Interim condensed consolidated financial information and review report

# International Financial Advisors Holding – KPSC
# and Subsidiaries
# Kuwait

31 March 2021 (Unaudited)

# Contents

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# Report on review of interim condensed consolidated financial information

To the board of directors of
International Financial Advisors Holding – KPSC
Kuwait

*Introduction*
We have reviewed the interim condensed consolidated statement of financial position of International Financial Advisors Holding – KPSC ("the Parent Company") and its subsidiaries ("the Group") as at 31 March 2021 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the 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*
Except as explained in the following paragraph, 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.

*Basis for Qualified Conclusion*
As a result of the legal cases on borrowings amounting to KD8,555,000 (refer note 12a), we were unable to perform our review procedures on borrowings of KD8,555,000 included in the interim condensed consolidated financial information. Had we been able to perform our review procedures on borrowings, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial information.

*Qualified Conclusion*
Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the situation described above, 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 violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, 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.

**Report on review of interim condensed consolidated financial information of International Financial Advisors Holding – KPSC (continued)**

**Report on review of other legal and regulatory requirements (continued)**

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-month period ended 31 March 2021 that might have had a material effect on the business or financial position of the Parent Company.

Hend Abdullah Al Surayea
(Licence No. 141-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
17 May 2021

# Interim condensed consolidated statement of profit or loss

| | Note | **Three months ended 31 March 2021 (Unaudited) KD** | Three months ended 31 March 2020 (Unaudited) KD |
|---|---|---|---|
| **Income** | | | |
| Share of results of associates and joint ventures | | **(388,897)** | (3,687,820) |
| Other gains on financial assets | | **93,121** | 987 |
| Advisory fees | 5 | **950,000** | - |
| Other income | | **247,635** | 30,000 |
| | | **901,859** | (3,656,833) |
| **Expenses and other charges** | | | |
| Staff costs | | **(66,708)** | (69,034) |
| Other operating expenses and charges | | **(287,727)** | (74,724) |
| Finance costs | | **(147,068)** | (446,464) |
| | | **(501,503)** | (590,222) |
| **Profit/(loss) for the period** | | **400,356** | (4,247,055) |
| **Attributable to:** | | | |
| - Shareholders of the Parent Company | | **389,740** | (4,226,859) |
| - Non-controlling interests | | **10,616** | (20,196) |
| | | **400,356** | (4,247,055) |
| **Basic and diluted earnings/(loss) per share attributable to the shareholders of the Parent Company (Fils)** | 6 | **1.56** | (16.96) |

*The notes set out on pages 9 to 26 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 | Three months ended 31 March 2020 (Unaudited) KD |
|---|---|---|
| **Profit/(loss) for the period** | **400,356** | (4,247,055) |
| ***Other comprehensive income/(loss) :*** | | |
| ***Items that will not be reclassified subsequently to profit or loss:*** | | |
| Net change in fair value of investments at FVTOCI arising during the period | **3,810,368** | 2,750 |
| Share of other comprehensive income of associates | **35,851** | 511,544 |
| | **3,846,219** | 514,294 |
| ***Items that will be reclassified subsequently to profit or loss:*** | | |
| Share of other comprehensive income of associates | **466,816** | (321,334) |
| Exchange differences arising on translation of foreign operations | **(13,408)** | 77,567 |
| | **453,408** | (243,767) |
| **Total other comprehensive income** | **4,299,627** | 270,527 |
| **Total comprehensive income/(loss) for the period** | **4,699,983** | (3,976,528) |
| **Attributable to:** | | |
| - Shareholders of the Parent Company | **4,686,648** | (3,956,461) |
| - Non-controlling interests | **13,335** | (20,067) |
| | **4,699,983** | (3,976,528) |

