

Interim condensed consolidated financial information and review report

Arzan Financial Group for Financing and Investment – KPSC

and its 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 and 6
Interim condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial information	8 to 27

Report on review of interim condensed consolidated financial information

To the board of directors of
Arzan Financial Group for Financing and Investment - KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arzan Financial Group for Financing and Investment - KPSC (“the Parent Company”) and its subsidiaries (“the Group”) as at 30 September 2021 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the 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 presentation 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.

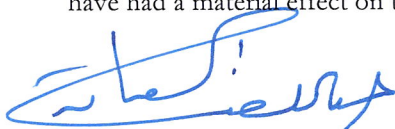
Emphasis of Matter

We draw attention to Note 5 to the interim condensed consolidated financial information, which describes the possible material effects of uncertainty with respect to the Group’s exposure in Lebanon. Our conclusion is not modified in respect of this matter.

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016 and its Executive Regulations, or of the 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 provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations 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.



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

Kuwait
8 November 2021

Interim condensed consolidated statement of profit or loss

	Notes	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					
Income from instalment credit debtors		247,428	274,366	835,250	657,616
Revenue from contracts with customers		462,393	702,190	1,857,778	1,492,907
Realised profit from instalment sales		131,784	47,673	391,648	140,562
Rental income		42,186	37,804	119,792	106,557
Interest income		130,873	103,684	331,662	333,389
Gain/(loss) on sale of financial assets at fair value through profit or loss		102,377	(454,426)	158,956	(1,347,560)
Change in fair value of financial assets at fair value through profit or loss		922,968	984,514	2,376,621	(752,416)
Gain on sale of investment in real estate under development	12	1,806,236	-	1,806,236	-
Share of results of associates	11	703,428	296,551	1,668,201	1,411,053
Dividend income		292,569	431,917	2,437,896	2,133,442
(Loss)/gain on foreign currency exchange		(589,254)	30,248	(1,346,953)	(9,158)
Other income		46,256	85,940	116,274	102,540
		4,299,244	2,540,461	10,753,361	4,268,932
Expenses and other charges					
Staff costs		(598,923)	(737,947)	(2,063,682)	(2,113,677)
General and administrative expenses		(263,408)	(438,509)	(939,351)	(1,174,966)
Finance costs		(241,770)	(214,176)	(854,995)	(982,648)
Reversal of provision/ (provision for) instalment credit debtors - net		748,726	(361,332)	2,222,113	(2,389,093)
Depreciation		(65,924)	(107,386)	(194,172)	(324,716)
Impairment loss of an associate	11	-	-	-	(4,567,654)
Provision for doubtful debts		(338,708)	(80,267)	(417,309)	(297,714)
Provision of credit losses for restricted cash and cash equivalents	7.2	(1,198,517)	(1,000,000)	(1,526,523)	(1,000,000)
		(1,958,524)	(2,939,617)	(3,773,919)	(12,850,468)
Profit/(loss) for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat					
		2,340,720	(399,156)	6,979,442	(8,581,536)
Provision for KFAS		(14,758)	-	(43,037)	-
Provision for NLST		(35,654)	-	(100,056)	-
Provision for Zakat		(8,689)	-	(24,785)	-
Profit/(loss) for the period		2,281,619	(399,156)	6,811,564	(8,581,536)
Attributable to:					
Owners of the Parent Company		2,120,155	(461,412)	5,804,002	(8,901,975)
Non-controlling interests		161,464	62,256	1,007,562	320,439
Profit/(loss) for the period		2,281,619	(399,156)	6,811,564	(8,581,536)
Basic earnings/(loss) per share attributable to the owners of the Parent Company (Fils)	6	2.712	(0.58)	7.413	(11.20)
Diluted earnings/(loss) per share attributable to the owners of the Parent Company (Fils)		2.706	(0.58)	7.398	(11.20)

The notes set out on pages 8 to 27 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
Profit/(loss) for the period	2,281,619	(399,156)	6,811,564	(8,581,536)
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of profit or loss:</i>				
Financial assets at fair value through other comprehensive income:				
- Net change in fair value arising during the period	17,681,381	22,143,078	27,820,088	22,696,740
<i>Items that may be reclassified subsequently to interim condensed consolidated statement of profit or loss:</i>				
Financial assets at fair value through other comprehensive income:				
- Net change in fair value arising during the period	(23,221)	79,721	(79,249)	18,169
Exchange differences arising on translation of foreign operations	53,994	(38,150)	(173,867)	423,137
Share of other comprehensive income/ (loss) of associates	4	(6)	47,093	(21,692)
Total other comprehensive income for the period	17,712,158	22,184,643	27,614,065	23,116,354
Total comprehensive income for the period	19,993,777	21,785,487	34,425,629	14,534,818
Attributable to:				
Owners of the Parent Company	11,637,054	11,257,650	22,747,250	1,313,263
Non-controlling interests	8,356,723	10,527,837	11,678,379	13,221,555
Total comprehensive income for the period	19,993,777	21,785,487	34,425,629	14,534,818

