

Interim condensed consolidated financial information and review report

National Industries Group Holding – KPSC and Subsidiaries

Kuwait

31 March 2021 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
National Industries Group Holding – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Industries Group Holding - KPSC (the "Parent Company") and its Subsidiaries (together the "Group") as of 31 March 2021 and the related interim condensed consolidated statements of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statements cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with 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 International Accounting Standard 34, "Interim Financial Reporting".

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violation 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, have occurred during the three-month period ended 31 March 2021 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, we have not become aware of any material violations of the provision of law no 7 of 2010 concerning the Capital Market Authority and its related regulations during the three-months period ended 31 March 2021 that might have had a material effect on the business or financial position of the Parent Company.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
11 May 2021

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2021 (Unaudited) KD '000	Three months ended 31 March 2020 (Unaudited) KD '000
Sales		25,169	28,669
Cost of sales		(20,585)	(24,509)
Gross profit		4,584	4,160
Income/(loss) from investments	5	25,442	(72,317)
Share of results of associates	12	5,916	4,765
Rental income		531	632
Interest and other income		1,166	831
Distribution costs		(2,135)	(2,072)
General, administrative and other expenses		(5,171)	(5,992)
Gain/(loss) on foreign currency exchange		78	(1,705)
		30,411	(71,698)
Finance costs		(5,406)	(6,449)
Impairment in value of receivables and other assets		(20)	(20)
Profit/(loss) before foreign taxation		24,985	(78,167)
Foreign taxation	6a	(77)	(25)
Profit/(loss) before provision for KFAS, NLST, Zakat and Directors Remuneration		24,908	(78,192)
Provision for KFAS, NLST and Zakat	6b	(780)	(18)
Directors Remuneration	14b	(480)	-
Profit/(loss) for the period		23,648	(78,210)
Profit/(loss) for the period attributable to:			
Owners of the Parent Company		19,087	(76,004)
Non-controlling interests		4,561	(2,206)
		23,648	(78,210)
Basic and diluted earnings/(loss) per share attributable to the Owners of the Parent Company:	7	13.1 Fils	(52.0) Fils

The notes set out on pages 9 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended 31 March 2021 (Unaudited) KD '000	Three months ended 31 March 2020 (Unaudited) KD '000
Profit/(loss) for the period	23,648	(78,210)
Other comprehensive income/(loss):		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
- Exchange differences arising on translation of foreign operations	2,826	(893)
Share of other comprehensive income/(loss) of associates		
- Changes in fair value	319	(1,416)
Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	3,145	(2,309)
Items not to be reclassified to profit or loss in subsequent periods:		
Defined benefit plan actuarial loss	(110)	(40)
Net changes in fair value of investments in equity instruments designated at FVOCI	7,716	20,499
Share of other comprehensive income/(loss) of associates	720	(1,572)
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods	8,326	18,887
Total other comprehensive income for the period	11,471	16,578
Total comprehensive income/(loss) for the period	35,119	(61,632)
Total comprehensive income/(loss) attributable to:		
Owners of the Parent Company	23,220	(61,911)
Non-controlling interests	11,899	279
	35,119	(61,632)

The notes set out on pages 9 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	31 March 2021 (Unaudited) KD '000	31 Dec. 2020 (Audited) KD '000	31 March 2020 (Unaudited) KD '000
Assets				
Bank balances and cash	8	47,267	50,011	102,263
Short-term deposits	8	24,934	9,394	14,130
Wakala investments	9	-	-	1,000
Assets classified as held for sale	21	6,950	6,312	8,240
Accounts receivable and other assets		55,626	56,918	54,046
Inventories		35,699	34,819	35,882
Financial assets at fair value through profit or loss	10	339,131	313,472	279,160
Financial assets at fair value through other comprehensive income	11	226,783	230,918	224,363
Right of use of leased assets		9,156	9,642	7,885
Investment properties		59,625	60,260	60,769
Investment in associates	12	323,593	315,602	323,175
Property, plant and equipment		90,235	90,144	89,029
Goodwill and other intangible assets		10,215	9,847	9,570
Total assets		1,229,214	1,187,339	1,209,312
Liabilities and equity				
Liabilities				
Due to banks	8	14,522	23,695	22,612
Accounts payable and other liabilities		72,406	72,936	71,060
Borrowings and bonds	13	628,541	612,190	654,046
Provisions		15,419	15,296	14,566
Total liabilities		730,888	724,117	762,284
Equity attributable to owners of the Parent Company				
Share capital	14	142,784	142,784	142,784
Share premium		122,962	122,962	122,962
Treasury shares		(30,375)	(30,375)	(30,375)
Cumulative changes in fair value		34,307	36,469	34,924
Other components of equity	15	34,276	32,816	32,258
Retained earnings		46,175	22,253	13,539
Equity attributable to owners of the Parent Company		350,129	326,909	316,092
Non-controlling interests		148,197	136,313	130,936
Total equity		498,326	463,222	447,028
Total liabilities and equity		1,229,214	1,187,339	1,209,312