# Interim condensed consolidated statement of financial position

| | Note | 31 March 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | 7 | **387,361** | 1,052,341 | 383,439 |
| Non-current asset held for sale | 8 | **-** | - | 11,902,065 |
| Investments at fair value through profit or loss | | **297,049** | 203,928 | 2,938,735 |
| Receivables and other assets | | **4,301,431** | 4,316,458 | 3,115,839 |
| Due from related parties | 18 | **20,017,209** | 19,069,447 | 19,919,792 |
| Investments at fair value through other comprehensive income | 9 | **9,408,686** | 5,606,932 | 4,538,275 |
| Advance for investments | 18.a | **6,106,011** | 6,106,011 | - |
| Investment properties | | **5,299,069** | 5,302,207 | 1,850,498 |
| Investment in associates and joint ventures | 10 | **30,783,463** | 30,303,906 | 47,093,501 |
| Equipment | | **9,465** | 10,413 | 13,257 |
| **Total assets** | | **76,609,744** | 71,971,643 | 91,755,401 |
| **Liabilities and equity** | | | | |
| **Liabilities** | | | | |
| Payables and other liabilities | 11 | **13,549,468** | 14,221,276 | 17,775,604 |
| Due to related parties | 18 | **6,473,050** | 6,228,911 | 3,224,982 |
| Due to banks | | **241,582** | 241,582 | 1,218,742 |
| Borrowings | 12 | **28,417,875** | 28,417,875 | 64,062,632 |
| **Total liabilities** | | **48,681,975** | 49,109,644 | 86,281,960 |
| **Equity** | | | | |
| Share capital | 13 | **26,673,255** | 26,673,255 | 26,673,255 |
| Treasury shares | 14 | **(32,757,404)** | (32,757,404) | (32,757,404) |
| Statutory and voluntary reserves | | **32,757,404** | 32,757,404 | 32,757,404 |
| Fair value reserve | | **2,875,942** | (1,024,389) | 1,835,982 |
| Foreign currency translation reserve | | **(884,308)** | (1,306,782) | (4,345,071) |
| Reserve for financial derivatives | | **(618,827)** | (647,192) | (470,893) |
| Accumulated losses | | **(4,203,046)** | (4,902,208) | (19,388,857) |
| **Equity attributable to shareholders of the Parent Company** | | **23,843,016** | 18,792,684 | 4,304,416 |
| Non-controlling interests | | **4,084,753** | 4,069,315 | 1,169,025 |
| **Total equity** | | **27,927,769** | 22,861,999 | 5,473,441 |
| **Total liabilities and equity** | | **76,609,744** | 71,971,643 | 91,755,401 |

Saleh Saleh Al-Selmi
Vice Chairman and CEO

*The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.*

# Interim condensed consolidated statement of changes in equity

| | Equity attributable to shareholders of the Parent Company | | | | | | | | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital KD | Treasury shares KD | Statutory and voluntary reserves KD | Fair value reserve KD | Foreign currency translation reserve KD | Reserve for financial derivatives KD | Accumulated losses KD | Sub – total KD | KD | KD |
| **Balance at 1 January 2021 (audited)** | 26,673,255 | (32,757,404) | 32,757,404 | (1,024,389) | (1,306,782) | (647,192) | (4,902,208) | 18,792,684 | 4,069,315 | 22,861,999 |
| Profit for the period | - | - | - | - | - | - | 389,740 | 389,740 | 10,616 | 400,356 |
| Other comprehensive income | - | - | - | 3,846,069 | 422,474 | 28,365 | - | 4,296,908 | 2,719 | 4,299,627 |
| **Total comprehensive income for the period** | - | - | - | 3,846,069 | 422,474 | 28,365 | 389,740 | 4,686,648 | 13,335 | 4,699,983 |
| **Share of gain on partial disposal of a subsidiary by an associate** | - | - | - | - | - | - | 363,684 | 363,684 | 2,103 | 365,787 |
| **Realised loss on disposal of investments at FVTOCI** | - | - | - | 54,262 | - | - | (54,262) | - | - | - |
| **Balance at 31 March 2021 (unaudited)** | 26,673,255 | (32,757,404) | 32,757,404 | 2,875,942 | (884,308) | (618,827) | (4,203,046) | 23,843,016 | 4,084,753 | 27,927,769 |

*The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.*

# Interim condensed consolidated statement of changes in equity (continued)

| | Equity attributable to shareholders of the Parent Company | | | | | | | | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital KD | Treasury shares KD | Statutory and voluntary reserves KD | Fair value reserve KD | Foreign currency translation reserve KD | Reserve for financial derivatives KD | Accumulated losses KD | Sub – total KD | KD | KD |
| **Balance at 1 January 2020 (audited)** | 26,673,255 | (32,757,404) | 32,757,404 | 1,345,415 | (4,572,252) | - | (15,185,541) | 8,260,877 | 1,189,092 | 9,449,969 |
| Loss for the period | - | - | - | - | - | - | (4,226,859) | (4,226,859) | (20,196) | (4,247,055) |
| Other comprehensive income/(loss) | - | - | - | 514,110 | 227,181 | (470,893) | - | 270,398 | 129 | 270,527 |
| **Total comprehensive income/(loss) for the period** | - | - | - | 514,110 | 227,181 | (470,893) | (4,226,859) | (3,956,461) | (20,067) | (3,976,528) |
| **Share of gain on disposal of investments at FVTOCI in an associate** | - | - | - | (23,543) | - | - | 23,543 | - | - | - |
| **Balance at 31 March 2020 (unaudited)** | 26,673,255 | (32,757,404) | 32,757,404 | 1,835,982 | (4,345,071) | (470,893) | (19,388,857) | 4,304,416 | 1,169,025 | 5,473,441 |

