

Interim condensed consolidated financial information and review report

Gulf Investment House – KPSC and Subsidiaries

Kuwait

30 September 2021 (Unaudited)

Contents

	Page
Review report	1
Interim condensed consolidated statement of profit or loss	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial information	7 to 17

Report on review of interim condensed consolidated financial information

To the Board of Directors of
Gulf Investment House – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Investment House KPSC (the “Parent Company”) and its subsidiaries (together “the Group”) as of 30 September 2021 and the related interim condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violation of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the nine-month period ended 30 September 2021 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, we have not become aware of any material violations of the 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, or of the provision of law no 7 of 2010 concerning the Capital Market Authority and its related regulations during the nine-months period ended 30 September 2021 that might have had a material effect on the business or financial position of the Parent Company.



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

Kuwait
14 November 2021

Interim condensed consolidated statement of profit or loss

	Note	Three months ended		Nine months ended	
		30 Sept. 2021 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD	30 Sept. 2021 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD
Income					
Sale of Goods		1,221,116	1,295,452	3,816,624	2,414,163
Cost of sales		(878,585)	(780,789)	(2,587,353)	(1,487,273)
Gross profit		342,531	514,663	1,229,271	926,890
Unrealised loss on financial assets at fair value through profit or loss		(6,625,321)	(122,119)	(239,911)	(186,797)
Realised gain/(loss) on financial assets at fair value through profit or loss		3,465,427	(2,781)	3,544,089	(37,519)
Share of results of associates	8	(106,013)	20,439	(1,306,206)	(413,978)
Realised gain on disposal of investment in associate	8	-	-	1,763,850	-
Deemed gain on reclassifying of investment in associate to financial assets at fair value through profit or loss	8	1,732,690	-	1,732,690	-
Dividend Income		-	45,195	88,164	69,634
Profit from saving deposits		25,002	31,381	67,802	151,025
Net reversal of provision for impairment of investment in associates	8	-	-	414,357	14,135
Other income		8,993	5,670	108,609	82,648
Total income		(1,156,691)	492,448	7,402,715	606,038
Expenses and other charges					
Staff costs		(223,594)	-	(604,544)	-
Selling and distribution expenses		(114,019)	(121,771)	(415,309)	(184,209)
General, administrative and other expenses		(91,969)	(278,549)	(261,779)	(700,084)
Impairment in value of accounts receivable and other assets		-	-	(7,436)	-
Foreign exchange gain/(loss)		25,540	(68)	(5,032)	10,879
		(404,042)	(400,388)	(1,294,100)	(873,414)
(Loss)/profit before contribution to Kuwait Foundation for the Advancement of science ('KFAS'), Zakat and National Labour Support Tax (NLST)		(1,560,733)	92,060	6,108,615	(267,376)
Reversal of/(provision for) KFAS		15,287	(2,420)	(9,335)	(5,740)
Reversal of/(provision for) Zakat		14,881	(2,745)	(57,577)	(6,649)
Reversal of/(provision for) NLST		40,644	-	(148,557)	-
(Loss)/profit for the period		(1,489,921)	86,895	5,893,146	(279,765)
Attributable to:					
Owners of the Parent Company		(1,556,543)	(39,906)	5,811,954	(563,113)
Non-controlling interest		66,622	126,801	81,192	283,348
		(1,489,921)	86,895	5,893,146	(279,765)
Basic and diluted (loss)/earnings per share attributable the owners of the Parent Company (Fils)					
	5	(3.83)	(0.10)	14.30	(1.39)

The notes set out on pages 7 to 17 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		Nine months ended	
	30 Sept. 2021 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD	30 Sept. 2021 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD
(Loss)/profit for the period	(1,489,921)	86,895	5,893,146	(279,765)
Other comprehensive income:				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences arising on translation of foreign operations	21,428	(67,220)	(153,014)	204,613
Transfer to interim condensed consolidated statement of profit or loss on de-recognition/disposal of an associate	(270,641)	-	(270,641)	-
Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	(249,213)	(67,220)	(423,655)	204,613
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Net changes in fair value of investments in equity instruments designated at FVOCI	(27,244)	(178,766)	(88,394)	(7,147)
Total other comprehensive loss not to be reclassified to profit or loss in subsequent periods	(27,244)	(178,766)	(88,394)	(7,147)
Total other comprehensive (loss)/income for the period	(276,457)	(245,986)	(512,049)	197,466
Total comprehensive (loss)/profit for the period	(1,766,378)	(159,091)	5,381,097	(82,299)
Total comprehensive (loss)/profit attributable to:				
Owners of the Parent Company	(1,833,698)	(285,736)	5,329,532	(399,390)
Non-controlling interests	67,320	126,645	51,565	317,091
	(1,766,378)	(159,091)	5,381,097	(82,299)

