (Public) | 20.567% | 20.567% | 20.567% | 7,830,865 | 7,879,871 | 7,708,773 |
| | | | | 22,506,803 | 22,932,766 | 22,846,230 |

- During the current financial period, the Group decreased its ownership in the associate (Gulf Petroleum Investment Co. K.S.C (Public)) by 0.422%, and therefore its ownership has become 15.065% instead of 15.487% and wherever the Group is still exercising a significant influence on the company's financial and operational policies, the investment is still held and categorized as investment in an associate.
- The investment in the associate – India Holding Company K.S.C.(Holding) includes a goodwill with an amount of KD 1,455,038.
- The Group's share in results of India Holding K.S.C (Holding) has been recognized and it's results loss with an amount of KD 635 based on interim condensed financial information prepared by the management as of September 30, 2019.
- The Group's share in results of Gulf Petroleum Investment Co. K.S.C (Public) has been recognized and it's results loss with an amount of KD 130,873 based on interim condensed financial information prepared by the management as of June 30, 2019.
- The group share in results of Jiyad Holding Company K.S.C. (Public) has been recognized and it's results profit with an amount of KD 124,232 based on interim condensed consolidated financial information as of June 30, 2019.

## 8- Right of use asset

This item represents the present value of the rents amounts which capitalized according to IFRS 16 that was adopted at beginning of the current financial period and which will be amortized during related rent contracts.

## 9- Accounts payable and other credit balances

| | September 30, 2019 (Unaudited) | December 31, 2018 (audited) | September 30, 2018 (Unaudited) |
|---|---|---|---|
| Due to related parties (Note -12) | 432,767 | 806,873 | 562,258 |
| Creditors for purchasing property and equipment | 826,891 | 607,044 | 675,617 |
| Accrued expenses | 507,928 | 289,449 | 287,563 |
| Trade payables | 433,973 | 340,423 | 397,198 |
| Creditors for purchasing financial investments | 204,822 | 204,822 | 204,822 |
| Advance payments from customers | 125,555 | 165,941 | 178,744 |
| Tax deductions | 412,278 | 412,278 | 394,235 |
| Accrued dividends | 115,267 | 115,767 | 115,866 |
| Provision of leave | 53,448 | 41,319 | 32,204 |
| Others | - | 6,048 | - |
| | 3,112,929 | 2,989,964 | 2,848,507 |

## 10- Investments losses

| | The three months ended September 30, | | The nine months ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Change in fair value of investments at fair through profit or loss | (5,077) | (12,365) | (27,829) | (50,747) |
| Net (losses)/gains on sale of investments at fair through profit or loss | (4,697) | 1,662 | (4,697) | 479 |
| (Loss)/gains from selling of share in an associate | 1,152 | - | (147,141) | (214,734) |
| | (8,622) | (10,703) | (179,667) | (265,002) |

## 11- Loss per share/(fils)

Loss per share/(fils) is calculating by dividing net loss for the period attribute to the shareholders of the parent company by the weighted average number of outstanding shares during the period as follows:

| | The three months ended September 30 | | The nine months ended September 30 | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Net loss for the period attribute to the shareholders of the parent company | (39,873) | (348,913) | (403,496) | (287,710) |
| Weighted average number of outstanding shares during the period | 269,640,000 | 269,640,000 | 269,640,000 | 269,640,000 |
| loss per share/(fils) | (0.15) | (1.29) | (1.50) | (1.07) |

## 12- Transactions with related parties

Related parties comprise of associates, major shareholders, Board of Directors, key management personnel of the Group and companies which they practice control on it or jointly practice control on it or significantly influence. The Group's management approved the pricing policies and terms of these transactions. The balances and amounts due from/to related parties are interest free and have no specific maturity date.

The balances and movements of transactions with related parties included in the interim condensed consolidated financial information are as follows:

| **Interim condensed consolidated statement of financial position :** | **September 30, 2019 (Unaudited)** | December 31, 2018 (audited) | September 30, 2018 (Unaudited) |
|---|---|---|---|
| Due from related parties (Note - 5) | **1,102,898** | 1,479,420 | 1,808,101 |
| Due to related parties (Note - 9) | **432,767** | 806,873 | 562,258 |

**Interim condensed consolidated statement of profit or loss:**

Interim condensed consolidated statement of profit or loss dose not include any transactions with related parties.