*The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.*

# Interim condensed consolidated statement of cash flows

| | | Three months ended 31 March 2021 (Unaudited) KD | Three months ended 31 March 2020 (Unaudited) KD |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Profit/(loss) for the period** | | **400,356** | (4,247,055) |
| **Adjustments:** | | | |
| Share of results of associates and joint ventures | | **388,897** | 3,687,820 |
| Finance costs | | **147,068** | 446,464 |
| Depreciation | | **948** | 948 |
| | | **937,269** | (111,823) |
| **Changes in operating assets and liabilities:** | | | |
| Investments at fair value through profit or loss | | **(93,121)** | (987) |
| Receivables and other assets | | **23,765** | (94,559) |
| Due from related parties | | **(947,762)** | 64,398 |
| Payables and other liabilities | | **(813,801)** | 193,556 |
| Due to related parties | | **239,064** | (68,335) |
| **Net cash used in operating activities** | | **(654,586)** | (17,750) |
| **INVESTING ACTIVITIES** | | | |
| Decrease in restricted bank balances | | **654,268** | - |
| **Net cash from investing activities** | | **654,268** | - |
| Decrease in cash and cash equivalents | | **(318)** | (17,750) |
| Foreign currency adjustment | | **(10,394)** | 17,827 |
| Cash and cash equivalents at beginning of the period | 7 | **(189,955)** | (1,181,826) |
| **Cash and cash equivalents at end of the period** | 7 | **(200,667)** | (1,181,749) |
| **Non-cash transactions:** | | | |
| Investment in associates | | - | 11,902,065 |
| Non-current assets held for sale | | - | (11,902,065) |

*The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.*

# Notes to the interim condensed consolidated financial information

## 1 Incorporation and activities of the Parent Company

International Financial Advisors Holding – KPSC [Formerly: International Financial Advisors - KPSC] ("the Parent Company") is a Kuwaiti Public Shareholding Company incorporated on 31 January 1974 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The Parent Company is listed on Boursa Kuwait and Dubai Financial Market.

The Securities Activities Licence issued by the Capital Markets Authority ("CMA") expired on 29 March 2018 under which the Parent Company carried out certain investment activities. Management did not renew the licence. Accordingly, the CMA notified the Parent Company on 6 May 2018 that it is no longer considered a licenced entity under the CMA regulations. Consequently, the Parent Company is currently in the process of disposing the portfolios under management (Note 20).

Furthermore, during prior years, the Parent Company was subject to the supervision of the Central Bank of Kuwait ("CBK"). During 2018, it communicated to the CBK its desire to be removed from CBK register. On 13 November 2018, the CBK notified the Parent Company that its name will be removed from the CBK register only after the holding of shareholders' general assembly to change its legal status and activities.

The shareholders in their Extra-Ordinary General Assembly held on 6 January 2019 approved to change the legal status of the Parent Company to a Holding Company and amend its activities, which were registered in the commercial register on 20 January 2019. Accordingly, on 3 February 2019, the Parent Company was removed from the CBK register.

The objectives of the Parent Company were amended to become as follows:

- Management of the Parent Company's subsidiaries or participation in management of other companies in which it holds ownership stakes and providing the necessary support thereto.
- Investing funds by way of trading in shares, bonds and other financial securities.
- Acquisition of properties and movables necessary to carry out the business activities as allowable by the law.
- Financing and extending loans to investee companies and providing guarantees for third parties, provided that the share of the holding company in the investee company is not less than 20%.
- Acquisition of industrial rights and related intellectual properties or any other industrial trademarks or royalties and any other property related thereto, and renting such properties to the subsidiary companies and others whether inside Kuwait or abroad.
- Using cash surplus to invest in financial portfolios/funds managed by specialised parties.

The Parent Company has the right to carry out its activities inside Kuwait or abroad whether directly or through power of attorney.

The Parent Company is authorized to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the company in achieving its objectives whether in Kuwait or abroad. The Parent Company has the right to establish, participate in or acquire such institutions.

The Group comprises the Parent Company and its subsidiaries.

The address of the Parent Company's registered office is PO Box 4694, Safat 13047, State of Kuwait.

This interim condensed consolidated financial information for the three-month period ended 31 March 2021 was authorised for issue by the Parent Company's board of directors on 17 May 2021.

# Notes to the interim condensed consolidated financial information (continued)

## 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 polices used in the preparation of these interim condensed consolidated financial statements information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020, except for the changes described in Note 3.

The annual consolidated financial statements for the year ended 31 December 2020 were prepared in accordance with the International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board ("IASB"), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional and presentation currency of the Parent Company.

The interim condensed consolidated financial information does not include all information and disclosures required for complete 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 consolidated financial statements and its related disclosures for the year ended 31 December 2020.

The Group has consolidated the financial information of its subsidiaries using interim condensed financial information and management accounts as at 31 March 2021.

During the year ended 31 December 2020, First Takaful Insurance (subsidiary) participated in the incorporation of Al Oula Financial Holding – WLL (Holding) ("Al Oula") with a total share capital of KD1,500,000 in which it owns 51% of the ownership interest. As of the reporting date the share capital of Al Oula has not been paid up and, therefore, has been disclosed as a capital commitment (note 15.a). Accordingly, Al Oula has not been consolidated in this interim condensed consolidated financial information.

## 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.

# Notes to the interim condensed consolidated financial information (continued)

## 3 Changes in accounting policies (continued)

### 3.2 IASB Standards issued but not yet effective (continued)

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.

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 interim condensed consolidated financial information 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.