The notes set out on pages 7 to 17 an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 Sept. 2021 (Unaudited) KD	(Restated) 31 December 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Assets				
Bank balances and short term deposits	6	20,348,447	10,475,648	11,569,776
Financial assets at fair value through profit or loss	7	6,615,604	2,245,078	2,026,152
Financial assets at fair value through other comprehensive income		2,072,895	2,465,930	2,378,634
Inventories		515,176	533,119	655,270
Accounts receivables and other assets		3,040,349	3,196,467	3,247,789
Investment in associates	8	16,195,606	23,935,460	24,284,099
Investment properties		844,885	862,254	960,997
Property, plant and equipment		658,481	745,020	757,556
Intangible assets		624,064	590,770	594,753
Goodwill		356,017	356,017	356,017
Total assets		51,271,524	45,405,763	46,831,043
Liabilities and equity				
Liabilities				
Trade payables and other liabilities		2,321,223	1,836,559	3,474,116
Total liabilities		2,321,223	1,836,559	3,474,116
Equity				
Share capital	9	40,649,566	40,649,566	40,649,566
Cumulative changes in fair value		(445,469)	(367,899)	(613,271)
Foreign currency translation reserve		362,143	756,171	1,099,985
Retained earnings/(accumulated losses)		574,733	(5,226,397)	(5,602,087)
Equity attributable to the owners of the Parent Company		41,140,973	35,811,441	35,534,193
Non-controlling interests		7,809,328	7,757,763	7,822,734
Total equity		48,950,301	43,569,204	43,356,927
Total liabilities and equity		51,271,524	45,405,763	46,831,043


Abdulaziz A. Alsanad
Chairman


Mohammad S. AlAyoub
Chief Executive Officer

The notes set out on pages 7 to 17 an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the Parent Company						
	Share Capital KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	(Accumulated Retained earnings) KD	Sub- Total KD	Non-controlling interests KD	Total equity KD
Balance as at 1 January 2021 (as previously reported)	40,649,566	(367,899)	756,171	(5,042,626)	35,995,212	7,927,510	43,922,722
Effect of a restatement of a subsidiary (note 14)	-	-	-	(183,771)	(183,771)	(169,747)	(353,518)
Balance as at 1 January 2021 (as restated)	40,649,566	(367,899)	756,171	(5,226,397)	35,811,441	7,757,763	43,569,204
Profit for the period	-	-	-	5,811,954	5,811,954	81,192	5,893,146
Total other comprehensive loss for the period	-	(88,394)	(394,028)	-	(482,422)	(29,627)	(512,049)
Total comprehensive (loss)/income for the period	-	(88,394)	(394,028)	5,811,954	5,329,532	51,565	5,381,097
Realised loss on equity investments at FVOCI transferred to retained earnings	-	10,824	-	(10,824)	-	-	-
Balance as at 30 September 2021	40,649,566	(445,469)	362,143	574,733	41,140,973	7,809,328	48,950,301
Balance as at 1 January 2020	40,649,566	(537,052)	929,115	(4,858,659)	36,182,970	8,056,256	44,239,226
Effect of change in ownership percentage of indirect subsidiary (note 5)	-	-	-	(249,387)	(249,387)	(550,613)	(800,000)
Transactions with owners	-	-	-	(249,387)	(249,387)	(550,613)	(800,000)
(Loss)/profit for the period	-	-	-	(563,113)	(563,113)	283,348	(279,765)
Total other comprehensive income for the period	-	(7,147)	170,870	-	163,723	33,743	197,466
Total comprehensive income/(loss) for the period	-	(7,147)	170,870	(563,113)	(399,390)	317,091	(82,299)
Realised loss on equity investments at FVOCI transferred to accumulated losses	-	(69,072)	-	69,072	-	-	-
Balance as at 30 September 2020	40,649,566	(613,271)	1,099,985	(5,602,087)	35,534,193	7,822,734	43,356,927

