

Interim condensed consolidated financial information and review report

Gulf Investment House – KPSC and Subsidiaries

Kuwait

30 September 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 30 September 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 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.

Basis for Qualified Conclusion

The Future Kid Entertainment and Real Estate Company K.S.C.P., an associate referred to in note 9 b, 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 nine-month period ended 30 September 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, 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 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
12 Novmeber 2020

Interim condensed consolidated statement of profit or loss

	Note	Three months ended		Nine months ended	
		30 September 2020 (Unaudited) KD	30 September 2019 (Unaudited) KD	30 September 2020 (Unaudited) KD	30 September 2019 (Unaudited) KD
Income					
Sale of Goods		1,295,452	225,000	2,414,163	519,835
Cost of sales		(780,789)	(168,626)	(1,487,273)	(391,760)
Gross profit		514,663	56,374	926,890	128,075
Unrealised loss on financial assets at fair value through profit or loss		(122,119)	(249,605)	(186,797)	(354,019)
Share of results of associates	9	20,439	133,220	(413,978)	500,827
Net gain on acquisition of subsidiary	5	-	-	-	411,747
Realised loss on financial assets at fair value through profit or loss		(2,781)	-	(37,519)	-
Realised loss on sale of investment properties		-	-	-	(3,233)
Dividend Income		45,195	-	69,634	44,553
Profit from saving deposits		31,381	76,919	151,025	141,743
Reversal of Impairment in value of accounts receivable and other assets		-	-	14,135	-
Other income		5,670	12,516	82,648	36,613
Total income		492,448	29,424	606,038	906,306
Expenses and other charges					
Selling and distribution expenses		(121,771)	-	(184,209)	-
General, administrative and other expenses		(278,549)	(204,718)	(700,084)	(562,889)
Foreign exchange (loss)/gain		(68)	1,757	10,879	841
		(400,388)	(202,961)	(873,414)	(562,048)
Profit/(loss) before contribution to Kuwait Foundation for the Advancement of science ('KFAS'), Zakat and National Labour Support Tax (NLST)		92,060	(173,537)	(267,376)	344,258
Provision for KFAS		(2,420)	-	(5,740)	-
Provision for Zakat		(2,745)	-	(6,649)	(5,979)
Provision for NLST		-	-	-	(14,949)
Profit/(loss) for the period		86,895	(173,537)	(279,765)	323,330
Attributable to:					
Owners of the Parent Company		(39,906)	(207,272)	(563,113)	282,918
Non-controlling interest		126,801	33,735	283,348	40,412
		86,895	(173,537)	(279,765)	323,330
Basic and diluted (loss)/ earnings per share attributable the owners of the Parent Company (Fils)	6	(0.10)	(0.51)	(1.39)	0.70

The notes set out on pages 8 to 18 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 September 2020 (Unaudited) KD	30 September 2019 (Unaudited) KD	30 September 2020 (Unaudited) KD	30 September 2019 (Unaudited) KD
Profit/(loss) for the period	86,895	(173,537)	(279,765)	323,330
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	(67,220)	17,489	204,613	(42,191)
Total other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	(67,220)	17,489	204,613	(56,163)
<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	(178,766)	274,142	(7,147)	(311,752)
Total other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods	(178,766)	274,142	(7,147)	(311,752)
Total other comprehensive (loss)/income for the period	(245,986)	291,631	197,466	(367,915)
Total comprehensive (loss)/profit for the period	(159,091)	118,094	(82,299)	(44,585)
Total comprehensive (loss)/profit attributable to:				
Owners of the Parent Company	(285,736)	89,035	(399,390)	(92,149)
Non-controlling interests	126,645	29,059	317,091	47,564
	(159,091)	118,094	(82,299)	(44,585)

The notes set out on pages 8 to 18 an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 September 2020 (Unaudited) KD	31 December 2019 (Audited) KD	30 September 2019 (Unaudited) KD
Assets				
Bank balances and short term deposits	7	11,569,776	13,983,034	14,049,261
Financial assets at fair value through profit or loss		2,026,152	767,240	861,176
Financial assets at fair value through other comprehensive income	8	2,378,634	3,532,886	3,623,291
Inventories		655,270	244,776	201,819
Accounts receivables and other assets	5	3,247,789	1,066,544	1,021,206
Investment in associates	9	24,284,099	24,471,116	24,526,486
Investment properties		960,997	983,345	1,562,243
Property, plant and equipment	5	757,556	126,746	169,096
Intangible assets	5	594,753	-	-
Goodwill	5	356,017	-	-
Total assets		46,831,043	45,175,687	46,014,578
Liabilities and equity				
Liabilities				
Trade payables and other liabilities	10	3,474,116	936,461	1,151,902
Total liabilities		3,474,116	936,461	1,151,902
Equity				
Share capital	11	40,649,566	40,649,566	40,649,566
Cumulative changes in fair value		(613,271)	(537,052)	(455,649)
Foreign currency translation reserve		1,099,985	929,115	993,272
Accumulated losses		(5,602,087)	(4,858,659)	(4,795,504)
Equity attributable to the owners of the Parent Company		35,534,193	36,182,970	36,391,685
Non-controlling interests		7,822,734	8,056,256	8,470,991
Total equity		43,356,927	44,239,226	44,862,676
Total liabilities and equity		46,831,043	45,175,687	46,014,578



