Interim condensed consolidated financial information and review report

International Financial Advisors Holding – KPSC

Kuwait

31 March 2020 (Unaudited)

Contents

	Page
Report on review of interim condensed consolidated financial information	1 and 2
Interim condensed consolidated statement of profit or loss	3
Interim condensed consolidated statement of profit or loss and other comprehensive income	4
Interim condensed consolidated statement of financial position	5
Interim condensed consolidated statement of changes in equity	6 and 7
Interim condensed consolidated statement of cash flows	8
Notes to the interim condensed consolidated financial information	9 to 24

Grant Thornton | An instinct for growth™
Al-Qatami, Al-Aiban & Partners

Souq Al-Kabeer Building
Block A - 9th Floor
P.O. BOX 2986 Safat 13030
State of Kuwait
T+965-2244-3900/9
F+965-2243-8451
www.grantthornton.com.kw

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 2020 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
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".

Emphasis of matters
We draw attention to following:

- Note 5 to the interim condensed consolidated financial information which indicates that the Group incurred a loss of KD4,247,055 for the three-month period ended 31 March 2020 and, as of that date, the Group's current liabilities exceeded its current assets by KD41,416,056.
- Notes 5 and 11 to the interim condensed consolidated financial information which indicate that the Parent Company did not pay instalments amounting to KD11,870,076 of loans to local and foreign banks on their due dates. As a result, the entire borrowings amounting to KD64,062,632 of the Group have become currently payable. However, subsequent to the reporting date, the Parent Company reached debt settlement agreements with certain lenders (note 20).

These events or conditions may indicate that a material uncertainty exists that may affect the Group's ability to continue as a going concern. Our conclusion is not modified in respect of these matters.

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

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 2020 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, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the three-month period ended 31 March 2020 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
13 October 2020

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
		KD	KD
Income			
Other gains on financial assets		987	51,105
Share of results of associates		(3,687,820)	(3,887,533)
Other income		30,000	312,244
Revenue from contracts with customers		-	12,931
		(3,656,833)	(3,511,253)
Expenses and other charges			
Staff costs		(69,034)	(63,794)
Other operating expenses and charges		(74,724)	(137,369)
Finance costs		(446,464)	(494,296)
		(590,222)	(695,459)
Loss for the period		(4,247,055)	(4,206,712)
Attributable to:			
Owners of the Parent Company		(4,226,859)	(4,209,379)
Non-controlling interests		(20,196)	2,667
		(4,247,055)	(4,206,712)
Basic and diluted loss per share attributable to the owners of the Parent Company	7	(16.96)	(16.89)

The notes set out on pages 9 to 24 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 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
Loss for the period	**(4,247,055)**	(4,206,712)
Other comprehensive income/(loss) :		
Items that will not be reclassified subsequently to profit or loss:		
Investments at fair value through other comprehensive income:		
- Net change in fair value arising during the period	**2,750**	(2,896,751)
	2,750	(2,896,751)
Items that will be reclassified subsequently to the statement of profit or loss:		
Share of other comprehensive income of associates	**190,210**	51,671
Exchange differences arising on translation of foreign operations	**77,567**	173,512
	267,777	225,183
Total other comprehensive income/(loss)	**270,527**	(2,671,568)
Total comprehensive loss for the period	**(3,976,528)**	(6,878,280)
Attributable to:		
Owners of the parent company	**(3,956,461)**	(6,928,131)
Non-controlling interests	**(20,067)**	49,851
	(3,976,528)	(6,878,280)