Sa'ad Mohammed Al-Sa'ad
Chairman

Ahmad Mohammed Hassan
Chief Executive Officer

The notes set out on pages 9 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the Parent Company								
	Share capital KD '000	Share premium KD '000	Treasury shares KD '000	Cumulative changes in fair value KD '000	Other components of equity (Note 15) KD '000	Retained earnings KD '000	Sub-Total KD '000	Non-controlling interests KD '000	Total KD '000
Balance at 1 January 2021	142,784	122,962	(30,375)	36,469	32,816	22,253	326,909	136,313	463,222
Transactions with owners									
Dividend paid to non-controlling interests by the subsidiaries	-	-	-	-	-	-	-	(6)	(6)
Other adjustments	-	-	-	-	-	-	-	(9)	(9)
Total transactions with owners	-	-	-	-	-	-	-	(15)	(15)
Comprehensive income									
Profit for the period	-	-	-	-	-	19,087	19,087	4,561	23,648
Other comprehensive income/(loss) for the period (actuarial losses and others)	-	-	-	2,783	1,460	(110)	4,133	7,338	11,471
Total comprehensive income for the period	-	-	-	2,783	1,460	18,977	23,220	11,899	35,119
Realised gain on equity investments at FVOCI	-	-	-	(4,945)	-	4,945	-	-	-
Balance at 31 March 2021	142,784	122,962	(30,375)	34,307	34,276	46,175	350,129	148,197	498,326

The notes set out on pages 9 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the Parent Company						
	Share capital KD '000	Share premium KD '000	Treasury shares KD '000	Cumulative changes in fair value KD '000	Other components of equity (Note 15) KD '000	Retained earnings KD '000	Sub-Total KD '000
Balance at 1 January 2020	142,784	122,962	(30,375)	20,938	32,260	89,434	378,003
Transactions with owners							
Dividend paid to non-controlling interests by the subsidiaries	-	-	-	-	-	-	(7)
Adjustments arising on capital reduction of a subsidiary	-	-	-	-	-	-	(2)
Total transactions with owners	-	-	-	-	-	-	(9)
Comprehensive income							
Loss for the period	-	-	-	-	-	(76,004)	(76,004)
Other comprehensive income/(loss) for the period (actuarial losses and others)	-	-	-	14,135	(2)	(40)	14,093
Total comprehensive income/(loss) for the period	-	-	-	14,135	(2)	(76,044)	(61,911)
Realised gain on equity investments at FVOCI	-	-	-	(149)	-	149	-
Balance at 31 March 2020	142,784	122,962	(30,375)	34,924	32,258	13,539	316,092
							130,936
							279
							2,485
							16,578
							(61,632)
							-
							447,028