The notes set out on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 September 2021 (Unaudited) KD	Nine months ended 30 September 2020 (Unaudited) KD
OPERATING ACTIVITIES			
Profit/(loss) before Zakat and National Labour Support Tax		6,108,615	(267,376)
Adjustments:			
Depreciation		102,459	74,343
Share of results of associates		1,306,206	413,978
Dividend Income		(88,164)	(69,634)
Profit from saving deposits		(67,802)	-
Net reversal of provision for impairment of investment in associate	8	(414,357)	(151,025)
Realised gain on disposal of investments in associates	8	(1,763,850)	-
Impairment in value of accounts receivable and other assets		7,436	-
Deemed gain on reclassifying of investment in associate to financial assets at fair value through profit or loss		(1,732,690)	-
Provision for employees end of service benefits		82,540	69,197
		3,540,393	69,483
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		258,414	(1,258,912)
Accounts receivables and other assets		148,680	(2,190,496)
Inventories		17,943	(410,951)
Other liabilities		1,066,684	1,461,475
Employee end of service benefits paid		(87,096)	(56,528)
Net cash from/(used in) operating activities		4,945,018	(2,385,929)
INVESTING ACTIVITIES			
Additions to property and equipment		(54,153)	(66,202)
Addition to investments in associates	8	(305,933)	-
Proceeds from disposal of investments in associates		5,615,258	-
Net cash outflow on acquisition of subsidiaries		(788,000)	(130,000)
Proceeds from disposal of financial assets at fair value through other other comprehensive income		276,294	-
Redemption proceeds received from financial assets at fair value through other comprehensive income		28,349	1,170,214
Cash outflow on acquisition of non-controlling interest		-	(800,000)
Profit received from saving deposits		-	151,025
Dividend income		88,164	-
Profit received from saving deposits		67,802	69,634
Net cash from investing activities		4,927,781	394,671
FINANCING ACTIVITIES			
Dividend paid to non-controlling interest by subsidiary		-	(422,000)
Movement in restricted bank accounts		137	-
Net cash from/(used in) financing activities		137	(422,000)
Net increase/(decrease) in cash and cash equivalents		9,872,936	(2,413,258)
Cash and cash equivalents at beginning of the period		10,346,527	13,853,868
Cash and cash equivalents at end of the period	6	20,219,463	11,440,610

The notes set out on pages 7 to 17 form an integral part of this interim consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

This interim condensed consolidated financial information of Gulf Investment House - K.P.S.C (the “Parent Company”) and its subsidiaries (collectively the “Group”) for the period ended 30 September 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 14 November 2021.

The Parent Company is a Kuwaiti shareholding company registered and incorporated in the State of Kuwait on 8 September 1998 under the Commercial Companies Law. The Parent Company is registered with the Central Bank of Kuwait as a finance company and is listed on the Kuwait Stock Exchange.

The Parent Company is a subsidiary of GIH Financing Ltd. (The Ultimate Parent Company).

The Parent Company was registered with the Capital Market Authority (“CMA”) as an investment company. However, during 2018, the Parent Company has been removed from the registry of the CMA and hence is no longer registered as a licensed investment company with CMA as at 31 Decemebr 2018.

The Group is primarily engaged in investment activities and related financial and advisory services. All activities of the Group are carried out in compliance with the Noble Islamic Sharee’a, as approved by the Parent Company’s Fatwa and Sharee’a Supervisory Board.

The Parent Company’s registered head office is at Dar Al-Awadi Tower, Sharq, Kuwait City, P.O. Box 28808, 13149 Safat, Kuwait.

The annual consolidated financial statements for the year ended 31 December 2020 were authorised for issuance by the Board of Directors on 29 March 2021 and approved by the shareholders at the Annual General Meeting held on 24 May 2021.

2 Basis of preparation and presentation

This interim condensed consolidated financial information of the Group for the nine-months period ended 30 September 2021 has been prepared in accordance with IAS 34, Interim Financial Reporting except as noted below.

The annual consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (“CBK”) in the State of Kuwait. These regulations require expected credit loss (“ECL”) to be measured at the higher of the ECL on credit facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instruction; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) (collectively referred to as IFRS, as adopted for use by the State of Kuwait). However, the Group does not have any credit facilities.