The notes set out on pages 8 to 27 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Assets				
Cash and cash equivalents	7.1	7,616,427	11,338,787	20,289,302
Restricted cash and cash equivalents	7.2	146,958	1,297,562	1,042,198
Instalment credit debtors	8	887,384	622,849	497,207
Financial assets at fair value through profit or loss	9	16,520,613	11,503,238	14,612,730
Accounts receivable and other assets		8,515,121	4,049,853	4,107,021
Non-current asset held for sale	11	6,047	-	-
Properties held for trading		1,158,159	707,040	906,140
Financial assets at fair value through other comprehensive income	10	115,408,792	87,866,823	96,117,439
Investment in associates	11	29,922,200	28,761,646	28,881,367
Investment in real estate under development	12	3,322,695	5,390,667	5,499,772
Investment properties		1,493,669	1,537,724	1,552,409
Property and equipment		2,223,007	2,321,498	2,420,205
Total assets		187,221,072	155,397,687	175,925,790
Liabilities and equity				
Liabilities				
Accounts payable and other liabilities	13	7,297,435	7,320,238	17,362,286
Term loans	14	9,777,267	11,368,250	20,400,200
Murabaha payables	15	11,930,072	12,601,322	10,877,177
Provision for employees' end of service benefits		1,561,925	1,484,962	1,535,286
Total liabilities		30,566,699	32,774,772	50,174,949
Equity				
Share capital		80,288,256	80,288,256	80,288,256
Share premium		9,355,213	23,803,273	23,803,273
Treasury shares	16	(1,472,845)	(1,202,430)	(1,113,244)
Statutory reserve		503,767	503,767	503,767
Voluntary reserve		-	503,767	503,767
Share based payment reserve		40,646	18,205	-
Foreign currency translation reserve		(354,456)	(198,268)	89,068
Fair value reserve		26,729,381	4,045,655	5,514,498
Retained earnings/(accumulated losses)		4,254,007	(10,917,532)	(10,308,144)
Total equity attributable to the owners of the Parent Company		119,343,969	96,844,693	99,281,241
Non-controlling interests		37,310,404	25,778,222	26,469,600
Total equity		156,654,373	122,622,915	125,750,841
Total liabilities and equity		187,221,072	155,397,687	175,925,790



Jassem Hasan Zainal
Vice chairman and CEO

The notes set out on pages 8 to 27 form 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											Total KD
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Share based payment reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Retained earnings /(accumulated losses) KD	Sub-Total KD	Non- controlling interests KD	
Balance at 31 December 2020 (Audited)	80,288,256	23,803,273	(1,202,430)	503,767	503,767	18,205	(198,268)	4,045,655	(10,917,532)	96,844,693	25,778,222	122,622,915
Write off of accumulated losses (note 22)	-	(14,448,060)	-	-	(503,767)	-	-	-	14,951,827	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(146,197)	(146,197)
Cost of share-based payments	-	-	-	-	-	22,441	-	-	-	22,441	-	22,441
Purchase of treasury shares	-	-	(270,415)	-	-	-	-	-	-	(270,415)	-	(270,415)
Transactions with owners	-	(14,448,060)	(270,415)	-	(503,767)	22,441	-	-	14,951,827	(247,974)	(146,197)	(394,171)
Profit for the period	-	-	-	-	-	-	-	-	5,804,002	5,804,002	1,007,562	6,811,564
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	(156,188)	17,099,436	-	16,943,248	10,670,817	27,614,065
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(156,188)	17,099,436	5,804,002	22,747,250	11,678,379	34,425,629
Loss on sale of financial assets at FVTOCI (Note 10)	-	-	-	-	-	-	-	5,584,290	(5,584,290)	-	-	-
Balance at 30 September 2021 (Unaudited)	80,288,256	9,355,213	(1,472,845)	503,767	-	40,646	(354,456)	26,729,381	4,254,007	119,343,969	37,310,404	156,654,373