Abdulaziz A. Alsanad
Chairman



Mohammad S. AlAyoub
Chief Executive Officer

The notes set out on pages 8 to 18 an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to owners of the Parent Company					Non-controlling interests	Total equity
	Share Capital KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub-Total 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
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)
Profit for the period	-	-	-	(563,113)	(563,113)	283,348	(279,765)
Total other comprehensive (loss)/income for the period	-	(7,147)	170,870	-	163,723	33,743	197,466
Total comprehensive (loss)/income for the period	-	(7,147)	170,870	(563,113)	(399,390)	317,091	(82,299)
Realised gain 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
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
Dividend paid to non-controlling interest by the subsidiary	-	-	-	-	-	(50,000)	(50,000)
Transactions with owners	-	-	-	-	-	8,299,079	8,299,079
Profit for the period	-	-	-	282,918	282,918	40,412	323,330
Total other comprehensive (loss)/income for the period	-	(325,724)	(49,343)	-	(375,067)	7,152	(367,915)
Total comprehensive (loss)/income for the period	-	(325,724)	(49,343)	282,918	(92,149)	47,564	(44,585)
Transfer on de-recognition of equity accounting of an associate	-	66,638	-	(66,638)	-	-	-
Balance as at 30 September 2019	40,649,566	(455,649)	993,272	(4,795,504)	36,391,685	8,470,991	44,862,676

The notes set out on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 September 2020 (Unaudited) KD	Nine months ended 30 September 2019 (Unaudited) KD
OPERATING ACTIVITIES			
(Loss)/profit before Zakat and National Labour Support Tax		(267,376)	344,258
Adjustments:			
Depreciation		74,343	13,395
Share of results of associates		413,978	(500,827)
Dividend Income		(69,634)	(44,553)
Profit from saving deposits		(151,025)	(141,743)
Realised loss on sale of investment properties		-	3,233
Net gain on acquisition of subsidiary	5	-	(411,747)
Provision for employees end of service benefits		69,197	-
		69,483	(737,984)
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		(1,258,912)	(435,128)
Accounts receivables and other assets		(2,190,496)	53,988
Inventories		(410,951)	31,078
Other liabilities		1,461,475	(195,254)
Employee end of service benefits paid		(56,528)	-
Net cash used in operating activities		(2,385,929)	(1,283,300)
INVESTING ACTIVITIES			
Dividend received from associates		-	469,871
Acquisition of property and equipment		(66,202)	(60,479)
Acquisition of investments in associates	9	-	(1,752,408)
Net cash inflow on acquisition of the subsidiary	5	(130,000)	8,602,752
Proceeds from disposal of investment properties		-	785,514
Redemption proceeds received from financial assets at fair value through other comprehensive income		1,170,214	23,109
Cash outflow on acquisition of non-controlling interest		(800,000)	-
Profit received from saving deposits		151,025	141,743
Dividend received		69,634	44,553
Net cash from investing activities		394,671	8,254,655
FINANCING ACTIVITIES			
Dividend paid		-	(1,531)
Dividend paid to non-controlling interest by subsidiary		(422,000)	(50,000)
Movement in restricted bank accounts		-	379,816
Net cash (used in)/from financing activities		(422,000)	328,285
Net (decrease)/increase in cash and cash equivalents		(2,413,258)	7,299,640
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	11,440,610	13,919,723

The notes set out on pages 8 to 18 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 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 12 November 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 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 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 nine-months period ended 30 September 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 nine-months period ended 30 September 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 30 June 2020 and 30 September 2020, 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 reporting date and concluded that the carrying values of investments properties as reported as of 31 December 2019 are largely unchanged as of reporting date. 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 reviewing their estimates, assumptions and judgements and monitoring their liquidity position as events unfold.