The accounting policies used in the preparation of these 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 2020.

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.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation and presentation (continued)

Operating results for the nine-months period ended 30 September 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.

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 September 2022. The practical expedient allows lessees to elect to not carry out an assessment to decide whether a COVID-19-related rent concession received is a lease modification. The lessee is permitted to account for the rent concession as if the change is not a lease modification.

3.2 IASB Standards issued but not yet effective

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

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
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
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)

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)

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

- 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.

IAS 1 Amendments - Classification of current or non-current

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

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

IAS 1 Amendments – Disclosure of accounting policies

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

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

IAS 8 Amendments – Definition of accounting estimates

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

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

IAS 16 Amendments - Proceeds before intended use

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

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

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.

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

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

4 Judgement and estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Notes to the interim condensed consolidated financial information (continued)

5 Basic and diluted (loss)/earnings per share

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

	Three months ended		Nine months ended	
	30 Sept. 2021 (Unaudited)	30 Sept. 2020 (Unaudited)	30 Sept. 2021 (Unaudited)	30 Sept. 2020 (Unaudited)
Profit/(loss) for the period attributable to the owners of the Parent Company (KD)	(1,556,543)	(39,906)	5,811,954	(563,113)
Weighted average number of shares during the period	406,495,660	406,495,660	406,495,660	406,495,660
Basic and diluted earnings/(loss) per share (Fils)	(3.83)	(0.10)	14.30	(1.39)

6 Cash and cash equivalents

Cash and cash equivalents for the purpose of the interim condensed consolidated statement of cash flows are made up as follows:

	30 Sept. 2021 (Unaudited) KD	31 December 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Bank balances and short term deposits	20,348,447	10,475,648	11,569,776
Less: Dividend restricted bank accounts	(128,984)	(129,121)	(129,166)
Cash and cash equivalents as per the statement of cash flows	20,219,463	10,346,527	11,440,610

7 Financial assets at fair value through profit or loss

	30 Sept. 2021 (Unaudited) KD	31 December 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Quoted securities*	1,853,057	2,076,718	1,843,619
Unquoted securities (refer note 8 c)	4,711,030	98,084	91,455
Unquoted funds managed by external fund managers	51,517	70,276	91,078
	6,615,604	2,245,078	2,026,152

* During the current period, the Parent Company has fully disposed its holding in Al Mazaya Holding Company K.P.S.C (“Mazaya”), a Kuwaiti listed Company, for a total consideration of KD12,289,786 realising a gain of KD3,450,103. The investment was initially acquired for KD8,839,683 during the second quarter of 2021.

Notes to the interim condensed consolidated financial information (continued)

8 Investment in associates

The movement of investment in associates is as follows:

	30 Sept. 2021 (Unaudited) KD	(Restated) 31 December 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Carrying value as at beginning of the year (as reported previously)	24,288,978	24,471,117	24,471,116
Effect of restatement (refer note 14)	(353,518)	-	-
Carrying value as at beginning of the year (as restated)	23,935,460	24,471,117	24,471,116
Additions during the period/year	305,933	148,223	-
Share of results	(1,306,206)	(408,568)	(413,978)
Disposals during the period (note 8b)	(1,046,955)	-	-
Partial disposal during the period (note 8c)	(2,804,455)	-	-
Reclassification of an associate to financial assets at fair value through profit or loss during the period (note 8c)	(3,166,890)	-	-
Reversal of impairment provisions of the investment in an associate (note 8a)	710,277	-	-
Impairment in value of an associate (note 8a)	(295,920)	-	-
Foreign currency translation adjustments	(135,638)	78,206	226,961
Effect of restatement (note 14)	-	(353,518)	-
	16,195,606	23,935,460	24,284,099

- a) The carrying value of investment in associates is tested for impairment by estimating the recoverable amount using fair value approach. The fair value calculation uses adjusted net assets values of investees and market observable data which includes price to book value multiples and price to earnings multiples of comparable companies. As a result, during the period, the Parent Company has reversed part of the impairment provision amounting KD710,277, made in the previous years for Mada'in Properties P.J.S.C. (an unquoted associate, domiciled in UAE), based on the indications that the previously recorded impairment has decreased during the current period. Further, during the period, one of the subsidiaries has made an impairment provision of KD295,920 for one of its associates, based on the impairment assessment carried out.
- b) During the period, the Group has fully disposed its 16.71% holding in the associate, Future Kid Entertainment and Real Estate Company K.S.C.P for a total consideration of KD1,615,258 realising a gain of KD568,305. The group has recognized share of loss of KD412,769 from this associate, till the disposal of this associate.
- c) During the second quarter of 2021, the Group partially disposed 6.84% of its holding out of 14.57% in one of its foreign associates (Gulf Real Estate Co. S.S.C - KSA) for a net consideration of KD4,000,000 resulting in a net gain of KD1,195,545.