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Assets				
Cash and cash equivalents	8	**383,439**	383,362	379,233
Non-current asset held for sale	6	**11,902,065**	-	-
Investments at fair value through profit or loss		**2,938,735**	2,937,748	2,702,516
Receivables and other assets		**3,115,839**	3,021,280	2,795,919
Due from related parties	16	**19,919,792**	19,963,235	19,787,696
Investments at fair value through other comprehensive income		**4,538,275**	4,535,525	3,222,959
Investment properties		**1,850,498**	1,832,668	1,864,871
Investment in associates and joint ventures	9	**47,093,501**	62,493,176	77,530,438
Property and equipment		**13,257**	14,205	17,062
Total assets		**91,755,401**	95,181,199	108,300,694
Liabilities and equity				
Liabilities				
Payables and other liabilities	10	**17,775,604**	17,171,972	14,755,809
Due to related parties	16	**3,224,982**	3,277,884	3,203,433
Due to banks		**1,218,742**	1,218,742	1,214,890
Borrowings	11	**64,062,632**	64,062,632	64,262,384
Total liabilities		**86,281,960**	85,731,230	83,436,516
Equity				
Share capital		**26,673,255**	26,673,255	72,000,000
Share premium		**-**	-	11,973,061
Treasury shares	12	**(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		**1,835,982**	1,345,415	138,115
Foreign currency translation reserve		**(4,345,071)**	(4,572,252)	(3,226,237)
Reserve for financial derivatives		**(470,893)**	-	-
Accumulated losses		**(19,388,857)**	(15,185,541)	(57,299,806)
Equity attributable to owners of the Parent Company		**4,304,416**	8,260,877	23,585,133
Non-controlling interests		**1,169,025**	1,189,092	1,279,045
Total equity		**5,473,441**	9,449,969	24,864,178
Total liabilities and equity		**91,755,401**	95,181,199	108,300,694

Hussain Ali Mohammed Al-Attal
Chairman

Saleh Saleh Al-Selmi
Chief Executive Officer

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to owners 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 24 form an integral part of this interim condensed consolidated financial information.

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

	Equity attributable to owners of the Parent Company								Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Fair value reserve KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub – total KD	KD	KD
Balance at 1 January 2019 (audited)	72,000,000	11,973,061	(32,757,404)	32,757,404	2,612,831	(3,352,565)	(51,985,172)	31,248,155	1,229,194	32,477,349
Share of adjustments arising on adoption of IFRS 9 by associates	-	-	-	-	-	-	(662,103)	(662,103)	-	(662,103)
Balance at 1 January 2019 (Restated)	72,000,000	11,973,061	(32,757,404)	32,757,404	2,612,831	(3,352,565)	(52,647,275)	30,586,052	1,229,194	31,815,246
(Loss)/profit for the period	-	-	-	-	-	-	(4,209,379)	(4,209,379)	2,667	(4,206,712)
Other comprehensive (loss)/income	-	-	-	-	(2,845,080)	126,328	-	(2,718,752)	47,184	(2,671,568)
Total comprehensive (loss)/income for the period	-	-	-	-	(2,845,080)	126,328	(4,209,379)	(6,928,131)	49,851	(6,878,280)
Realised loss on investments at FVTOCI	-	-	-	-	370,364	-	(370,364)	-	-	-
Share of loss on partial disposal of subsidiary in an associate	-	-	-	-	-	-	(72,788)	(72,788)	-	(72,788)
Balance at 31 March 2019 (unaudited)	72,000,000	11,973,061	(32,757,404)	32,757,404	138,115	(3,226,237)	(57,299,806)	23,585,133	1,279,045	24,864,178

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

		Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
OPERATING ACTIVITIES			
Loss for the period		**(4,247,055)**	(4,206,712)
Adjustments:			
Share of results of associates		**3,687,820**	3,887,533
Finance costs		**446,464**	7,128
Depreciation		**948**	935
Interest income		**-**	(117,606)
		(111,823)	(428,722)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		**(987)**	667,547
Receivables and other assets		**(94,559)**	29,147
Due from related parties		**64,398**	(556,018)
Payables and other liabilities		**193,556**	(54,681)
Due to related parties		**(68,335)**	(203,876)
Cash used in operating activities		**(17,750)**	(546,603)
Finance costs paid		**-**	(7,128)
Decrease in cash and cash equivalents		**(17,750)**	(553,731)
Foreign currency adjustment		**17,827**	19,180
Cash and cash equivalents at beginning of the period	8	**(1,181,826)**	(647,552)
Cash and cash equivalents at end of the period	8	**(1,181,749)**	(1,182,103)
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 24 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 18).

