

Interim condensed consolidated financial information and review report

Gulf Investment House – KPSC and Subsidiaries

Kuwait

31 March 2020 (Unaudited)

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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 31 March 2020 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 three-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.

Basis for Qualified Conclusion

The Future Kid Entertainment and Real Estate Company K.S.C.P., an associate referred to in note 8 a, recognises operating revenue on cash received basis of accounting which is not in accordance with the revenue recognition principles under International Financial Reporting Standards (IFRS). The effect of this departure from IFRS has not been quantified and consequently we are unable to satisfy ourselves with respect to the effect of this on the Group’s profit for the period, accumulated losses and the carrying value of the associates by any other means.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, 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 preparation set out in note (2).

Report on review of interim condensed consolidated financial information of Gulf Investment House – 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 violation of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three-month period ended 31 March 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, 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-months period ended 31 March 2020 that might have had a material effect on the business or financial position of the Parent Company.



Anwar Y. Al-Qatami, F.C.C.A.
(Licence No. 50-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
19 August 2020

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
Income			
Sale of Goods		310,878	-
Cost of sales		(248,481)	-
Gross profit		62,397	-
Unrealised loss on financial assets at fair value through profit or loss		(143,399)	(8,092)
Share of results of associates	9	(212,283)	342,184
Gain on acquisition of a subsidiary	5	-	411,747
Dividend Income		24,439	-
Profit from saving deposits		63,274	-
Reversal of Impairment in value of accounts receivable and other assets		14,135	-
Other income		40,859	2,145
Total income		(150,578)	747,984
Expenses and other charges			
General, administrative and other expenses		(84,646)	(40,305)
Staff costs		(126,972)	(109,624)
Foreign exchange gain/(loss)		18,803	(114)
		(192,815)	(150,043)
(Loss)/profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), Zakat and National Labour Support Tax (NLST)		(343,393)	597,941
Provision for KFAS		(1,127)	-
Provision for Zakat		(1,322)	(5,979)
Provision for NLST		-	(14,949)
(Loss)/profit for the Period		(345,842)	577,013
Attributable to:			
Owners of the Parent Company		(387,552)	577,013
Non-controlling interest		41,710	-
		(345,842)	577,013
Basic and diluted (loss)/earnings per share attributable the owners of the Parent Company (Fils)			
	6	(0.95)	1.42

The notes set out on pages 8 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 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
(Loss)/profit for the period	(345,842)	577,013
Other comprehensive income:		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive income of associates	-	(13,972)
Exchange differences arising on translation of foreign operations	308,473	(22,635)
Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	308,473	(36,607)
<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	191,430	(652,490)
Total other comprehensive loss not to be reclassified to profit or loss in subsequent periods	191,430	(652,490)
Total other comprehensive income/(loss) for the period	499,903	(689,097)
Total comprehensive income/(loss) for the period	154,061	(112,084)
Total comprehensive income/(loss) attributable to:		
Owners of the Parent Company	78,175	(113,689)
Non-controlling interests	75,886	1,605
	154,061	(112,084)

The notes set out on pages 8 to 17 an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	31 March 2020 (Unaudited) KD	31 December 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Assets				
Bank balances and short term deposits	7	14,917,427	13,983,034	12,948,065
Financial assets at fair value through profit or loss		623,841	767,240	1,245,103
Financial assets at fair value through other comprehensive income	8	2,821,398	3,532,886	3,305,661
Inventories		227,921	244,776	232,897
Accounts receivables and other assets		1,094,428	1,066,544	1,077,367
Investment in associates	9	24,602,672	24,471,116	24,829,806
Investment properties		947,979	983,345	2,378,455
Property and equipment		119,487	126,746	177,822
Total assets		45,355,153	45,175,687	46,195,176
Liabilities and equity				
Liabilities				
Other liabilities		961,866	936,461	1,349,999
Total liabilities		961,866	936,461	1,349,999
Equity				
Share capital	10	40,649,566	40,649,566	40,649,566
Cumulative changes in fair value		(337,054)	(537,052)	(796,388)
Foreign currency translation reserve		1,203,412	929,115	1,018,376
Accumulated losses		(5,254,779)	(4,858,659)	(4,501,409)
Equity attributable to the owners of the Parent Company		36,261,145	36,182,970	36,370,145
Non-controlling interests		8,132,142	8,056,256	8,475,032
Total equity		44,393,287	44,239,226	44,845,177
Total liabilities and equity		45,355,153	45,175,687	46,195,176