The notes set out on pages 9 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2021 (Unaudited) KD '000	Three months ended 31 March 2020 (Unaudited) KD '000
OPERATING ACTIVITIES			
Profit/(loss) before foreign taxation		24,985	(78,167)
Adjustments for:			
Dividend income from financial assets at FVOCI		(100)	(157)
Share of results of associates		(5,916)	(4,765)
Interest/profit on bank balances, short-term deposits and wakala investments		(331)	(122)
Net provisions charged		123	453
Depreciation and amortisation		1,914	1,152
Finance costs		5,406	6,449
Impairment in value of receivables and other assets		20	20
		26,101	(75,137)
Changes in operating assets and liabilities:			
Inventories		(880)	42
Accounts receivable and other assets		1,489	(2,262)
Financial assets at fair value through profit or loss		(25,659)	131,254
Accounts payable and other liabilities		(1,743)	1,495
Cash (used in)/from operations		(692)	55,392
Taxation paid		(76)	(24)
KFAS, NLST and Zakat paid		(44)	-
Net cash (used)/from operating activities		(812)	55,368
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,771)	(6,612)
Addition to investment properties		(3)	(324)
Dividend income received from investments in associates		1,748	-
Purchase of financial assets at FVOCI		(129)	(444)
Proceeds from sale of financial assets at FVOCI		11,980	512
Dividend income received from financial assets at FVOCI		100	157
Decrease in short term deposits maturing after three months		627	702
Increase in bank blocked balances		-	(3,086)
Interest/profit received on bank balances, short-term deposits and wakala investments		134	60
Net cash from/(used) in investing activities		12,686	(9,035)

The notes set out on pages 9 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows (continued)

	Note	Three months ended 31 March 2021 (Unaudited) KD '000	Three months ended 31 March 2020 (Unaudited) KD '000
FINANCING ACTIVITIES			
Net increase in borrowings		16,351	25,443
Dividend paid to owners of the Parent Company		(173)	(90)
Dividend paid to non-controlling interest		(6)	(7)
Finance costs paid		(5,405)	(6,310)
Change in non-controlling interests		(9)	(2)
Net cash from financing activities		10,758	19,034
Net increase in cash and cash equivalents		22,632	65,367
Net cash on assets held for sale		-	(15)
Translation difference		(36)	27
		22,596	65,379
Cash and cash equivalents at beginning of the period		34,454	23,598
Cash and cash equivalents at end of the period	8	57,050	88,977

The notes set out on pages 9 to 23 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

National Industries Group Holding – KPSC (‘the Parent Company’) was incorporated in 1961 as a Kuwaiti shareholding company in accordance with the Commercial Companies Law in the State of Kuwait and in April 2003, its status was transformed to a ‘Holding Company’. The Parent Company along with its subsidiaries are jointly referred to as “the Group”. The Parent Company’s shares are traded on the Kuwait Stock Exchange and Dubai Financial Market.

The main objectives of the Parent Company are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, along with acting as guarantor on behalf of these companies.
- Owning industrial equities such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.
- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law.
- Employing excess funds available with the company by investing them in investment and real estate portfolios managed by specialised companies.

The address of the Parent Company’s registered office is PO Box 417, Safat 13005, State of Kuwait.

The Board of Directors of the Parent Company approved this interim condensed consolidated financial information for issue on 11 May 2021.

The annual consolidated financial statements for the year ended 31 December 2020 were authorised for issuance by the Parent Company’s Board of Directors on 25 March 2021 and approved by the shareholders at the Annual General Meeting held on 29 April 2021.

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2021 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The accounting policies used in the preparation of these interim condensed consolidated financial information is consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020.

The interim condensed consolidated financial information does not include all information and disclosures required for complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the Parent Company’s management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021. For further details, refer to the annual consolidated financial statements and its related disclosures for the year ended 31 December 2020.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

No new amendments or standards were effective for the current period.

However, the IFRS 16 Leases amendment relating to Covid19 Rent Related Concessions has been extended until 30 June 2022. The practical expedient allows lessees to elect to not carry out an assessment to decide whether a COVID-19 related rent concession received is a lease modification. The lessee is permitted to account for the rent concession as if the change is not a lease modification.

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's interim condensed consolidated financial information is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's interim condensed consolidated financial information.

Standard or Interpretation

Effective for annual periods beginning

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	No stated date
IAS 1 Amendments - Classification of current and non-current	1 January 2023
IAS 1 Amendments - Disclosure of accounting policies	1 January 2023
IAS 8 Amendments - Definition of accounting estimates	1 January 2023
IAS 16 – Amendments – Proceeds before intended use	1 January 2022
IAS 37 – Amendments – Onerous contracts -Cost of fulfilling a contract	1 January 2022
Annual Improvements 2018-2020 Cycle	1 January 2022

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 New and amended standards adopted by the Group (continued)

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments (continued)

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future should such transactions arise.