# Notes to the interim condensed consolidated financial information (continued)

## 3 Changes in accounting policies (continued)

### 3.2 IASB Standards issued but not yet effective (continued)

**IAS 1 Amendments - Classification of current or non-current (continued)**
Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information .

**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 interim condensed consolidated financial information.

**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 interim condensed consolidated financial information.

**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 interim condensed consolidated financial information.

**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.

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 interim condensed consolidated financial information.

# Notes to the interim condensed consolidated financial information (continued)

## 3 Changes in accounting policies (continued)

### 3.2 IASB Standards issued but not yet effective (continued)

**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.

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

## 4 Judgements 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.

## 5 Advisory fees

Advisory fees represent services provided by the Parent Company to related parties that include KD855,000 related to agreements between these related parties and one of the Group's subsidiaries. The fees were recognised as due from related parties who confirmed that the services were provided and completed prior to the reporting date.

# Notes to the interim condensed consolidated financial information (continued)

## 6 Basic and diluted earnings/(loss) per share attributable to the shareholders of the Parent Company

Basic and diluted earnings/(loss) per share attributable to the shareholders of the Parent Company is calculated by dividing the profit/(loss) for the period attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding during the period excluding treasury shares.

| | **Three months ended 31 March 2021 (Unaudited)** | Three months ended 31 March 2020 (Unaudited) |
|---|---|---|
| Profit/(loss) for the period attributable to the shareholders of the Parent Company (KD) | **389,740** | (4,226,859) |
| Weighted average number of shares outstanding during the period (shares) | **249,279,883** | 249,279,883 |
| **Basic and diluted earnings/(loss) per share attributable to the shareholders of the Parent Company (Fils)** | **1.56** | (16.96) |

## 7 Cash and cash equivalents

| | **31 March 2021 (Unaudited) KD** | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
|---|---|---|---|
| Cash and bank balances | **387,361** | 1,052,341 | 383,439 |
| Less: Restricted balance on borrowings (note 12) | **(346,446)** | (346,446) | (346,446) |
| Less: Due to banks | **(241,582)** | (241,582) | (1,218,742) |
| Less: Restricted balance on sale of an associate | **-** | (654,268) | - |
| Cash and cash equivalents as per consolidated statement of cash flows | **(200,667)** | (189,955) | (1,181,749) |

## 8 Non-current asset held for sale

During the three-month ended 31 March 2020, one of the Group's subsidiaries, First Takaful Insurance Company – KPSC, signed an agreement to sell its entire ownership interest in Neova Sigorta Insurance Company – Turkey (associate) for a total consideration equivalent to KD12,142,762. Consequently, the carrying value of this associate was classified as an asset held for sale. Subsequently, the sale transaction was completed and recognised in the year ended 31 December 2020.

## 9 Investments at fair value through other comprehensive income

| | **31 March 2021 (Unaudited) KD** | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
|---|---|---|---|
| Local quoted securities | **9,349,719** | 5,484,208 | 35,287 |
| Foreign quoted securities | **1,577** | 1,577 | 2,407 |
| Local unquoted securities | **10,500** | 73,500 | 4,439,755 |
| Foreign unquoted securities | **39,031** | 39,031 | 46,935 |
| Managed funds | **7,859** | 8,616 | 13,891 |
| | **9,408,686** | 5,606,932 | 4,538,275 |

Investments at fair value through other comprehensive income amounting to KD9,349,476 (31 December 2020: KD5,484,089 and 31 March 2020: KD4,401,388) are pledged against borrowing facilities of the Group (note 12).

# Notes to the interim condensed consolidated financial information (continued)

## 10 Investment in associates and joint ventures

| | 31 March 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
|---|---|---|---|
| Investment in associates (note 10.1) | **20,224,598** | 19,978,512 | 44,642,301 |
| Investment in joint ventures (note 10.2) | **10,558,865** | 10,325,394 | 2,451,200 |
| | **30,783,463** | 30,303,906 | 47,093,501 |

### 10.1 Investment in associates

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

| | 31 March 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
|---|---|---|---|
| Carrying value at the beginning of the period/year | **19,978,512** | 60,041,976 | 60,041,976 |
| Reclassified to non-current asset held for sale (note 8) | **-** | - | (11,902,065) |
| Share of results of associates | **(622,368)** | (10,593,588) | (3,687,820) |
| Share of other comprehensive income | **502,667** | 690,365 | 190,210 |
| Share of gain/(loss) on partial disposal of interest in subsidiary by an associate | **365,787** | (21,808) | - |
| De-recognition on disposal of an associate | - | (11,902,064) | - |
| Deemed disposal of an associate | - | (946,384) | - |
| Increase on sale of treasury shares by an associate | - | 310,916 | - |
| Decrease on purchase of treasury shares by an associate | - | (93,435) | - |
| Impairment | - | (8,725,965) | - |
| Partial disposal of investment in an associate | - | (1,375,762) | - |
| De-recognition on discontinuing the use of equity method accounting | - | (7,405,739) | - |
| | **20,224,598** | 19,978,512 | 44,642,301 |

Investment in associates amounting to KD19,371,160 (31 December 2020: KD19,133,912 and 31 March 2020: KD44,221,270) is pledged against Group's borrowings (note 12).