Abdulaziz A. Alsanad
Chairman



Mohammad S. AlAyoub
Chief Executive Officer

The notes set out on pages 8 to 17 an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Share capital KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub-Total KD	Non-controlling interests KD	Total equity KD
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
(Loss)/profit for the period	-	-	-	(387,552)	(387,552)	41,710	(345,842)
Total other comprehensive income for the period	-	191,430	274,297	465,727	465,727	34,176	499,903
Total comprehensive income/(loss) for the period	-	191,430	274,297	(387,552)	78,175	75,886	154,061
Realised loss on equity investments at FVOCI transferred to accumulated losses	-	8,568	-	(8,568)	-	-	-
Balance as at 31 March 2020	40,649,566	(337,054)	1,203,412	(5,254,779)	36,261,145	8,132,142	44,393,287
Balance as at 1 January 2019	40,649,566	(196,563)	1,042,615	(5,011,784)	36,483,834	124,348	36,608,182
Increase on acquisition of subsidiary (note 5)	-	-	-	-	-	8,349,079	8,349,079
Transactions with owners	-	-	-	-	-	8,349,079	8,349,079
Profit for the period	-	-	-	577,013	577,013	-	577,013
Total other comprehensive (loss) / income for the period	-	(666,463)	(24,239)	-	(690,702)	1,605	(689,097)
Total comprehensive (loss) / income for the period	-	(666,463)	(24,239)	577,013	(113,689)	1,605	(112,084)
Transfer on de-recognition of equity accounting of an associate	-	66,638	-	(66,638)	-	-	-
Balance as at 31 March 2019	40,649,566	(796,388)	1,018,376	(4,501,409)	36,370,145	8,475,032	44,845,177

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
OPERATING ACTIVITIES			
(Loss)/profit before KFAS, Zakat and NLST		(343,393)	597,941
Adjustments:			
Depreciation		31,597	610
Dividend Income		(24,439)	-
Profit from saving deposits		(63,274)	-
Share of results of associates	9	212,283	(342,184)
Net gain on acquisition of subsidiary	5	-	(411,747)
Provision for employees end of service benefits		36,667	-
		(150,559)	(155,380)
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		143,399	(819,055)
Accounts receivables and other assets		(2,257)	(45,526)
Inventories		16,855	-
Other liabilities		371,692	92
Cash from/(used in) operations		379,130	(1,019,869)
Employee end of service benefits paid		(12,139)	-
Net cash from/(used in) operating activities		366,991	(1,019,869)
INVESTING ACTIVITIES			
Increase in wakala deposits maturing after 3 months		(8,750,000)	-
Acquisition of property and equipment		(24,338)	(13,060)
Net movement of investments in associates	9	-	(1,752,408)
Profit received from saving deposits		63,274	-
Dividend received		24,439	-
Redemption proceeds received from financial assets at fair value through other comprehensive income		926,027	-
Net cash inflow on acquisition of subsidiary	5	-	8,602,752
Net cash (used in)/from investing activities		(7,760,598)	6,837,284
FINANCING ACTIVITIES			
Dividends paid to non-controlling interest by the subsidiary		(422,000)	(318)
Movement in restricted bank accounts		-	380,134
Net cash (used in)/from financing activities		(422,000)	379,816
Net (decrease)/increase in cash and cash equivalents		(7,815,607)	6,197,231
Cash and cash equivalents at beginning of the period		13,853,868	6,620,083
Cash and cash equivalents at end of the period	7	6,038,261	12,817,314

The notes set out on pages 8 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 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 19 August 2020.

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 the previous year, 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 March 2020.

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 2019 were authorised for issuance by the Board of Directors on 12 April 2020 and approved by the shareholders at the Annual General Meeting held on 28 June 2020.

2 Basis of preparation and presentation

This interim condensed consolidated financial information of the Group for the three-months period ended 31 March 2020 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 2019 except for the changes described in note 3.

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 three-months 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 subsidiaries are consolidated and share of results of certain associates are recorded based on the management accounts for the period ended 31 March 2020 and 31 December 2019, respectively.

3 Changes in accounting policies

3.1 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:

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

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

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

Several other amendments and interpretations apply for the first time in 2020, but do not have a material impact on the interim condensed consolidated financial information of the Group.

The Group has not early adopted any standards, interpretations or amendments that have been issued but is not yet effective.

4 Judgment 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, with the exception of the impact of Covid-19 outbreak which is described below;

Effect 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 stabilize economic conditions, the duration and extent of the impact of the COVID-19 outbreak remains unclear at this time. Management of the Group is actively monitoring the effects COVID-19 may have on its business operations. The Group's management has assessed whether there is any significant decline in the fair value of the Group's investment properties as of 31 March 2020 and concluded that the carrying values of investments properties as reported as of 31 December 2019 are largely unchanged as of 31 March 2020. The Group's Management has also reassessed the inputs and assumptions used for the determination of fair value of financial assets at FVTOCI and FVTPL and has determined the fair value of its significant investments based on most recent market information available to Management relating to the respective investments and recognized the resulting unrealized loss in this interim condensed consolidated financial information.