Notes to the interim condensed consolidated financial information (continued)

5 Subsidiaries

a) Acquisition of a subsidiary - Al-Wataniya for Paper Products – WLL

During the first quarter of 2020, one of the subsidiaries of the Group (Afkar Holding Company KSCC – “Afkar”) acquired 100% equity stake in Al-Wataniya for Paper Products Company – WLL (“Investee”) as per the asset purchase agreement entered with the Partners of the investee, and the acquisition was accounted in accordance with IFRS 3 as follows:

	29 Feb. 2020 KD
Total consideration	918,000
Less : Recognized amounts of identifiable assets acquired and liabilities assumed	
Account receivable and other assets *	1,089,195
Property, plant and equipment	546,585
Intangible assets	600,000
Right of use assets	44,925
Account payable and other liabilities	(636,851)
Payment due to former partners*	(1,081,871)
Total identifiable net assets	561,983
Goodwill	356,017

The initial accounting for the business combination is provisional due to its complexity, and will be adjusted retrospectively (if required) when the final purchase price allocation is completed during the one-year measurement period from the acquisition date.

The newly acquired subsidiary was consolidated to the Group’s results from 1 March 2020 and the financial position as at 29 February 2020 was consolidated with the Group’s financial position as of that date. Accordingly, Al-Wataniya for Paper Products Company - WLL as a subsidiary contributed revenue and profit of KD1,283,356 and KD257,670 to the net result of the Group respectively.

* As per the assets purchase agreement, the management of the Afkar has agreed with the previous owners of the investee company (“previous owners”) to collect the total trade receivable balance as of the acquisition date which amounting to KD1,081,871 on behalf of them and settle the net collection after deducting a commission for the collection process. Accordingly, all these trade balances were debited to trade receivable and then credited to a “due to previous owners” till the settlement process is completed. During the 3rd quarter, the Group has collected and settled an amount of KD 475,824 to the previous owners and consequently the amount due to the former partners of the subsidiary declined to KD 606,047 at 30 September 2020.

Further, as per the assets purchase agreement, the management of the Afkar has agreed with the previous owners to purchase the total inventory balance as of the acquisition date with a carrying value of KD188,270 for a discounted value of KD99,544 which is separate from the above purchase consideration and hence; has been treated as separate transaction from the above business combination. The gain on the inventory acquisition will be realised to profit or loss and adjuted to cost of sales as the inventory is consumed by the investee and the finished products are sold.

For the purpose of the consolidated statement of cash flow, the net cash outflow on acquisition of subsidiary is KD918,000. (Out of the total consideration, an amount of KD800,000 has been included under trade payables and other liabilities as of the reporting date).

Notes to the interim condensed consolidated financial information (continued)

5 Subsidiaries (continued)

b) Acquisition of non controlling interests of Light Food Company – WLL

At the beginning of the period, Afkar Holding Company KSC (Holding), a Subsidiary, owned 50% of the equity interest in Light Food Company – KSC (Closed) (“LFC”) which is also a subsidiary of the group. During the current period, the subsidiary acquired the remaining equity stake of 50% from its non controlling interests for a consideration of KD800,000 which resulted in increasing its ownership of the existing subsidiary from 50% to 100%. This change in the ownership resulted in a net deficit of KD249,387 at group level which has been included in the interim condensed consolidated statement of changes in equity.

c) Acquisition of a subsidiary - Afkar Holding Company K.S.C. (Holding)

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.

Notes to the interim condensed consolidated financial information (continued)

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		Nine months ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
(Loss)/profit for the period attributable to the owners of the Parent Company (KD)	(39,906)	(207,272)	(563,113)	282,918
Weighted average number of shares outstanding during the period	406,495,660	406,495,660	406,495,660	406,495,660
Basic and diluted (loss)/earnings per share (Fils)	(0.10)	(0.51)	(1.39)	0.70

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:

	30 September 2020 (Unaudited) KD	31 December 2019 (Audited) KD	30 September 2019 (Unaudited) KD
Bank balances and short term deposits	11,569,776	13,983,034	14,049,261
Less: Dividend restricted bank accounts	(129,166)	(129,166)	(129,538)
Cash and cash equivalents as per the statement of cash flows	11,440,610	13,853,868	13,919,723

8 Financial assets at fair value through other comprehensive income

	30 September 2020 (Unaudited) KD	31 December 2019 (Audited) KD	30 September 2019 (Unaudited) KD
Unquoted equity securities	2,121,006	3,275,258	3,398,608
Managed funds	257,628	257,628	224,683
	2,378,634	3,532,886	3,623,291

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

Notes to the interim condensed consolidated financial information (continued)

9 Investment in associates

The movement of investment in associates is as follows:

	30 September 2020 (Unaudited) KD	31 December 2019 (Audited) KD	30 September 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)	(413,978)	570,650	577,132
Share of other comprehensive income	-	(13,243)	(13,972)
Dividend received	-	(469,871)	(34,241)
Foreign currency translation adjustments	226,961	(83,858)	(469,871)
	24,284,099	24,471,116	24,526,486

- a) The deemed loss from the fair valuation of the previously held equity interest (note 5) 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 30 September 2019.
- 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 30 September 2019.