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.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities of the Parent Company (continued)

This interim condensed consolidated financial information for the three-month period ended 31 March 2020 was authorised for issue by the Parent Company's board of directors on 13 October 2020.

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2020 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting polices used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019, except for the changes described in note 3.

The annual consolidated financial statements for the year ended 31 December 2019 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 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2019.

The Group has consolidated the financial information of its subsidiaries using interim condensed financial information and management accounts as at 31 March 2020.

3 Changes in accounting policies

3.1 Summary of new accounting policies

Below are the new accounting policies adopted by the Group.

Non-current assets classified as held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Any profit or loss arising from the sale of a non-current assets held for sale or its remeasurement to fair value less costs to sell is presented as part of a single line item in profit or loss.

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

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2020 which have been adopted by the Group. Information on these new standards is presented below:

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 3 – Amendments	1 January 2020
IAS 1 and IAS 8 – Amendments	1 January 2020

IFRS 3 – Amendments

The Amendments to IFRS 3 Business Combinations are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only with respect to Definition of Business. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business

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

IAS 1 and IAS 8 – Amendments

The amendments to IAS 1 and IAS 8 clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

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

3.3 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.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.3 IASB Standards issued but not yet effective (continued)

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Amendments	1 January 2023
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

The amendments provide for consistent application of the requirements with respect to determining whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (i.e. due to be settled within one year) or non-current.

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 consolidated financial statements in future should such transactions arise.

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 2019.

Notes to the interim condensed consolidated financial information (continued)

5 Fundamental accounting concept

For the three-month period ended 31 March 2020, the Group incurred a loss of KD4,247,055 and as of that date the Group's accumulated losses amounted to KD19,388,857 and the Group's current liabilities exceeded its current assets by KD41,416,056. Furthermore, as stated in Note 11, repayment instalments aggregating to KD11,870,076 were not paid by the Parent Company on due dates on borrowings from local and foreign banks, and then the Parent Company entered into negotiations to settle the borrowings. As a result, the entire borrowings of the Parent Company amounting to KD64,062,632 become currently payable.

The factors mentioned above cast significant doubt about the Group's ability to continue as a going concern and its ability to realize its assets and discharge its liabilities in the normal course of business.

The ability of the Group to continue as a going concern is dependent on availability of the support from the financial institutions (i.e. rescheduling/repayment of the borrowings mentioned in Note 11) and the ability of the Group to improve future profitability and cash flows. The Parent Company is continuing negotiations and discussions with all the lenders and is confident of the positive outcome of these discussions, and therefore, has prepared this interim condensed consolidated financial information under the going concern concept of accounting. Subsequent to the period end, the Parent Company signed debt settlement agreements with two of the lenders (note 20).

Had the going concern basis not been used, adjustments would be made relating to the recoverability of recorded asset amounts or to the amount of liabilities to reflect the fact that the Group may be required to realize its assets and extinguish its liabilities other than in the normal course of business, at amounts different from those stated in the interim condensed consolidated financial information.

6 Non-current asset held for sale

During the period, 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 has been classified as an asset held for sale.

Subsequent to the reporting date, First Takaful Insurance Company – KPSC consummated the sale transaction and transferred its entire ownership interest in the associate to the buyers resulting into a loss amounting to KD4,700,119 which will be recognised in the interim condensed financial information for the six-month period ended 30 June 2020. The loss mainly represents reversal of the foreign currency translation reserve included in equity relating to this associate which has been accumulated from the date of acquisition of this investment until date of disposal.

Notes to the interim condensed consolidated financial information (continued)

7 Basic and diluted loss per share attributable to the owners of the Parent Company

Basic and diluted loss per share attributable to the owners of the Parent Company is calculated by dividing the loss for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period excluding treasury shares.