The notes set out on pages 8 to 27 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the shareholders of the Parent Company										Total KD
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Accumulated losses KD	Sub-Total KD	Non- controlling interests KD	
Balance at 31 December 2019 (audited)	80,288,256	23,803,273	(559,232)	503,767	503,767	(297,691)	(4,299,739)	(1,291,103)	98,651,298	9,828,821	108,480,119
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(186,538)	(186,538)
Disposal of partial interest in a subsidiary	-	-	-	-	-	-	-	(129,308)	(129,308)	129,308	-
Non-controlling interest arising on establishment of a subsidiary	-	-	-	-	-	-	-	-	-	3,476,454	3,476,454
Purchase of treasury shares	-	-	(554,012)	-	-	-	-	-	(554,012)	-	(554,012)
Total transactions with owners	-	-	(554,012)	-	-	-	-	(129,308)	(683,320)	3,419,224	2,735,904
(Loss)/profit for the period	-	-	-	-	-	-	-	(8,901,975)	(8,901,975)	320,439	(8,581,536)
Other comprehensive income for the period	-	-	-	-	-	386,759	9,828,479	-	10,215,238	12,901,116	23,116,354
Total comprehensive income/(loss) for the period	-	-	-	-	-	386,759	9,828,479	(8,901,975)	1,313,263	13,221,555	14,534,818
Gain on disposal of financial assets at FVTOCI	-	-	-	-	-	-	(14,242)	14,242	-	-	-
Balance at 30 September 2020 (unaudited)	80,288,256	23,803,273	(1,113,244)	503,767	503,767	89,068	5,514,498	(10,308,144)	99,281,241	26,469,600	125,750,841

The notes set out on pages 8 to 27 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Notes	Nine months ended 30 Sept. 2021 (Unaudited) KD	Nine months ended 30 Sept 2020 (Unaudited) KD
OPERATING ACTIVITIES			
Profit/(loss) for the period		6,811,564	(8,581,536)
Adjustments:			
Interest income		(331,662)	(333,389)
Dividend income		(2,437,896)	(2,133,442)
Share of results of associates		(1,668,201)	(1,411,053)
Gain on sale of investment in real estate under development		(1,806,236)	-
Impairment loss of an associate		-	4,567,654
(Reversal of provision)/provision for instalment credit debtors		(2,222,113)	2,389,093
Depreciation		194,172	324,716
Finance costs		854,995	982,648
Cost of share-based payment		22,441	-
Provision for doubtful debts		417,309	297,714
Provision for employees' end of service benefits		134,385	125,538
Provision of credit losses for restricted cash and cash equivalents	7.2	1,526,523	1,000,000
		1,495,281	(2,772,057)
Changes in operating assets and liabilities:			
Instalment credit debtors		1,957,578	1,242,353
Financial assets at fair value through profit or loss		(5,017,375)	(107,871)
Accounts receivable and other assets		(5,110,617)	714,837
Accounts payable and other liabilities		(149,757)	3,765,270
Employees' end of service benefits paid		(57,159)	(72,068)
Net cash (used in)/from operating activities		(6,882,049)	2,770,464
INVESTING ACTIVITIES			
Purchase of property and equipment		(51,721)	(58,240)
Purchase of property held for trading		(451,119)	-
Proceeds from sale of investment in real estate under development		4,376,579	-
Purchase of financial assets at fair value through other comprehensive income		(10,014,329)	(9,009,567)
Proceeds from sale of financial assets at fair value through other comprehensive income		10,403,766	5,624,863
Additions in real estate under development		(503,516)	(126,570)
Restricted cash and cash equivalent		(375,919)	535,069
Dividend income received		2,437,896	2,133,442
Proceeds from sale of investment in associate		-	12,015,000
Dividend received from associate	11	548,692	557,214
Interest income received		331,662	333,389
Net cash from investing activities		6,701,989	12,004,600
FINANCING ACTIVITIES			
Term loans obtained		2,285,000	6,430,200
Repayment of term loans		(3,853,583)	(4,059,500)
Repayment of murabaha payable		(671,250)	(1,295,778)
Finance costs paid		(728,036)	(1,057,517)
Dividend paid to non-controlling interests		(146,197)	(186,538)
Purchase of treasury shares		(270,415)	(554,012)
Net cash used in financing activities		(3,384,481)	(723,145)
Net (decrease)/increase in cash and cash equivalents		(3,564,539)	14,051,919
Foreign currency adjustments		(157,821)	269,382
Cash and cash equivalents at beginning of the period	7.1	11,338,787	5,968,001
Cash and cash equivalents at end of the period	7.1	7,616,427	20,289,302
Non-cash transactions:			
Purchase of financial assets at FVTOCI		-	(3,476,454)
Non-controlling interests arising on establishment of a subsidiary		-	3,476,454