The transactions with related parties are subject to the approval of the Shareholders' General Assembly.

## 13- Segmental information

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

***Operating segments:***
The Group's operating segments primarily operates concentrated on investing activity and general trading and contracting.

***Geographical segments:***
The Group operates in one main geographical segment that is local market in State of Kuwait.

## 14- The Shareholders' General Assembly

The Ordinary Shareholders General Assembly had been held on May 6, 2019 and approved the consolidated financial statements for the financial year ended December 31, 2018 and approved the board of directors proposal to not distribute remunerations for members of the board of directors for the financial year ended December 31, 2018.

## 15- Financial instruments

### Categories of financial instruments

The Group's financial assets and liabilities have been classified in the interim condensed consolidated statement of financial position are as follows:

| Financial assets | September 30, 2019 (Unaudited) | December 31, 2018 (audited) | September 30, 2018 (Unaudited) |
|---|---|---|---|
| Cash and cash equivalents | 57,373 | 5,067 | 133,146 |
| Investments at fair value through profit or loss | 135,284 | 130,642 | 189,787 |
| Accounts receivable and other debit balances | 5,379,679 | 5,559,481 | 5,092,236 |
| Investments at fair value through other comprehensive income | 2,975,083 | 3,100,576 | 4,510,913 |
| | 8,547,419 | 8,795,766 | 9,926,082 |

| Financial liabilities | September 30, 2019 (Unaudited) | December 31, 2018 (audited) | September 30, 2018 (Unaudited) |
|---|---|---|---|
| Accounts payable and other credit balances | 3,112,929 | 2,989,964 | 2,848,507 |
| Lease liability | 61,369 | - | - |
| | 3,174,298 | 2,989,964 | 2,848,507 |

### Fair value of financial instruments

Fair value of financial instruments is defined as the amounts at which the asset could be exchanged or a liability settled in a current transaction between knowledgeable willing parties in an arm's length transaction other than in forced or liquidation sale. The Group used recognized assumptions and methods to estimate the fair value of the financial instruments. The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid market is determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from identifiable current market transactions and dealer quotes for similar financial instruments.
- The fair values of financial instruments carried at amortized cost are not significantly different from their carrying values.

The following table presents financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy group's financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant inputs to the fair value measurement.

The financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are classified as the hierarchy used for measuring the fair value as follows:

| **September 30, 2019:** | **Level 1** | **Level 3** | **Total** |
|---|---|---|---|
| **Assets:** | | | |
| **Investments at fair value through of profit or loss** | | | |
| Investment in local shares-quoted | **135,284** | - | **135,284** |
| **Investments at fair value through other comprehensive income** | | | |
| Investment in local shares-quoted | **437,821** | - | **437,821** |
| Investment in local shares-unquoted | - | **2,537,262** | **2,537,262** |
| | **573,105** | **2,537,262** | **3,110,367** |
| **Liabilities:** | - | - | - |
| **Net fair value** | **573,105** | **2,537,262** | **3,110,367** |

| September 30, 2018: | Level 1 | Level 3 | Total |
|---|---|---|---|
| Assets: | | | |
| Investments at fair value through of profit or loss | | | |
| Investment in local shares-quoted | 189,787 | - | 189,787 |
| Investments at fair value through other comprehensive income | | | |
| Investment in local shares-quoted | 621,874 | - | 621,874 |
| Investment in local shares-unquoted | - | 3,889,039 | 3,889,039 |
| | 811,661 | 3,889,039 | 4,700,700 |
| Liabilities: | - | - | - |
| Net fair value | 811,661 | 3,889,039 | 4,700,700 |

- The fair value of other financial assets and liabilities approximate its carrying amount as of the interim condensed consolidated financial information date.
- The fair value of these other financial assets and liabilities has been determined according to the third level based on the management's estimations.