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)*
Loss for the period attributable to the shareholders of the Parent Company	**(4,226,859)**	(4,209,379)
Weighted average number of shares outstanding during the period (shares)	**249,279,883**	249,279,883
Basic and diluted loss per share attributable to the owners of the Parent Company	**(16.96)**	(16.89)

* Basic and diluted loss per share reported for the three-month period ended 31 March 2019 before the retroactive adjustment relating to reduction of share capital against accumulated losses was Fils 6.26.

8 Cash and cash equivalents

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Cash and bank balances	**383,439**	383,362	379,233
Less: Restricted bank balance	**(346,446)**	(346,446)	(346,446)
Less: Due to banks	**(1,218,742)**	(1,218,742)	(1,214,890)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	**(1,181,749)**	(1,181,826)	(1,182,103)

9 Investment in associates and joint ventures

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Investment in associates (note 9.1)	**44,642,301**	60,041,976	77,530,438
Investment in joint ventures	**2,451,200**	2,451,200	-
	47,093,501	62,493,176	77,530,438

Notes to the interim condensed consolidated financial information (continued)

9 Investment in associates and joint ventures (continued)

9.1 Investment in associates

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

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Carrying value at the beginning of the period/year	60,041,976	81,950,281	81,950,281
Reclassified to non-current asset held for sale (note 6)	(11,902,065)	-	-
Share of results of associates	(3,687,820)	(8,560,678)	(3,887,533)
Share of other comprehensive income	190,210	(2,289,124)	51,671
Dividend received	-	(515,229)	-
Impairment	-	(9,475,000)	-
Share of adjustment on adoption of IFRS 9	-	(665,756)	(662,103)
Share of adjustment on adoption of IFRS 16	-	269,542	-
Share of loss on partial disposal of interest in subsidiary	-	(99,594)	(72,788)
Share of realised loss on investments at FVTOCI	-	-	(294)
Foreign exchange translation adjustment	-	(572,466)	151,204
	44,642,301	60,041,976	77,530,438

10 Payables and other liabilities

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Accounts payable and accruals	2,965,029	2,492,732	1,238,189
Deferred revenue	3,022,500	3,022,500	-
Dividend payable	48,442	48,442	31,721
Provisions for KFAS, NLST and Zakat	5,682,730	5,697,333	7,322,285
Provision for employees' end of service benefits and leave	529,370	516,217	464,310
Due to policyholders	2,954,550	2,912,216	3,257,927
Other liabilities	2,572,983	2,482,532	2,441,377
	17,775,604	17,171,972	14,755,809

Notes to the interim condensed consolidated financial information (continued)

11 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		Effective interest rates	Purpose	Assets pledged	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
		From	To						
1	USD	28-12-2005	28-12-2027	1.5%	Financing the Group's investments	Shares of Parent Company and IFAHR shares (a)	**24,095,334**	24,095,334	24,103,284
2	EUR	15-06-2007	28-12-2027	1.5%	Financing the Group's investments	Shares of IFAHR and certain investments at FVTOCI (a)	**7,412,298**	7,412,298	7,604,100
3	KD	26-06-2011	31 -12- 2023	4.5%	Debt repayment	Local portfolio with 120% coverage (b)	**24,000,000**	24,000,000	24,000,000
4	KD	01-01-2010	31-12-2019	4.75%	Local equity financing	Local portfolio with 175% coverage (b)	**8,555,000**	8,555,000	8,555,000
							64,062,632	64,062,632	64,262,384

(a) The Group did not pay certain instalments amounting to USD795,094 and Euro219,167 (equivalent to aggregate KD315,076) and its related interests due in accordance with contractual terms and conditions to a foreign bank. Consequently, the total outstanding loans amounting to USD79,509,436 and Euro21,916,661 (equivalent to aggregate KD31,507,632) became due.

(b) The Group did not pay certain instalments amounting to KD11,555,000 (2019: KD11,555,000) and its related interest due in accordance with contractual terms and conditions to local banks. Consequently, the total outstanding loans amounting to KD32,555,000 (2019: KD32,555,000) became due.