The Group has also considered the potential impact of the current market volatility on reported amounts of the other financial and non-financial assets (including associates) and believe that they represent Managements best assessment based on current observable information.

The Group's Management has also assessed the Group's liquidity position and believes it has adequate resources to meet its current liabilities. As the situation is fluid and rapidly evolving, asset carrying values remains sensitive to market fluctuations and further it is not yet clear to what extent COVID-19 will affect the Group's estimates in the remainder of 2020 and the future fair value/recoverable value of investments and non-financial assets and thus Management is continuously monitoring their liquidity position as events unfold.

Notes to the interim condensed consolidated financial information (continued)

5 Acquisition of subsidiary

During the first quarter of 2019, the Parent Company acquired an additional equity stake of 10.16% in Afkar Holding Company K.S.C. (Holding) (“Investee”), which resulted in increasing its ownership interest in the previously equity accounted associate from 41.76% to 51.92% enabling the Group to control the investee. The acquisition was accounted in accordance with IFRS 3 as follows:

	KD
Total consideration paid	1,257,512
Fair value of the previously held equity interests in the acquiree (note 9 b)	6,831,216
Value of non-controlling interests	8,349,079
	16,437,807
Less: recognized amounts of identifiable assets acquired and liabilities assumed	
Bank balances and short term deposits	9,860,264
Account receivables and other assets	1,000,326
Inventories	232,897
Financial assets at fair value through other comprehensive income	522,625
Investment in associates (note 9)	5,461,176
Property and equipment	159,049
Account payable and other liabilities	(386,783)
	16,849,554
Gain on acquisition of a subsidiary (bargain purchase)	411,747

For the purpose of the consolidated statement of cash flow, the net cash inflow on acquisition of subsidiary is KD8,602,752.

6 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	
	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
(Loss)/profit for the period attributable to the owners of the Parent Company (KD)	(387,552)	577,013
Weighted average number of shares outstanding during the period	406,495,660	406,495,660
Basic and diluted (loss)/earnings per share (Fils)	(0.95)	1.42

Notes to the interim condensed consolidated financial information (continued)

7 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:

	31 March 2020 (Unaudited) KD	31 December 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Bank balances and short term deposits	14,917,427	13,983,034	12,948,065
Less: Wakala deposits maturing after three months	(8,750,000)	-	-
Less: Dividend restricted bank accounts*	(129,166)	(129,166)	(130,751)
Cash and cash equivalents as per the statement of cash flows	6,038,261	13,853,868	12,817,314

*Relates to amount set apart to meet unclaimed dividend balances, as and when they are claimed by the shareholders.

8 Financial assets at fair value through other comprehensive income

	31 March 2020 (Unaudited) KD	31 December 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Unquoted equity securities	2,563,772	3,275,258	3,080,979
Managed funds	257,626	257,628	224,682
	2,821,398	3,532,886	3,305,661

Fair values of certain unquoted securities are determined using valuation techniques that are not based on observable market prices or rates.

9 Investment in associates

The movement of investment in associates is as follows:

	31 March 2020 (Unaudited) KD	31 December 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Carrying value as at beginning of the year	24,471,116	24,161,375	24,161,375
Additions during the period/year	-	1,752,408	1,752,408
Transferred to subsidiary during the period (note 5 and 9b)	-	(6,907,521)	(6,907,521)
Addition due to consolidation of Afkar Holding Company K.S.C (note 5)	-	5,461,176	5,461,176
Share of results of associates (9a & 9b)	(212,283)	570,650	418,489
Share of other comprehensive income	-	(13,243)	(13,972)
Dividend received	-	(469,871)	-
Foreign currency translation adjustments	343,839	(83,858)	(42,149)
	24,602,672	24,471,116	24,829,806

- a) The deemed loss from the fair valuation of the previously held equity interest (note 4) on acquisition date amounted to KD76,305 (being the difference between the fair value of the previously held equity interest and the carrying value based on the equity method) and has been included under the share of results of associates in the interim condensed consolidated statement of profit or loss for period ended 31 March 2019.

Notes to the interim condensed consolidated financial information (continued)

9 Investment in associates (continued)

- b) During the previous period, the Parent Company has acquired 16.71% equity interest in Future Kid Entertainment and Real Estate Company K.S.C.P, a Kuwaiti listed company, for a consideration of KD1,752,408. The management of the Parent Company believes that the Group exercises significant influence over the above investee and accordingly has been equity accounted with effect from 31st March 2019. The acquisition has resulted in a net bargain purchase of KD478,194. (being the excess of Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment), which has been recorded as part of the above share of result of associates during the period ended 31 March 2019.

10 Share Capital

The authorised, issued and paid up capital of the Parent Company amounts to KD 40,649,566 (31 December 2019 and 31 March 2019 :KD40,649,566) distributed over 406,495,660 shares (31 December 2019 and 31 March 2019: 406,495,660) with 100 Fils par value.