However, during the current quarter the Group's management decided to reclassify the remaining ownership of this investment as financial assets at fair value through profit or loss since the Group has lost the significant influence over the associate, due the dilution of the board representation in the associate, during the current period. Consequently, the deemed gain from the fair valuation of the previously held equity interest on de-recognition date amounted to KD1,732,690 (being the difference between the fair value of the previously held equity interest KD4,628,938 and the carrying value based on the equity method KD3,166,890, including the foreign currency translation reserve of KD270,642) and has been shown as deemed gain on reclassifying of investment in associate to financial assets at fair value through profit or loss, in the profit or loss for period ended 30 September 2021.

Notes to the interim condensed consolidated financial information (continued)

9 Share Capital

The authorised, issued and paid up capital of the Parent Company amounts to KD40,649,566 (31 December 2020 and 30 September 2020 :KD40,649,566) distributed over 406,495,660 shares (31 December 2020 and 30 September 2020: 406,495,660) with 100 Fils par value.

10 Segment analysis

The Group activities are concentrated in three main segments: Investments and Real Estate and manufacturing. These segments are regularly reviewed by the Chief Operating Decision Maker (CODM) for resource allocation and performance assessment Segment results include revenue and expense directly attributable to each reporting segment as the Group does not have any inter segment charges. Segment assets comprise those operating assets that are directly attributable to the segment.

	Investments KD	Real estate KD	Manufacturing KD	Unallocated KD	Total KD
Nine months ended 30 September 2021					
Segment income	6,064,835	-	1,229,271	108,609	7,402,715
Segment result	6,056,337	-	1,229,271	(1,392,462)	5,893,146
Total assets	45,232,551	844,885	1,495,257	3,998,831	51,571,524
Total liabilities	-	-	-	2,321,223	2,321,223
As at 31 December 2020					
Total assets	39,887,890	862,254	2,869,759	1,785,860	45,405,763
Total liabilities	-	-	964,089	872,470	1,836,559
Nine months ended 30 September 2020					
Segment (loss)/income	(403,500)	-	926,890	82,648	606,038
Segment result	(445,573)	-	926,890	(761,082)	(279,765)
Total assets	40,258,661	960,997	1,606,041	4,005,344	46,831,043
Total liabilities	-	-	2,643,240	830,876	3,474,116

11 Related party transactions

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

Notes to the interim condensed consolidated financial information (continued)

11 Related party transactions (continued)

Details of significant related party transactions are as follows:

	Nine months ended 30 Sept. 2021 (Unaudited) KD	Nine months ended 30 Sept. 2020 (Unaudited) KD
Compensation of key management personnel of the Group		
Salaries and other short-term benefits	99,140	95,036
Terminal benefits	35,312	6,749
	134,452	101,785

12 Summary of financial assets and liabilities by category and fair value measurement

12.1 Categories of financial assets and liabilities

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:

	30 Sept. 2021 (Unaudited) KD	31 December 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
At amortised cost:			
• Bank balances and short term deposits	20,348,447	10,475,648	11,569,776
• Accounts receivables and other assets	3,040,349	3,196,467	3,247,789
	23,388,796	13,672,115	14,817,565
Financial assets at fair value through profit or loss:			
• Quoted securities	1,853,057	2,076,718	1,843,619
• Unquoted securities	4,711,030	98,084	91,455
• Unquoted funds managed by external fund managers	51,517	70,276	91,078
	6,615,604	2,245,078	2,026,152
Financial assets at fair value through other comprehensive income			
• Quoted equity securities	191,326	317,427	-
• Unquoted equity securities	229,279	1,890,875	2,121,006
• Unquoted funds managed by external fund managers	1,652,290	257,628	257,628
	2,072,895	2,465,930	2,378,634
Total financial assets	32,077,295	18,383,123	19,222,351
Financial liabilities (at amortised costs) :			
• Other liabilities	2,321,223	1,836,559	3,474,116
	2,321,223	1,836,559	3,474,116

Notes to the interim condensed consolidated financial information (continued)

12 Summary of financial assets and liabilities by category and fair value measurement (continued)

12.1 Categories of financial assets and liabilities (continued)

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. The Group measures financial instruments such as transaction amount at fair value through profit or loss and financial asset at fair value through other comprehensive income at fair value and measurement details are disclosed in Note 12.2 to the interim condensed consolidated financial information. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are carried at amortised costs are considered a reasonable approximation of their fair values.