10 Trade payables and other liabilities

As disclosed in note no 5 (a), the management of Afkar Holding Company KSCC ("Subsidiary Company") has agreed with previous owners of the investee company ("previous owners") to collect the total trade receivable balance of KD 1,081,871 as of the acquisition date on behalf of them and settle the net collection after deducting a commission for the collection process. All these balances were debited to trade receivable and then credited to "due to previous owners". The subsidiary company and the previous owners have agreed that the relevant costs and the credit risks related to these trade receivable belong to/are the responsibility of the previous owners and the subsidiary company is entitled to a commission upon collection. During the 3rd quarter, an amount of KD 475,824 has been settled to the previous owners.

11 Share Capital

The authorised, issued and paid up capital of the Parent Company amounts to KD40,649,566 (31 December 2019 and 30 September 2019 :KD40,649,566) distributed over 406,495,660 shares (31 December 2019 and 30 September 2019: 406,495,660) with 100 Fils par value.

Notes to the interim condensed consolidated financial information (continued)

12 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 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
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)
Nine months ended 30 September 2019					
Segment income	744,851	(3,233)	-	556,448	1,298,066
Segment result	731,530	(3,233)	-	(404,967)	323,330
Total assets	43,060,213	1,562,243	-	1,392,122	46,014,578
Total liabilities	-	-	-	1,151,902	1,151,902

13 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:

	Nine months ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Compensation of key management personnel of the Group		
Salaries and other short-term benefits	95,036	65,905
Terminal benefits	6,749	11,211
	101,785	77,116

Notes to the interim condensed consolidated financial information (continued)

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

14.1 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 September 2020 (Unaudited) KD	31 December 2019 (Audited) KD	30 September 2019 (Unaudited) KD
At amortised cost:			
• Bank balances and short term deposits	11,569,776	13,983,034	14,049,261
• Accounts receivables and other assets	3,247,789	1,066,544	1,021,206
	14,817,565	15,049,578	15,070,467
Financial assets at fair value through profit or loss:			
• Quoted securities	1,843,619	613,718	455,553
• Unquoted securities	91,455	63,331	315,153
• Unquoted funds managed by external fund managers	91,078	90,191	90,470
	2,026,152	767,240	861,176
Financial assets at fair value through other comprehensive income			
• Unquoted equity securities	2,121,006	3,275,258	3,398,608
• Managed funds	257,628	257,628	224,683
	2,378,634	3,532,886	3,623,291
Total financial assets	19,222,351	19,349,704	19,554,934
Financial liabilities (at amortised costs) :			
• Other liabilities	3,474,116	690,119	1,151,902
	3,474,116	690,119	1,151,902

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 14.2 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.

14.2 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.

Notes to the interim condensed consolidated financial information (continued)

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

14.2 Fair value hierarchy for financial instruments measured at fair value

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 2020	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
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
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

Notes to the interim condensed consolidated financial information (continued)

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

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

30 September 2019	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through profit or loss				
• Quoted securities	455,553	-	-	455,553
• Unquoted securities	-	-	315,153	315,153
• Unquoted funds managed by external fund managers	-	-	90,470	90,470
Financial assets at fair value through other comprehensive income				
• Unquoted equity securities	-	-	3,398,608	3,398,608
• Managed funds	-	-	224,683	224,683
Total financial assets at fair value	455,553	-	4,028,914	4,484,467

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 September 2020 (Unaudited) KD	31 December 2019 (Audited) KD	30 September 2019 (Unaudited) KD
Balance at the beginning of the period/year	3,686,408	3,416,628	3,416,628
Net change in fair value recognised in profit or loss	29,002	(8,291)	24,468
Net change in fair value recognised in other comprehensive income	(7,147)	42,791	133,196
Redeemed/disposed during the period/year	(1,147,096)	(287,343)	(68,001)
Addition due to consolidation	-	522,623	522,623
Balance at the end of the period/year	2,561,167	3,686,408	4,028,914

15 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).

16 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.