### 10.2 Investment in joint ventures

The movement of the investment in joint venture is as follows:

| | 31 March 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
|---|---|---|---|
| Carrying value at the beginning of the period/year | **10,325,394** | 2,451,200 | 2,451,200 |
| Additions (a) | **-** | 7,448,800 | - |
| Share of result of joint venture | **233,471** | 425,394 | - |
| | **10,558,865** | 10,325,394 | 2,451,200 |

# Notes to the interim condensed consolidated financial information (continued)

## 10 Investment in associates and joint ventures (continued)

### 10.2 Investment in joint ventures (continued)

a) The carrying value represents the Group's share of the net assets of the joint venture.

b) Investment in joint venture is pledged against the borrowing facilities obtained to finance the underlying project (note 15b).

## 11 Payables and other liabilities

| | **31 March 2021 (Unaudited) KD** | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
|---|---|---|---|
| Accounts payable and accruals | **1,799,396** | 1,731,760 | 2,965,029 |
| Dividend payable | **48,442** | 48,442 | 48,442 |
| Provisions for KFAS, NLST and Zakat | **5,981,531** | 5,981,438 | 5,682,730 |
| Provision for employees' end of service benefits and leave | **569,050** | 584,940 | 529,370 |
| Due to policyholders | **2,008,233** | 2,583,735 | 2,954,550 |
| Deferred revenue | **-** | - | 3,022,500 |
| Other liabilities | **3,142,816** | 3,290,961 | 2,572,983 |
| | **13,549,468** | 14,221,276 | 17,775,604 |

# Notes to the interim condensed consolidated financial information (continued)

## 12 Borrowings

The loan balances and bank facilities of the Group at the date of the interim condensed consolidated statement of financial position represent the following:

| | Currency | Period due From | Period due To | Effective interest rates | Purpose | Assets pledged | 31 March 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
|---|---|---|---|---|---|---|---|---|---|
| 1 | KD | 01-01-2010 | 31-12-2019 | 2.25% above CBK | Local equity financing | Financial portfolio with 56% coverage (a) | **8,555,000** | 8,555,000 | 8,555,000 |
| 2 | USD | 01-01-2021 | 31-12-2025 | 1.5% | Debt repayment | Shares of Parent Company, shares of associates and investments at FVTOCI (b) | **19,862,875** | 19,862,875 | - |
| 3 | KD | 26-06-2011 | 31 -12- 2023 | 4% above CBK | Debt repayment | Local portfolio with 120% coverage | - | - | 24,000,000 |
| 4 | USD | 28-12-2005 | 28-12-2027 | 1.5% | Financing the Group's investments | Shares of Parent Company, shares of associates and investments at FVTOCI | - | - | 24,095,334 |
| 5 | EUR | 15-06-2007 | 28-12-2027 | 1.5% | Financing the Group's investments | Shares of Parent Company, shares of associates and investments at FVTOCI | - | - | 7,412,298 |
| | | | | | | | **28,417,875** | 28,417,875 | 64,062,632 |

a) During a prior year, the Parent Company filed a legal case against the local bank to determine the amount due to the bank. The court referred the case to the experts' department and the next hearing is scheduled to be held on 23 June 2021. In the meantime, during the year ended 31 December 2020, the local bank obtained a cautionary order in its favour which was suspended as the Parent Company objected its execution. The Court of First Instance rejected the objection which was upheld by the Court of Appeal on 15 December 2020. The Parent Company has filed an appeal with the Court of Cassation, however, no hearing has been scheduled as of the date of the issue of this interim condensed consolidated financial information.

Management of the Parent Company believes that the bank is unable to execute the contracts until the final ruling of the original case is made which is currently with the experts' department of Ministry of Justice.

# Notes to the interim condensed consolidated financial information (continued)

## 12 Borrowings (continued)

b) In accordance with the contractual terms and conditions of the loan due to Al-Nozha Al-Dawliya Real Estate Company WLL ("Al Nozha"), a related party, an instalment of USD3,275,000 (equivalent to KD993,144) was due on 31 March 2021. However, during the period, the Group applied for an extension to postpone the instalment which was approved by the related party till 31 March 2022.

The Group's borrowings are pledged against the following assets of the Group:

| | **31 March 2021 (Unaudited) KD** | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
|---|---|---|---|
| Restricted bank balances (note 7) | **346,446** | 346,446 | 346,446 |
| Investments at FVTPL | **11,852** | 10,139 | 10,688 |
| Investments at FVTOCI (note 9) | **9,349,476** | 5,484,089 | 4,401,388 |
| Investment in associates and joint ventures (note 10) | **19,371,160** | 19,133,912 | 44,221,270 |
| Investment in subsidiary | **584** | 583 | 7,943,817 |
| **Total assets pledged** | **29,079,518** | 24,975,169 | 56,923,609 |

## 13 Share capital

The authorised, issued and paid up share capital of the Parent Company comprised of 266,732,550 shares of 100 Fils each, all fully paid (31 December 2020 and 31 March 2020: 266,732,550 shares of 100 Fils each).