The notes set out on pages 8 to 27 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Arzan Financial Group for Financing and Investment – KPSC (“the Parent Company”) was incorporated in Kuwait on 15 April 1980 in accordance with the Companies Law under the name of International Transport Equipment Company – KSC (Closed). On 14 December 1996 an extraordinary general assembly resolved to change the name of the Parent Company to International Murabaha Company – KSC (Closed). Later, on 24 April 2002 an extraordinary general assembly resolved to change the name of the Parent Company to International Finance Company – KPSC and to expand its permitted activities.

The extraordinary general assembly held on 24 July 2013 approved to change the name of the Parent Company from International Finance Company – KPSC to Arzan Financial Group for Financing and Investment – KPSC which has been registered in the commercial register under No. 29629 on 11 November 2013.

The Parent Company is listed on Bursa Kuwait and is governed under the directives of Central Bank of Kuwait and Capital Markets Authority.

The Group comprises the Parent Company and its subsidiaries and associates (together referred as “the Group”).

The Parent Company’s objectives are as follows:

- Invest in various economic sectors through the incorporation or participation in the incorporation of various companies or institutions practicing similar or complementary activities to the Company’s objectives for its account and for the account of third parties inside or outside the State of Kuwait.
- Manage local or foreign various companies and institutions and market the investment services and products owned by them or by third parties inside or outside the State of Kuwait.
- Own and acquire the right of disposal of whatever it deems necessary thereto of movable and immovable property or any parts thereof or any franchising rights the Company deems they are necessary or appropriate to the nature of its activity or to the development of its funds, excluding trading in goods for its account.
- Conduct all business related to securities trading for its account and for the account of third parties inside or outside the State of Kuwait, including sale, purchase and marketing of securities of shares and sukuk and other securities issued by local and foreign government and private companies, institutions and bodies and practice the related financial mediation and brokerage activities.
- Manage the funds of individuals and local or foreign public and private companies, institutions and bodies and invest these funds in various economic sectors through investment and real estate portfolios inside or outside the State of Kuwait.
- Provide economic advice related to investment and hold courses, issue brochures of various investment activities for individuals, local and foreign companies and institutions.
- Prepare and provide technical, economic and assessment studies and consultations and prepare feasibility studies for various investment activities and other studies, examining the technical, financial and administrative aspects related to these activities for its account or for the account of third parties inside or outside the State of Kuwait.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities (continued)

- Establish and manage the collective investment systems and local and foreign investment funds of all kinds and contribute to their establishment for the account of the Company and for the account of third parties in accordance with the regulating laws, rules and conditions specified by the competent regulatory authorities; put its stakes or units to subscription so that the Company's contributions to the share capital of the collective investment system or the investment fund shall not be less than the minimum limit specified by the regulatory authorities; sell or purchase stakes or units in the local or foreign collective investment systems or investment funds for its account and for the account of third parties or market same, provided the necessary approvals are obtained from the competent regulatory authorities; act as investment custodian, investment monitor and investment advisor in general for the investment funds inside or outside the State of Kuwait in accordance with the regulating laws.
- Invest funds for its account and for the account of third parties in the various aspects of investment inside or outside the State of Kuwait and acquire movable and immovable assets.
- Act as the issuance manager for the securities issued by the local and foreign government and private companies, institutions and bodies and act as the subscription agent, listing advisor, investment custodian and monitor, including publications management and commitments of subscription operations management, receiving applications and covering subscription thereto.
- Perform all advisory services that help develop and strengthen the ability of financial and monetary market in the State of Kuwait and meet its requirements within the limits of the law and the decisions or instructions issued by the competent regulatory authorities (after obtaining the necessary approvals from those authorities), provided this does not result in granting funding by the Company in any way.
- Mediate in financing operations, structure and manage the financing arrangements of the local and international companies, institutions, bodies and projects in the various economic sectors in accordance with the rules and conditions specified by the competent regulatory authorities.
- Carry out all the works related to the activities for the arrangement and management of consolidation, acquisition and separation operations for the local and foreign government and private companies, institutions and bodies.
- Trade in transportation means and related heavy equipment.
- Finance the purchases of capital goods, durable and non-durable goods.
- Lease capital and durable goods.
- Grant short and medium term loans to natural and judicial persons.
- Perform real estate investment operations aiming at the management and development of residential lands and building of residential and commercial units and complexes for the purpose of selling them in cash or on installments or leasing same.
- Manage all kinds of financial portfolios, invest and develop funds by employing them locally and internationally for the account of the Company or for the account of its clients, in addition to lending and borrowing operations.
- Mediate in the operations of lending, borrowing, brokerage and warrantees against commission or pay.
- Finance and mediate in international and local trade operations.
- Manage and create mutual investment funds according to the law and after approval by the competent authorities.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities (continued)