12.2 Fair value hierarchy for financial instruments measured at fair value

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

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

The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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

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

30 September 2021	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value through profit or loss				
• Quoted securities	1,853,057	-	-	1,853,057
• Unquoted securities	-	-	4,711,030	4,711,030
• Unquoted funds managed by external fund managers	-	-	51,517	51,517
Financial assets at fair value through other comprehensive income				
• Quoted securities	191,326	-	-	191,326
• Managed funds	-	-	1,652,290	1,652,290
• Unquoted equity securities	-	-	229,279	229,279
Total financial assets at fair value	2,044,383	-	6,644,116	8,688,499

Notes to the interim condensed consolidated financial information (continued)

12 Summary of financial assets and liabilities by category and fair value measurement (continued)

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

31 December 2020	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
• Quoted securities	2,076,718	-	-	2,076,718
• Unquoted securities	-	-	98,084	98,084
• Unquoted funds managed by external fund managers	-	-	70,276	70,276
Financial assets at fair value through other comprehensive income				
• Quoted securities	317,427	-	-	317,427
• Unquoted equity securities	-	-	1,890,875	1,890,875
• Managed funds	-	-	257,628	257,628
Total financial assets at fair value	2,394,145	-	2,316,863	4,711,008
30 September 2020				
Financial assets at fair value through profit or loss				
• Quoted securities	1,843,619	-	-	1,843,619
• Unquoted securities	-	-	91,455	91,455
• Unquoted funds managed by external fund managers	-	-	91,078	91,078
Financial assets at fair value through other comprehensive income				
• Unquoted equity securities	-	-	2,121,006	2,121,006
• Managed funds	-	-	257,628	257,628
Total financial assets at fair value	1,843,619	-	2,561,167	4,404,786

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

Level 3 Fair value measurements

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

	30 Sept. 2021 (Unaudited) KD	31 December 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Balance at the beginning of the period/year	2,316,863	3,686,408	3,686,408
Net change in fair value recognised in profit or loss	1,219,558	23,450	29,002
Net change in fair value recognised in other comprehensive income	37,708	53,208	(7,147)
Transferred from investment in associate	3,166,890	-	-
Net disposals during the period/year	(96,903)	(1,221,521)	(1,147,096)
Due to consolidation	-	(224,682)	-
Balance at the end of the period/year	6,644,116	2,316,863	2,561,167

Notes to the interim condensed consolidated financial information (continued)

13 Dividend distribution

The shareholders at their Annual General Meeting held on 24 May 2021 approved not to make any distributions for the year ended 31 December 2020 (31 December 2019: Nil).

14 Effect of restatement

The Group had adjusted an error correction amounting to KD353,518 related to one of its indirect associates of a subsidiary during the year ended 31 December 2020. Accordingly, the Group restated the carrying value of investment in associates, the accumulated losses and non controlling interest as at 31 December 2020 in accordance with IAS 8: Accounting policies, changes in accounting estimates and errors in the consolidated financial statements. The impact of restatement in the consolidated statement of financial position as of 31 December 2020 is shown as below:

As at 31 December 2020	As previously reported as at 31 December 2020 KD	Effect of restatement KD	Restated balance as at 31 December 2020 KD
Consolidated statement of financial position			
Investment in associates	24,288,978	(353,518)	23,935,460
Accumulated losses	(5,042,626)	(183,771)	(5,226,397)
Non-controlling interest	7,927,510	(169,747)	7,757,763

15 Comparative information

Except as disclosed in note 14, certain comparative figures have been reclassified to conform to the presentation in the current period, and such reclassification does not affect previously reported net assets, net equity and net results for the period or net decrease in cash and cash equivalents.

16 Effect of COVID 19

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

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

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

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