IAS 1 Amendments - Classification of current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IAS 1 Amendments – Disclosure of accounting policies

The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IAS 8 Amendments – Definition of accounting estimates

The amendments to IAS 8 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IAS 16 Amendments - Proceeds before intended use

The amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

Management does not anticipate that the adoption of the amendment in the future will have a significant impact on the Group's consolidated financial statements.

IAS 37 Amendments – Onerous contracts - Cost of fulfilling a contract

The amendments specify which costs an entity includes when assessing whether a contract will be loss-making.

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 New and amended standards adopted by the Group (continued)

IAS 37 Amendments – Onerous contracts - Cost of fulfilling a contract (continued)

The amendments are only to be applied to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual period in which it first applies the amendments.

Management does not anticipate that the adoption of the amendment in the future will have a significant impact on the Group's consolidated financial statements.

Annual Improvements 2018-2020 Cycle

Amendment to IAS 1 simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. Subsidiary that is a first-time adopter later than its parent might have been required to keep two parallel sets of accounting records for cumulative translation differences based on different dates of transition to IFRSs. However, the amendment extends the exemption to cumulative translation differences to reduce costs for first-time adopters.

Amendment to IFRS 9 relates to the '10 per cent' Test for Derecognition of Financial Liabilities – In determining whether to derecognise a financial liability that has been modified or exchanged, an entity assesses whether the terms are substantially different. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Lease Incentives – amendment to illustrative examples – The IASB was informed about the potential for confusion in applying IFRS 16 Leases because of how Illustrative Example 13 accompanying IFRS 16 had illustrated the requirements for lease incentives. Before the amendment, Illustrative Example 13 had included as part of the fact pattern a reimbursement relating to leasehold improvements; the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16. The IASB decided to remove the potential for confusion by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements.

Taxation in fair value measurements – Before this amendment, when an entity used a discounted cash flow technique to determine the fair value applying IAS 41, IAS 41.22 required the entity to exclude taxation cash flows from the calculation. The amendment to IAS 41 removed from this requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

4 Judgement and estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, 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 judgements 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 annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Notes to the interim condensed consolidated financial information (continued)

5 Income/(loss) from investments

	Three months ended 31 March 2021 (Unaudited) KD '000	Three months ended 31 March 2020 (Unaudited) KD '000
Dividend income:		
- From financial assets at fair value through profit or loss	1,637	2,727
- From financial assets at fair value through other comprehensive income	100	157
Realised gain/(loss) on financial assets at fair value through profit or loss	645	(10,911)
Unrealised gain/(loss) on financial assets at fair value through profit or loss	23,060	(64,309)
Interest income on debt securities classified under financial assets at FVTPL	-	19
	25,442	(72,317)

6 Taxation and other statutory contributions

(a) Foreign taxation

	Three months ended 31 March 2021 (Unaudited) KD '000	Three months ended 31 March 2020 (Unaudited) KD '000
<i>Taxation of foreign subsidiaries</i>		
Current tax expense		
Current period charge	(77)	(25)
	(77)	(25)

(b) Provision for KFAS, NLST and Zakat

	Three months ended 31 March 2021 (Unaudited) KD '000	Three months ended 31 March 2020 (Unaudited) KD '000
Provision for contributions to Kuwait Foundation for Advancement of Science (KFAS)	(147)	-
Provision for National Labour Support Tax (NLST)	(423)	-
Provision for Zakat	(210)	(18)
	(780)	(18)

Notes to the interim condensed consolidated financial information (continued)

7 Basic and diluted earnings/(loss) per share

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

	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
Profit/(loss) for the period attributable to the owners of the Parent Company (KD '000)	19,087	(76,004)
Weighted average number of shares outstanding during the year (excluding treasury shares) – shares	1,460,875,340	1,460,875,340
Basic and diluted earnings/(loss) per share	13.1 Fils	(52.0) Fils

The weighted average number of shares outstanding during the current and previous period has been restated to add the bonus shares approved at the Annual General Meeting of the Parent Company's shareholders held on 29 April 2021 (Note 14 b).