- Mediate in investment in the international instruments and securities.
- Invest in real estate, industrial and agricultural sectors and other economic sectors, whether directly or through contribution to the incorporation of specialized companies or purchase of the shares of these companies.
- Sell and purchase foreign currencies and trade in precious metals only for the account of the Company.
- Conduct researches and studies for private and public real estate projects and for the employment of funds for its account or for the account of third parties.
- Trade in securities such as shares and investment certificates and the like.

The Parent Company may have an interest or participate in any aspect with the companies, institutions and bodies performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The Parent Company may also open branches inside and outside the State of Kuwait in such a way that does not contradict with the Company's law and the instructions of the competent regulatory authorities.

The address of the Parent Company's registered office is PO Box 26442, Safat 13125, State of Kuwait.

This interim condensed consolidated financial information for the nine-month period ended 30 September 2021 was authorized for issue by the Parent Company's board of directors on 8 November 2021.

2 Basis of presentation

The interim condensed consolidated financial information of the Group for the nine-month period ended 30 September 2021 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020, except for the changes described in note 3.

The annual consolidated financial statements for the year ended 31 December 2020 were prepared in accordance with the International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board ("IASB"), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB, as modified for use by the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK"). The modification requires adoption of all IFRSs for such institutions except for the IFRS 9 requirement for measurement of expected credit losses ("ECL") for credit facilities. The CBK requires to measure the provision for credit losses at the higher of provision calculated under IFRS 9 in accordance with the CBK guidelines, and the provision required by the prudential regulations of the CBK.

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

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

Operating results for the nine-month 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
IAS 37 – Amendments – Onerous contracts -Cost of fulfilling a contract	1 January 2022
Annual Improvements 2018-2020 Cycle	1 January 2022

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

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)

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)

IAS 37 Amendments – Onerous contracts - Cost of fulfilling a contract

The amendments specify which costs an entity includes when assessing whether a contract will be loss-making.

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The amendments are only to be applied to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual period in which it first applies the amendments.

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

Annual Improvements 2018-2020 Cycle

Amendment to IAS 1 simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. Subsidiary that is a first-time adopter later than its parent might have been required to keep two parallel sets of accounting records for cumulative translation differences based on different dates of transition to IFRSs. However, the amendment extends the exemption to cumulative translation differences to reduce costs for first-time adopters.

Amendment to IFRS 9 relates to the '10 per cent' Test for Derecognition of Financial Liabilities – In determining whether to derecognise a financial liability that has been modified or exchanged, an entity assesses whether the terms are substantially different. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Lease Incentives – amendment to illustrative examples – The IASB was informed about the potential for confusion in applying IFRS 16 Leases because of how Illustrative Example 13 accompanying IFRS 16 had illustrated the requirements for lease incentives. Before the amendment, Illustrative Example 13 had included as part of the fact pattern a reimbursement relating to leasehold improvements; the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16. The IASB decided to remove the potential for confusion by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements.

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

The Group's subsidiary, International Finance Company - SAL ("IFC"), is located in Lebanon which is currently witnessing significant economic and political turmoil. These events include significant controls on the Lebanese banking system including placing limits on cash withdrawals of foreign currency bank balances, limits on international bank transfers and reduction of contracted interest rates on foreign currency term deposits. These measures have significantly curtailed the ability of the Group to access the cash and other assets of IFC (see note 7). Moreover, the Government of Lebanon defaulted on its sovereign debt obligation. The rating agencies have downgraded the sovereign rating of Lebanon as well as some of Lebanese banks including the bank where the subsidiary's cash is primarily deposited. Furthermore, the economy of Lebanon is now considered a hyperinflationary economy.

Further, due to the current economic conditions, the subsidiary has ceased its new lending operations and in the process of monitoring the business activities closely.

Management has assessed the potential effects of these events on its ability to continue to exercise control over IFC Lebanon and concluded that it still has the power and ability to use that power to affect returns and that it is still exposed to variable returns of the subsidiary. Accordingly, it continues to consolidate the subsidiary.