Subsequent to the reporting date, the Parent Company reached debt settlement agreements with a local bank and a foreign bank (note 20).

Further, the Parent Company has filed legal cases against the local banks to determine the amount due to those banks. The court referred the cases to the experts' department.

Furthermore, during the current period one of the local banks to whom an amount of KD8,555,000 is due obtained a cautionary order in its favor which was suspended as the Parent Company objected its execution which is yet to be decided by the court. Moreover, the Parent Company filed an objection against executing of contracts by one of the local banks to whom an amount of KD24,000,000 is due which it lost. However, management of the Parent Company believes that the bank is unable to execute the contracts until the 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)

11 Borrowings (continued)

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

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Restricted bank balances (note 8)	346,446	346,446	346,446
Investments at fair value through profit or loss	10,688	11,352	13,483
Investments at FVTOCI	4,401,388	4,398,376	3,067,226
Investment in associate and joint ventures	44,221,270	47,681,577	64,268,943
Investment in subsidiary	7,943,817	7,966,332	8,438,240
Total assets pledged	**56,923,609**	60,404,083	76,134,338

12 Treasury shares

	31 March 2020 (Unaudited)	31 Dec. 2019 (Audited)	31 March 2019 (Unaudited)
Number of shares	17,452,667	17,452,666	47,110,564
Percentage of issued shares	6.54%	6.54%	6.54%
Cost (KD)	32,757,404	32,757,404	32,757,404
Market value (KD)	638,768	931,972	1,064,699

13 Capital commitments and contingent liabilities

13.1 The Group has the following commitments:

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Contractual capital injection in a joint venture	7,448,800	7,448,800	-
	7,448,800	7,448,800	-

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Estimated and contracted capital expenditure for construction of properties under development and trading properties	867,309	925,478	2,163,724
Finance guarantees	13,333	15,314	15,258
Post-dated cheques issued	3,044,093	3,411,967	2,412,990
	3,924,735	4,352,759	4,591,972

Notes to the interim condensed consolidated financial information (continued)

13 Capital commitments and contingent liabilities (continued)

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

a) Sale of investment properties
b) Share capital increase
c) Advances provided by the shareholders, related entities and joint ventures
d) Borrowings, if required

13.2 The Group has the following contingent liabilities:

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Contingent liabilities			
Against letters of guarantee	**2,500,000**	2,500,000	2,500,000

Notes to the interim condensed consolidated financial information (continued)

14 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 2020 (Unaudited) KD	31 March 2019 (Unaudited) KD	**31 March 2020 (Unaudited) KD**	31 March 2019 (Unaudited) KD	**31 March 2020 (Unaudited) KD**	31 March 2019 (Unaudited) KD	**31 March 2020 (Unaudited) KD**	31 March 2019 (Unaudited) KD	**31 March 2020 (Unaudited) KD**	31 March 2019 (Unaudited) KD
Income	-	12,931	**(3,686,833)**	(3,718,822)	-	-	**30,000**	194,638	**(3,656,833)**	(3,511,253)
Profit/(loss) for the period	-	12,931	**(4,133,297)**	(4,213,118)	-	-	**(113,758)**	(6,525)	**(4,247,055)**	(4,206,712)
Finance costs									**446,464**	494,296
Total segmental assets	-	-	**54,953,950**	83,835,146	**1,863,755**	1,881,933	-	-	**56,817,705**	85,717,079
Total segmental liabilities	-	-	**(65,281,374)**	(65,477,274)	-	-	-	-	**(65,281,374)**	(65,477,274)
Net segmental assets	-	-	**(10,327,424)**	18,357,872	**1,863,755**	1,881,933	-	-	**(8,463,669)**	20,239,805
Non-current asset held for sale									**11,902,065**	-
Unallocated assets									**23,035,631**	22,583,615
Unallocated liabilities									**(21,000,586)**	(17,959,242)
Net Assets									**5,473,441**	24,864,178

Notes to the interim condensed consolidated financial information (continued)

15 Annual General Assembly of the Shareholders

The ordinary General Assembly of the shareholders' of the Parent Company held on 22 June 2020 approved the consolidated financial statements for the year ended 31 December 2019 and the directors' proposal not to distribute dividends for the year ended 31 December 2019.