The basic and diluted loss per share reported during the previous period for the three months ended 31 March 2020 was 54.6 Fils.

8 Cash and cash equivalents

	31 March 2021 (Unaudited) KD '000	31 Dec. 2020 (Audited) KD '000	31 March 2020 (Unaudited) KD '000
Bank balances and cash	47,267	50,011	102,263
Short-term deposits	24,934	9,394	14,130
Due to banks (Note 8a)	(14,522)	(23,695)	(22,612)
	57,679	35,710	93,781
Less: Blocked balances	(6)	(6)	(3,092)
Less: Time deposits maturing after three months	(623)	(1,250)	(1,712)
	(629)	(1,256)	(4,804)
Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flows	57,050	34,454	88,977

- a) Due to banks includes bank overdraft facilities utilised by one of the subsidiaries of the Group which is secured by short term deposit of KD623 thousand (31 December 2020: KD623 thousand and 31 March 2020: KD623 thousand).

Notes to the interim condensed consolidated financial information (continued)

9 Wakala investments

Wakala investments of KD14,324 thousand (31 December 2020 and 31 March 2020: KD14,324 thousand) placed by a local subsidiary of the Group with a local Islamic investment company matured in the last quarter of 2008. The investee company defaulted on settlement of these balances on the maturity date. However, revised maturity dates were stipulated by the court. The investee company again defaulted the payment of 2nd, 3rd, 4th and 5th instalments due in September 2014, 2015, 2016 and 2017 respectively. Full provision was made for receivable in accordance with the Central Bank of Kuwait provision rules. During the year 2019, the subsidiary has signed settlement agreement with Investee Company and as per this agreement 50% shares of a local unlisted company (acquired company) have been transferred to the subsidiary. The acquired company along with other entities are pursuing legal action in order to execute their joint rights as per previous court verdict. The management of the subsidiary is of the opinion that the financial impact of this transaction will be adjusted upon completion of the relevant legal proceedings.

During the previous years, one of the subsidiaries of the Group assumed the financial and legal obligations on wakala investments of KD1,683 thousand (in violation of the Commercial Companies Law of 1960) that the subsidiary company had placed with the above investment company as part of the total wakala investments of KD14,324 thousand in a fiduciary capacity under a wakala agreement with certain related parties, despite having no such obligation under the wakala agreement. As noted above, the amount was fully provided in accordance with Central Bank of Kuwait rules. The subsidiary company initiated legal proceedings against the parties to recover the amount including profits thereon. During the year 2019, consequent to a court ruling decided in favor of the subsidiary company, the related parties entered into a settlement agreement with the subsidiary company to settle the above amount of KD1,683 thousand. The subsidiary company so far received KD1,200 thousand as per the settlement agreements and remaining amount of KD483 thousand is due in the coming months. This has resulted in a reversal of provision on wakala investment amounting to KD200 thousand in accordance with Central Bank of Kuwait credit provisioning rules.

10 Financial assets at fair value through profit or loss

	31 March 2021 (Unaudited) KD '000	31 Dec. 2020 (Audited) KD '000	31 March 2020 (Unaudited) KD '000
Quoted shares	226,992	206,244	174,609
Unquoted equity participations	14,008	13,862	26,840
Managed portfolios and funds	98,131	93,366	77,711
	339,131	313,472	279,160

Quoted shares and managed funds, held by the Group, with a fair value of KD106,729 thousand (31 December 2020: KD91,710 thousand and 31 March 2020: KD135,834 thousand) are secured against borrowings.