## 14 Treasury shares

| | **31 March 2021 (Unaudited)** | 31 Dec. 2020 (Audited) | 31 March 2020 (Unaudited) |
|---|---|---|---|
| Number of treasury shares (shares) | **17,452,666** | 17,452,666 | 17,452,667 |
| Percentage of issued shares | **6.54%** | 6.54% | 6.54% |
| Cost (KD) | **32,757,404** | 32,757,404 | 32,757,404 |
| Market value (KD) | **1,937,246** | 1,034,943 | 638,768 |

# Notes to the interim condensed consolidated financial information (continued)

## 15 Capital commitments and contingent liabilities

(a) The Group has the following commitments:

| | **31 March 2021 (Unaudited) KD** | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
|---|---|---|---|
| Estimated and contracted capital expenditure for construction of properties under development and trading properties | **1,009,552** | 793,160 | 867,309 |
| Incorporation of a subsidiary (note 2) | **1,500,000** | 1,500,000 | - |
| Finance guarantees | **4,872** | 11,808 | 13,333 |
| Group's share of engineering, procurement and construction agreement of a plant in an underlying project of a joint venture | **32,674,809** | 32,674,809 | - |
| Post-dated cheques issued | **890,919** | 1,892,972 | 3,044,093 |
| Contractual capital injection in a joint venture | **-** | - | 7,448,800 |
| | **36,080,152** | 36,872,749 | 11,373,535 |

The Group expects to finance the future expenditure commitments from the following sources:

- Sale of investment properties
- Share capital increase
- Advances provided by the shareholders, related entities and joint ventures
- Borrowings, if required

(b) The Group has the following contingent liabilities:

| | **31 March 2021 (Unaudited) KD** | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
|---|---|---|---|
| **Contingent liabilities** | | | |
| Corporate guarantee of borrowings by joint venture (note 10.2c) | **10,325,394** | 10,325,394 | - |
| Group's share of guarantee provided by a joint venture | **27,603,633** | 27,603,633 | - |
| Against letters of guarantee | **-** | - | 2,500,000 |

# Notes to the interim condensed consolidated financial information (continued)

## 16 Segmental analysis

The Group activities are concentrated in four main segments: asset management, treasury and investments, real estate and others. The segments' results are reported to the higher management in the Group. In addition, the segments revenue, assets are reported based on the geographic locations which the Group operates in. The following is the segments information, which conforms with the internal reporting presented to management.

| | Asset Management | | Treasury and Investments | | Real Estate | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **31 March 2021 (Unaudited) KD** | 31 March 2020 (Unaudited) KD | **31 March 2021 (Unaudited) KD** | 31 March 2020 (Unaudited) KD | **31 March 2021 (Unaudited) KD** | 31 March 2020 (Unaudited) KD | **31 March 2021 (Unaudited) KD** | 31 March 2020 (Unaudited) KD | **31 March 2021 (Unaudited) KD** | 31 March 2020 (Unaudited) KD |
| Income | - | - | **(295,776)** | (3,686,833) | - | - | **1,197,635** | 30,000 | **901,859** | (3,656,833) |
| **(Loss)/profit for the period** | - | - | **(442,844)** | (4,133,297) | - | - | **843,200** | (113,758) | **400,356** | (4,247,055) |
| Finance costs | | | | | | | | | **147,068** | 446,464 |
| Total segmental assets | - | - | **40,876,559** | 54,953,950 | **11,414,545** | 1,863,755 | - | - | **52,291,104** | 56,817,705 |
| Total segmental liabilities | - | - | **(28,659,457)** | (65,281,374) | - | - | - | - | **(28,659,457)** | (65,281,374) |
| **Net segmental assets** | - | - | **12,217,102** | (10,327,424) | **11,414,545** | 1,863,755 | - | - | **23,631,647** | (8,463,669) |
| Non-current asset held for sale | | | | | | | | | - | 11,902,065 |
| Unallocated assets | | | | | | | | | **24,318,640** | 23,035,631 |
| Unallocated liabilities | | | | | | | | | **(20,022,518)** | (21,000,586) |
| **Net assets** | | | | | | | | | **27,927,769** | 5,473,441 |

# Notes to the interim condensed consolidated financial information (continued)

## 17 Annual General Assembly of the Shareholders

The Annual General Assembly of the shareholders of Parent Company for the year ended 31 December 2020 has not been held yet. Accordingly, the consolidated financial statements for the year ended 31 December 2020 have not been approved by the shareholders of the Parent Company. The interim condensed consolidated financial information for the three-month period ended 31 March 2021 does not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2020.

The board of directors of the Parent Company proposed not to distribute any dividend for the year ended 31 December 2020. This proposal is subject to the approval of the Parent Company's shareholders at the Annual General Assembly.

## 18 Related party balances and transactions

Related parties represent major shareholders, directors, key management personnel of the Group and their close family members, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note.