16 Related party balances and transactions

Related parties represent major shareholders, directors and key management personnel of the Group, 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 transactions between the Group and other related parties are disclosed below.

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties:			
- Due from associate	**16,380,092**	16,380,092	16,386,130
- Due from other related parties	**3,539,700**	3,583,143	3,401,566
	19,919,792	19,963,235	19,787,696
Due to related parties:			
- Due to associate	**68,086**	68,157	68,865
- Due to other related parties	**3,156,896**	3,209,727	3,134,568
	3,224,982	3,277,884	3,203,433

	Three months ended	
	31 March 2020 (Unaudited) KD	31 March 2019 (Unaudited) KD
Transactions included in interim condensed consolidated statement of profit or loss:		
Finance costs	**36,388**	29,887
Key management compensation of the Group		
Short-term employee benefits	**118,377**	112,840

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

Due to related parties include a balance amounting to KD3,072,693 (31 December 2019: KD3,072,693 and 31 March 2019: KD3,072,693) which carries interest at 4.75% (31 December 2019: 4.75% and 31 March 2019: 4.75%) per annum and is payable in 2021. The remaining balances of KD152,289 (31 December 2019: KD201,374 and 31 March 2019: KD130,740) are non-interest bearing and have no specific repayment terms.

Notes to the interim condensed consolidated financial information (continued)

17 Fair value measurement

17.1 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:

- 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).

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 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Financial assets:			
At amortised cost:			
• Cash and bank balances	**383,439**	383,362	379,233
• Receivables and other assets	**2,762,574**	2,688,192	2,437,595
• Due from related parties	**19,919,792**	19,963,235	19,787,696
At fair value:			
• Investments at fair value through profit or loss	**2,938,735**	2,937,748	2,702,516
• Investments at fair value through other comprehensive income	**4,538,275**	4,535,525	3,222,959
	30,542,815	30,508,062	28,529,999
Financial liabilities:			
At amortised costs:			
• Payables and other liabilities	**17,775,604**	17,171,972	14,755,809
• Due to related parties	**3,224,982**	3,277,884	3,203,433
• Due to banks	**1,218,742**	1,218,742	1,214,890
• Borrowings	**64,062,632**	64,062,632	64,262,384
	86,281,960	85,731,230	83,436,516

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)

17 Fair value measurement (continued)

17.1 Fair value hierarchy (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:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 March 2020 (unaudited)				
Investments at FVTPL				
Investments held for trading:				
Local quoted securities	32,898	-	-	32,898
Local unquoted securities	-	-	14,555	14,555
Foreign unquoted securities	-	-	2,891,282	2,891,282
Investments at FVTOCI				
Local quoted securities	35,287	-	-	35,287
Foreign quoted securities	2,407	-	-	2,407
Managed funds	-	13,891	-	13,891
Unquoted securities	-	-	4,486,690	4,486,690
	70,592	13,891	7,392,527	7,477,010
31 December 2019 (audited)				
Investments at FVTPL				
Investments held for trading:				
Local quoted securities	31,911	-	-	31,911
Local unquoted securities	-	-	14,555	14,555
Foreign unquoted securities	-	-	2,891,282	2,891,282
Investments at FVTOCI				
Local quoted securities	32,264	-	-	32,264
Foreign quoted securities	2,680	-	-	2,680
Managed funds	-	13,891	-	13,891
Unquoted securities	-	-	4,486,690	4,486,690
	66,855	13,891	7,392,527	7,473,273