11 Financial assets at fair value through other comprehensive income

	31 March 2021 (Unaudited) KD '000	31 Dec. 2020 (Audited) KD '000	31 March 2020 (Unaudited) KD '000
Quoted shares	48,179	41,489	37,935
Unquoted equity participations	156,821	167,814	162,815
Managed portfolios and funds	21,783	21,615	23,613
	226,783	230,918	224,363

Notes to the interim condensed consolidated financial information (continued)

11 Financial assets at fair value through other comprehensive income (continued)

- a) During the year 2016, the Group signed a conditional agreement with a foreign party to sell 10.45% shareholding in K-Electric Limited, one of the Pakistani listed companies involved in the generation, transmission and distribution of electricity. The above shares are held through certain subsidiaries of the Group and have been recorded under financial assets at fair value through other comprehensive income. However, the completion of the sale contemplated in the conditional agreement is further extended during the current period until the receipt of applicable regulatory approvals and satisfaction of other conditions precedent specified therein and therefore profit or loss expected from the above sale has not yet been determined.
- b) Quoted shares with a fair value of KD36,320 thousand (31 December 2020: KD29,788 thousand and 31 March 2020: KD22,831 thousand) and unquoted shares with a fair value of KD345 thousand (31 December 2020: KD320 thousand and 31 March 2020: KD96 thousand) are secured against bank borrowings (Note 13).

12 Investment in associates

The movement in associates during the period/year is as follows:

	31 March 2021 (Unaudited) KD '000	31 Dec. 2020 (Audited) KD '000	31 March 2020 (Unaudited) KD '000
Balance at 1 January	315,602	324,781	324,781
Additions during the period/year	-	5,626	-
Share of results	5,916	5,517	4,765
Disposal	-	(1,328)	-
Share of other comprehensive income/(loss)	1,039	(9,154)	(2,988)
Dividend distribution	(1,748)	(8,759)	(1,522)
Foreign currency translation adjustment	2,772	(1,176)	(1,882)
Other adjustments	12	95	21
Balance at the end of the period/year	323,593	315,602	323,175

13 Borrowings and bonds

Total borrowings and bonds are due as follows:

	31 March 2021 (Unaudited) KD '000	31 Dec. 2020 (Audited) KD '000	31 March 2020 (Unaudited) KD '000
Bonds (Note 13 a)	55,000	55,000	55,000
Long term borrowings			
- Current portion of long-term borrowings	258,902	258,887	145,737
- Due after more than one year	226,830	212,731	284,782
Short term borrowings	87,809	85,572	168,527
	628,541	612,190	654,046

Notes to the interim condensed consolidated financial information (continued)

13 Borrowings and bonds (continued)

- a) During the last year, the Parent Company issued unsecured bonds of KD30,000 thousand in two series composed of KD22,400 thousand fixed rate bonds and KD7,600 thousand floating rate bonds at face value maturing on 11 February 2025.
- b) The remaining bonds of KD25,000 thousand represents floating rate bonds and will mature on 20 December 2021. The bonds benefit from certain uncollateralized financial assets at fair value through profit or loss, investment in associate and investment in subsidiary through one of the local subsidiaries of the Group to ensure repayment.

14 Share capital and dividend distributions

a) Share capital

As of 31 March 2021, authorized issued and fully paid share capital in cash of the Parent Company comprised of 1,427,845,728 shares of 100 Fils each (31 December 2020: 1,427,845,728 shares and 31 March 2020: 1,427,845,728 shares).

b) Dividend distribution

At the Annual General Meeting held on 29 April 2021, the shareholders approved a bonus share of 5% which represent 71,392,286 shares of 100 Fils each amounting to KD7,139 thousand for the year ended 31 December 2020 (2019: a cash dividend of 10% equivalent to 10 Fils) and approved a total amount of KD480 thousand as remuneration to the Parent Company's Board of Directors for the year ended 31 December 2020.

At the Annual General Meeting held on 30 April 2020, the shareholders approved a cash dividend of 10% equivalent to 10 Fils per share for the year ended 31 December 2019.