Details of balances and transactions between the Group and other related parties are disclosed below.

| | **31 March 2021 (Unaudited) KD** | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
|---|---|---|---|
| ***Balances included in the interim condensed consolidated statement of financial position:*** | | | |
| Advance for investments (a) | **6,106,011** | 6,106,011 | - |
| Investment properties (b) | **3,611,340** | 3,611,340 | - |
| Due from related parties (c): | | | |
| - Due from associates | **16,638,718** | 16,638,604 | 16,380,092 |
| - Due from other related parties | **3,378,491** | 2,430,843 | 3,539,700 |
| | **20,017,209** | 19,069,447 | 19,919,792 |
| Due to related parties (d and e): | | | |
| - Due to associates | **-** | - | 68,086 |
| - Due to other related parties | **6,473,050** | 6,228,911 | 3,156,896 |
| | **6,473,050** | 6,228,911 | 3,224,982 |
| Receivables and other assets | **164,611** | - | - |

# Notes to the interim condensed consolidated financial information (continued)

## 18 Related party balances and transactions (continued)

| | Three months ended | |
|---|---|---|
| | **31 March 2021 (Unaudited) KD** | 31 March 2020 (Unaudited) KD |
| ***Transactions included in interim condensed consolidated statement of profit or loss:*** | | |
| Advisory fees (note 5) | **950,000** | - |
| Other income | **164,611** | - |
| Finance costs | **104,448** | 36,388 |
| **Key management compensation of the Group** | | |
| Short-term employee benefits | **86,840** | 118,377 |

a) During the year ended 31 December 2020, First Takaful Insurance (a subsidiary) signed an agreement with a related party, whereby the subsidiary is to invest USD20,000,000 for potential investment opportunities which will be presented to the subsidiary within a certain period from the signing date. On 22 September 2020, the subsidiary transferred USD20,000,000 (equivalent to KD6,106,011) as an advance towards these opportunities. The subsidiary has the right to cancel this agreement and get a full refund of the advanced amount if such opportunities were not agreed upon.

b) During the year ended 31 December 2020, a subsidiary of the Group purchased certain investment properties through a related party. The subsidiary was unable to transfer the ownership of those properties in its name (pending amendment of its articles), and accordingly, the related party has signed an undertaking to transfer ownership of all these properties in the name of the subsidiary in due course.

c) Due from related parties are non-interest bearing and have no specific repayment terms.

d) Due to related parties include balance amounting to KD433,284 (31 December 2020: KD433,284 and 31 March 2020: KD3,072,693) which carries interest at 4.75% (31 December 2020: 4.75% and 31 March 2020: 4.75%) per annum and is payable in 2021. The remaining balances of KD6,039,766 (31 December 2020: KD5,795,627 and 31 March 2020: KD152,289) are non-interest bearing and have no specific repayment terms.

e) The Group has pledged part of its equity interest in First Takaful Insurance Company – KPSC, a subsidiary, against certain due to related parties balances.

## 19 Fair value measurement

### 19.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

# Notes to the interim condensed consolidated financial information (continued)

## 19 Fair value measurement (continued)

### 19.1 Fair value hierarchy (continued)

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

### 19.2 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position may also be categorized as follows:

| | 31 March 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
|---|---|---|---|
| **Financial assets:** | | | |
| ***At amortised cost:*** | | | |
| - Cash and bank balances (note 7) | **387,361** | 1,052,341 | 383,439 |
| - Receivables and other assets | **3,445,156** | 3,469,352 | 2,762,574 |
| - Due from related parties (note 18) | **20,017,209** | 19,069,447 | 19,919,792 |
| - Advance for investments (note 18a) | **6,106,011** | 6,106,011 | - |
| ***At fair value:*** | | | |
| - Investments at fair value through profit or loss | **297,049** | 203,928 | 2,938,735 |
| - Investments at fair value through other comprehensive income | **9,408,686** | 5,606,932 | 4,538,275 |
| | **39,661,472** | 35,508,011 | 30,542,815 |
| **Financial liabilities:** | | | |
| ***At amortised costs:*** | | | |
| - Payables and other liabilities (note 11) | **13,549,468** | 14,221,276 | 17,775,604 |
| - Due to related parties (note 18) | **6,473,050** | 6,228,911 | 3,224,982 |
| - Due to banks (note 7) | **241,582** | 241,582 | 1,218,742 |
| - Borrowings (note 12) | **28,417,875** | 28,417,875 | 64,062,632 |
| | **48,681,975** | 49,109,644 | 86,281,960 |

Management considers that the carrying amounts of financial assets and financial liabilities, which are stated at amortised cost, approximate their fair values.