11 Segment analysis

The Group activities are concentrated in three main segments: Investments, 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
Three months ended 31 March 2020					
Segment (loss)/income	(267,969)	-	62,397	54,994	(150,578)
Segment result	(285,507)	-	62,397	(122,732)	(345,842)
Total assets	42,965,338	947,979	-	1,441,836	45,355,153
Total liabilities			(281,389)	(680,477)	(961,866)
As at 31 December 2019					
Total assets	42,754,275	983,345	1,371,167	66,900	45,175,687
Total liabilities	-	-	(276,649)	(659,812)	(936,461)
Three months ended 31 March 2019					
Segment income	745,839	-	-	2,145	747,984
Segment result	745,839	-	-	(147,898)	597,941
Total assets	42,638,575	2,378,455	-	1,178,146	46,195,176
Total liabilities	-	-	-	1,349,999	1,349,999

Notes to the interim condensed consolidated financial information (continued)

12 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.

Details of significant related party transactions are as follows:

	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
Compensation of key management personnel of the Group		
Salaries and other short-term benefits	36,537	18,063
Terminal benefits	3,054	1,397
	39,591	19,460

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

13.1 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:

	31 March 2020 (Unaudited) KD	31 December 2019 (Audited) KD	31 March 2019 (Unaudited) KD
At amortised cost:			
• Bank balances and short term deposits	14,917,427	13,983,034	12,948,065
• Accounts receivables and other assets	1,094,428	1,066,544	1,077,367
	16,011,855	15,049,578	14,025,432
Financial assets at fair value through profit or loss:			
• Quoted securities	462,237	613,718	809,751
• Unquoted securities	69,881	63,331	302,226
• Unquoted funds managed by external fund managers	91,723	90,191	133,126
	623,841	767,240	1,245,103
Financial assets at fair value through other comprehensive income		-	
• Unquoted equity securities	2,563,772	3,275,258	3,080,979
• Managed funds	257,626	257,628	224,682
	2,821,398	3,532,886	3,305,661
Total financial assets	19,457,094	19,349,704	18,576,196
Financial liabilities (at amortised costs) :			
• Other liabilities	961,866	690,119	1,349,999
	961,866	690,119	1,349,999

Notes to the interim condensed consolidated financial information (continued)

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

13.1 Categories of financial assets and liabilities

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 13.2 to the interim condensed consolidated financial information. In the opinion of the Group's management, except for certain murabaha facilities (31 March 2019) 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.

13.2 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:

31 March 2020	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through profit or loss				
• Quoted securities	462,237	-	-	462,237
• Unquoted securities	-	-	69,881	69,881
• Unquoted funds managed by external fund managers	-	-	91,723	91,723
Financial assets at fair value through other comprehensive income				
• Unquoted equity securities	-	-	2,563,772	2,563,772
• Managed funds	-	-	257,626	257,626
Total financial assets at fair value	462,237	-	2,983,002	3,445,239

Notes to the interim condensed consolidated financial information (continued)

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

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

31 December 2019	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	613,718	-	-	613,718
• Unquoted securities	-	-	63,331	63,331
• Unquoted funds managed by external fund managers	-	-	90,191	90,191
Financial assets at fair value through other comprehensive income				
• Unquoted equity securities	-	-	3,275,258	3,275,258
• Managed funds	-	-	257,628	257,628
Total financial assets at fair value	613,718	-	3,686,408	4,300,126

31 March 2019	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through profit or loss				
• Quoted securities	809,751	-	-	809,751
• Unquoted securities	-	-	302,226	302,226
• Unquoted funds managed by external fund managers	-	-	133,126	133,126
Financial assets at fair value through other comprehensive income				
• Unquoted equity securities	-	-	3,080,979	3,080,979
• Managed funds	-	-	224,682	224,682
Total financial assets at fair value	809,751	-	3,741,013	4,550,764

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:

	31 March 2020 (Unaudited) KD	31 December 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Balance at the beginning of the period/year	3,686,408	3,416,628	3,416,629
Net change in fair value recognised in profit or loss	8,082	(8,291)	16,198
Net change in fair value recognised in other comprehensive income	191,430	42,791	(207,543)
Redeemed/disposed during the period/year	(902,918)	(287,343)	(6,894)
Addition due to consolidation	-	522,623	522,623
Balance at the end of the period/year	2,983,002	3,686,408	3,741,013

Notes to the interim condensed consolidated financial information (continued)

14 Dividend distribution

The shareholders at their Annual General Meeting held on 28 June 2020 approved not to make any distributions for the year ended 31 December 2019 (2018: Nil).

15 Comparative information

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 increase in cash and cash equivalents.