15 Other components of equity

	Statutory reserve KD '000	General reserve KD '000	Gain on sale of treasury shares reserve KD '000	Foreign currency translation reserve KD '000	Total KD '000
Balances at 1 January 2021	19,950	6,382	18,452	(11,968)	32,816
Other comprehensive income:					
Currency translation differences	-	-	-	1,460	1,460
Balances at 31 March 2021	19,950	6,382	18,452	(10,508)	34,276
Balances at 1 January 2020	19,950	6,382	18,452	(12,524)	32,260
Other comprehensive income:					
Currency translation differences	-	-	-	(2)	(2)
Balances at 31 March 2020	19,950	6,382	18,452	(12,526)	32,258

Notes to the interim condensed consolidated financial information (continued)

16 Segmental analysis

The Group's format for reporting segment information is business segments; which conforms to the internal reporting presented to management:

[illegible]

Notes to the interim condensed consolidated financial information (continued)

17 Related party transactions

Related parties represent associates, directors and key management personnel of the Group, and other related parties such as major shareholders and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Details of significant related party transactions and balances are as follows:

	31 March 2021 (Unaudited) KD '000	31 Dec. 2020 (Audited) KD '000	31 March 2020 (Unaudited) KD '000
Balances included in the interim condensed consolidated statement of financial position			
Due from related parties (included in accounts receivable and other assets)			
- Due from associate companies	4,979	4,986	8,016
- Due from key management personnel	70	70	70
- Due from other related parties	903	922	1,783
Due to related parties (included in accounts payable and other liabilities)			
- Due to associates	20	20	424
- Due to other related parties	1,106	520	1,968
		Three months ended 31 March 2021 (Unaudited) KD '000	Three months ended 31 March 2020 (Unaudited) KD '000
Transactions included in the interim condensed consolidated statement of profit or loss			
Purchase of raw materials – from associates		176	672
Compensation of key management personnel of the Group			
Short term employee benefits		861	1,085
Board of directors' remuneration (note 14b)		480	-
End of service benefits		37	44
Cost of share-based payment		-	260
		1,378	1,389

18 Financial instruments

Financial instruments comprise of financial assets (accounts receivable and other assets, wakala investments, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, short term deposits and bank balances and cash) and financial liabilities (due to banks, borrowings, bonds and accounts payable and other liabilities).

The carrying amounts of other financial assets and liabilities as at 31 March 2021 approximate their fair values.

Notes to the interim condensed consolidated financial information (continued)

18 Financial instruments (continued)

Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and 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 liability, 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 input to the fair value measurement.

The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows;

At 31 March 2021

	Level 1	Level 2	Level 3	Total balance
	KD'000	KD'000	KD'000	KD'000
Financial assets at fair value				
Financial assets at FVTPL				
- Quoted shares	226,992	-	-	226,992
- Unquoted equity participations	-	159	13,849	14,008
- Managed portfolios and funds	-	3,846	94,285	98,131
Financial assets at FVOCI				
- Quoted shares	48,179	-	-	48,179
- Unquoted equity participations	-	79,868	76,953	156,821
- Managed portfolios and funds	-	500	21,283	21,783
	275,171	84,373	206,370	565,914

At 31 December 2020

	Level 1	Level 2	Level 3	Total Balance
Note	KD'000	KD'000	KD'000	KD'000
Assets at fair value				
Financial assets at FVTPL				
-Quoted shares	a	206,244	-	206,244
-Unquoted equity participations	b	-	13,706	13,862
-Managed portfolios and funds	c	-	89,603	93,366
Financial assets at FVOCI				
-Quoted shares	a	41,489	-	41,489
-Unquoted equity participations	b	-	88,485	167,814
-Managed portfolios and funds	c	-	21,116	21,615
		247,733	83,747	212,910
				544,390

Notes to the interim condensed consolidated financial information (continued)

18 Financial instruments (continued)

Fair value hierarchy for financial instruments measured at fair value (continued)

At 31 March 2020

	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total balance KD'000
Financial assets at fair value				
Financial assets at FVTPL				
- Quoted shares	174,609	-	-	174,609
- Unquoted equity participations	-	13,610	13,230	26,840
- Managed portfolios and funds	-	2,990	74,721	77,711
Financial assets at FVOCI				
- Quoted shares	37,935	-	-	37,935
- Unquoted equity participations	-	64,009	98,807	162,816
- Managed portfolios and funds	-	5,503	18,109	23,612
	212,544	86,112	204,867	503,523