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

# Notes to the interim condensed consolidated financial information (continued)

## 19 Fair value measurement (continued)

### 19.2 Fair value measurement of financial instruments (continued)

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

| | Note | Level 1 KD | Level 2 KD | Level 3 KD | Total KD |
|---|---|---|---|---|---|
| **31 March 2021 (unaudited)** | | | | | |
| ***Investments at FVTPL*** | | | | | |
| *Investments held for trading:* | | | | | |
| Local quoted securities | a | **76,826** | **-** | **-** | **76,826** |
| Local unquoted securities | b | **-** | **-** | **220,223** | **220,223** |
| ***Investments at FVTOCI*** | | | | | |
| Local quoted securities | a | **9,349,719** | **-** | **-** | **9,349,719** |
| Foreign quoted securities | a | **1,577** | **-** | **-** | **1,577** |
| Managed funds | c | **-** | **7,859** | **-** | **7,859** |
| Unquoted securities | b | **-** | **-** | **49,531** | **49,531** |
| | | **9,428,122** | **7,859** | **269,754** | **9,705,735** |
| **31 December 2020 (audited)** | | | | | |
| ***Investments at FVTPL*** | | | | | |
| *Investments held for trading:* | | | | | |
| Local quoted securities | a | 50,758 | - | - | 50,758 |
| Local unquoted securities | b | - | - | 153,170 | 153,170 |
| ***Investments at FVTOCI*** | | | | | |
| Local quoted securities | a | 5,484,208 | - | - | 5,484,208 |
| Foreign quoted securities | a | 1,577 | - | - | 1,577 |
| Managed funds | c | - | 8,616 | - | 8,616 |
| Unquoted securities | b | - | - | 112,531 | 112,531 |
| | | 5,536,543 | 8,616 | 265,701 | 5,810,860 |
| **31 March 2020 (unaudited)** | | | | | |
| ***Investments at FVTPL*** | | | | | |
| *Investments held for trading:* | | | | | |
| Local quoted securities | a | 32,898 | - | - | 32,898 |
| Foreign quoted securities | a | - | - | 14,555 | 14,555 |
| Foreign unquoted securities | b | - | - | 2,891,282 | 2,891,282 |
| ***Investments at FVTOCI*** | | | | | |
| Local quoted securities | a | 35,287 | - | - | 35,287 |
| Foreign quoted securities | a | 2,407 | - | - | 2,407 |
| Managed funds | c | - | 13,891 | - | 13,891 |
| Unquoted securities | b | - | - | 4,486,690 | 4,486,690 |
| | | 70,592 | 13,891 | 7,392,527 | 7,477,010 |

There have been no significant transfers between levels 1 and 2 during the reporting period.

# Notes to the interim condensed consolidated financial information (continued)

## 19 Fair value measurement (continued)

### 19.2 Fair value measurement of financial instruments (continued)

**Measurement at fair value**

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

**a) Quoted securities**

All the listed equity securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

**b) Unquoted securities**

The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or other valuation techniques which include some assumptions that are not supportable by observable market prices or rates.

**c) Investment in managed funds**

Investment funds managed by other mainly comprise of unquoted units and the fair value of these units has been determined based on net assets values reported by the fund manager as of the reporting date.

**Level 3 fair value measurements**

The Group's financial assets and liabilities classified in level 3 uses valuation techniques based on significant 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:

| | Investments at FVTPL | | |
|---|---|---|---|
| | **31 March 2021 (Unaudited) KD** | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
| Opening balance | **153,170** | 2,905,837 | 2,905,837 |
| Disposal | **-** | (2,891,282) | - |
| Gains or losses recognised in: | | | |
| - Consolidated statement of profit or loss | **67,053** | 138,615 | - |
| Balance end of the period/year | **220,223** | 153,170 | 2,905,837 |
| Total amount recognised in profit or loss on level 3 instruments | **67,053** | 138,615 | - |

| | Investments at FVTOCI | | |
|---|---|---|---|
| | **31 March 2021 (Unaudited) KD** | 31 Dec. 2020 (Audited) KD | 31 March 2020 (Unaudited) KD |
| Opening balance | **112,531** | 4,486,690 | 4,486,690 |
| Disposals | **(8,738)** | (2,910,837) | - |
| Gains or losses recognised in: | | | |
| - Other comprehensive loss | **(54,262)** | (1,463,322) | - |
| Balance end of the period/year | **49,531** | 112,531 | 4,486,690 |

# Notes to the interim condensed consolidated financial information (continued)

## 20 Fiduciary accounts

The Parent Company previously managed portfolios on behalf of others, mutual funds and maintains cash balances and securities in fiduciary accounts, which were not reflected in the interim condensed consolidated statement of financial position. However, as a result of the legal status of the Parent Company changed to a holding company, it is no longer allowed to manage portfolios. The existing portfolio balance is either currently being disposed of or transferred to other entities. Assets under management at 31 March 2021 amounted to KD1,403,041 (31 December 2020: KD862,143 and 31 March 2020: KD717,214). The Group earned management fee of KD Nil (31 December 2020: KD Nil and 31 March 2020: KD Nil) from these activities.

## 21 Covid19 pandemic impact

The outbreak of Coronavirus ("COVID19") pandemic and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global and local 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, as well as the effectiveness of government and central bank responses, 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 assessment did not result into any significant impact on this interim condensed consolidated financial information.

Management is aware that a continued and persistent disruption could 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.