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 March 2019 (unaudited)				
Investments at FVTPL				
Investments held for trading:				
Local quoted securities	33,648	-	-	33,648
Local unquoted securities	-	-	14,555	14,555
Foreign unquoted securities	-	-	2,654,313	2,654,313
Investments at FVTOCI				
Local quoted securities	26,050	-	-	26,050
Foreign quoted securities	2,453	-	-	2,453
Managed funds	-	26,832	-	26,832
Unquoted securities	-	-	3,167,624	3,167,624
	62,151	26,832	5,836,492	5,925,475

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

Notes to the interim condensed consolidated financial information (continued)

17 Fair value measurement (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 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Opening balance	**2,905,837**	3,342,430	3,342,430
Disposal	**-**	(673,562)	(727,560)
Gains or losses recognised in:			
- Consolidated statement of profit or loss	**-**	236,969	53,998
Balance at end of the period/year	**2,905,837**	2,905,837	2,668,868
Total amount recognised in profit or loss on level 3 instruments	**-**	**53,998**	**53,998**

	Investments at FVTOCI		
	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Opening balance	**4,486,690**	5,956,110	5,956,110
Additions	**-**	436,851	436,851
Disposals	**-**	(607,466)	(332,850)
Gains or losses recognised in:			
- Other comprehensive loss	**-**	(1,298,805)	(2,892,487)
Closing balance	**4,486,690**	4,486,690	3,167,624

Notes to the interim condensed consolidated financial information (continued)

18 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 change 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 2020 amounted to KD717,214 (31 December 2019: KD988,198 and 31 March 2019: to KD1,666,865). The Group earned management fee of KD Nil (31 December 2019: KD12,931 and 31 March 2019: KD Nil) from these activities.

19 Effects of COVID-19

The outbreak of Coronavirus ("COVID-19") pandemic and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. 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 COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time. Management of the Group is actively monitoring the effects COVID-19 may have on its business operations. However, it believes reliable information is not available at this time to quantify the effects of COVID-19 on this interim condensed consolidated financial information.

20 Subsequent events

a) Subsequent to the reporting date, the Parent Company recognised an amount of KD6,080,948 as commission for assisting a foreign contractor in obtaining a major construction project in Kuwait.

b) Subsequent to the reporting date, the Parent Company signed a final settlement contract with a foreign bank, to whom USD79,509,433 and Euro21,916,661 (aggregate equivalent to KD32,277,106) and related accrued interest of USD2,060,619 and Euro568,616 (aggregate equivalent to KD836,515) were due as of the agreement date, and Al-Nozha Al-Dawliya Real Estate Company WLL ("Al Nozha" - a related party). As per the terms of the agreement, the Parent Company settled USD9,540,612 (equivalent to KD2,891,282) out of the total outstanding USD loan by way of transferring certain investments at fair value through profit or loss. Pursuant to the settlement contract, the foreign bank agreed to sell and assign to Al-Nozha the remaining balances of the loans including interest amounting to USD72,029,440 and Euro22,485,277, with all the related securities and guarantees.

   Further, the Parent Company and Al Nozha signed a borrowing agreement whereby Al Nozha agreed to waive off the entire Euro loan and interest of Euro22,485,277 and part of the USD loan and interest of USD6,529,440 which resulted in reduction of total borrowings from these loans by KD10,223,646. Consequently, Parent Company recorded a gain of KD10,223,646 in the interim condensed consolidated financial information for the period ended 30 September 2020.

   The Parent Company and Al Nozha agreed to finalise the remaining terms of the loan amounting to USD65,500,000 (equivalent to KD20,056,100) within 90 days from the agreement date.

c) Subsequent to the reporting period, the Parent Company signed a settlement agreement with a local bank for the outstanding loan amount of KD24,000,000 and the related unpaid interest of KD977,160. In accordance with the terms of the agreement, the Parent Company will pay KD6,000,000 in 2 equal instalments of KD3,000,000 each due on 30 September 2020 and 15 December 2020 as full and final settlement of the loan and the unpaid interest and the lender agreed to waive-off the remaining balance of KD18,977,160 upon repayment of the instalments. The gain on reduction of the borrowings will be recognised after the payment of the second instalment.