Fair value measurements

The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 March 2021 (Unaudited) KD '000	31 Dec. 2020 (Audited) KD '000	31 March 2020 (Unaudited) KD '000
Opening balance	212,910	265,627	265,627
Net change in fair value	2,832	964	1,515
Net (disposal)/additions during the period/year	(9,372)	(53,681)	(62,275)
Closing balance	206,370	212,910	204,867

Changing inputs to the level 3 valuations to reasonably possible alternative assumption would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

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

19 Fiduciary assets

One of the subsidiaries of the Group manages mutual funds, portfolios on behalf of related and third parties, and maintains securities in fiduciary accounts which are not reflected in the interim condensed consolidated statement of financial position. Assets under management at 31 March 2021 amounted to KD8,692 thousand (31 December 2020: KD8,497 thousand and 31 March 2020: KD7,795 thousand) of which assets managed on behalf of related parties amounted to KD2,600 thousand (31 December 2020: KD2,611 thousand and 31 March 2020: KD2,499 thousand).

Notes to the interim condensed consolidated financial information (continued)

20 Contingent liabilities and capital commitments

As at 31 March 2021, the Group had contingent liabilities in respect of outstanding bank guarantees amounting to KD14,804 thousand (31 December 2020: KD16,048 thousand and 31 March 2020: KD18,885 thousand).

At the reporting date the Group had commitments for the purchase of investments, the acquisition of property, plant and equipment and investment properties totalling to KD18,076 thousand (31 December 2020: KD18,828 thousand and 31 March 2020: KD19,397 thousand).

21 Assets held for sale

a) Saudi Insulation Bricks Company – WLL

During the previous year, one of the subsidiaries of the Group approved the sale, liquidation, or merger of the above-mentioned subsidiary's 50% ownership. Consequently, the operating loss, assets and liabilities assigned to this subsidiary have been classified as discontinued operation and assets held for sale, respectively in the Group consolidated financial statements, as follows:

The carrying values of the assets and liabilities included in the disposed Group classified as assets held for sale are summarized below:

	31 March 2021 (Unaudited) KD '000	31 Dec. 2020 (Audited) KD '000	31 March 2020 (Unaudited) KD '000
Total assets	6,312	6,312	8,240
Less: Total liabilities	(536)	(536)	(1,117)
Net assets included in the disposal group	5,776	5,776	7,123

The subsidiaries of the Group did not receive any reliable financial data from the above subsidiary. The value of the disposal group designated as held for sale is included at its net realizable value.

The management of the subsidiaries of the Group obtained offers from external parties to sell the assets of that subsidiary, and based on the offers submitted and which are still under negotiation, the subsidiaries of the Group's management confirms that the net asset value of the excluded group and listed above represents the lowest estimate that can be achieved from selling that subsidiary company.

b) Noor Financial Investment Company – KPSC and Subsidiaries

During the period, the management of one of the subsidiaries of the Group has decided to dispose one of its investment properties which meets the criteria for recognition as non-current assets held for sale. Consequently, the carrying value of this property amounting to KD638 thousand has been transferred from investment properties to asset held for sale category in the interim condensed consolidated statement of financial position.

22 Comparative information

Certain other comparative figures have been reclassified to conform to the presentation in the current year, and such reclassification does not affect previously reported net assets, net equity and net results for the year or net decrease in cash and cash equivalents.

Notes to the interim condensed consolidated financial information (continued)

23 Effect of COVID-19

The outbreak of Coronavirus (“COVID19”) pandemic and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Governments worldwide imposed travel bans and strict quarantine measures in order to slow the spread of Covid-19. Business are dealing with lost revenue and disrupted supply chains. Global and local equity markets have experienced significant volatility and weakness. While governments and central banks have reacted with various financial packages and reliefs designed to stabilise economic conditions, the duration and extent of the impact of the COVID19 outbreak remains unclear at this time.

Management has updated its assumptions with respect to judgements and estimates on various account balances which may be potentially impacted due to continued uncertainties in the volatile economic environment in which the Group conducts its operations. The reported amounts best represent management's assessment based on observable information. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations.

Management is aware that a continued and persistent disruption may negatively impact the financial position, performance and cash flows of the Group in the future. Management continues to closely monitor the market trends, its supply-chain, industry reports and cash flows to minimise any negative impact on the Group.