Management has also assessed the impact of these events on the carrying value of its investment in IFC. As a result, the Group recognised a provision of credit losses for restricted cash and cash equivalents amounting to KD1,526,523 in the interim condensed consolidated statement of profit or loss for the period ended 30 September 2021.

Furthermore, the Group's management believes that the carrying value of the Group's investment in Lebanon is recoverable and there are currently no indications that any further material additional impairment loss is required to be recognised.

Summarised financial information of IFC Lebanon as at and for the period ended 30 September 2021 is set out below:

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Cash and bank balances	146,958	1,297,562	641,449
Short term deposits	-	-	400,749
Other assets	634,503	197,870	203,546
Total assets	781,461	1,495,432	1,245,744
Accounts payable and other liabilities	1,283,256	1,253,298	1,231,294
Total liabilities	1,283,256	1,253,298	1,231,294

Notes to the interim condensed consolidated financial information (continued)

5 Subsidiaries (continued)

	Nine months ended 30 September 2021 (Unaudited) KD	Nine months ended 30 September 2020 (Unaudited) KD
Income from instalment credit	328,784	534,568
Loss for the period	(705,735)	(93,307)

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

Basic and diluted earnings/(loss) per share is computed by dividing the profit/(loss) for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period less treasury shares and 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)	2,120,155	(461,412)	5,804,002	(8,901,975)
Weighted average number of shares outstanding during the period to be used to account for basic earnings per share (excluding treasury shares)	781,900,413	795,128,257	782,941,380	795,128,257
Shares to be issued for no consideration under share-based payments	1,554,417	-	1,554,417	-
Weighted average number of shares outstanding during the period to be used to account for diluted earnings per share (excluding treasury shares)	783,454,830	795,128,257	784,495,797	795,128,257
Basic earnings/(loss) per share attributable to the owners of the Parent Company (Fils)	2.712	-	7.413	-
Diluted earnings/(loss) per share attributable to the owners of the Parent Company (Fils)	2.706	(0.58)	7.398	(11.20)

Notes to the interim condensed consolidated financial information (continued)

7 Cash and cash equivalents

7.1 Cash and cash equivalents

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Cash and bank balances	7,134,415	9,520,342	12,210,732
Cash in managed portfolios	56,554	1,120,934	6,977,383
Term deposits with original maturity not exceeding three months	425,458	697,511	1,101,187
Cash and cash equivalents as per consolidated statement of cash flows	7,616,427	11,338,787	20,289,302

Cash in managed portfolios includes an amount of KD181,525 (31 December 2020: KD967,570 and 30 September 2020: KD7,036,326) pledged against term loans (Note 14) and murabaha payables (Note 15).

7.2 Restricted cash and cash equivalents

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Cash and bank balances	1,800,814	2,207,380	1,641,449
Term deposits with original maturity not exceeding three months	3,283,158	2,498,362	1,400,749
Provision for credit losses	5,083,972 (4,937,014)	4,705,742 (3,408,180)	3,042,198 (2,000,000)
Restricted cash and cash equivalents	146,958	1,297,562	1,042,198

7.2.1 Restricted cash and cash equivalents include balances deposited in a bank located in Lebanon and denominated in Lebanese Pounds. Due to the current political and economic events, the central bank of Lebanon imposed a series of measures including restrictions on withdrawals and limitation of transfers of money abroad. Consequently, the Group lacks access to these bank balances on time and in full. Therefore, during the period, the Group recognised an additional provision for credit losses of KD1,526,523 (31 December 2020: KD2,408,180 and 30 September 2020: KD1,000,000) against these restricted cash and cash equivalents of its subsidiary “IFC Lebanon” (Note 5).

7.3 The term deposits carry effective interest rate ranging 0.25% - 4% (31 December 2020: 2.5% - 5% and 30 September 2020: 6.1% - 9.95%) per annum.

8 Instalment credit debtors

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Gross instalment credit debtors	5,589,056	7,898,948	9,395,726
Deferred income	(528,563)	(872,305)	(1,072,844)
Specific provision for credit losses	5,060,493 (3,815,438)	7,026,643 (5,573,837)	8,322,882 (6,073,831)
General provision for credit losses	(357,671)	(829,957)	(1,751,844)
	887,384	622,849	497,207

Notes to the interim condensed consolidated financial information (continued)

8 Instalment credit debtors (continued)

8.1 Gross instalment credit debtors are due as follows:

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Within one year	1,233,072	1,735,303	1,532,929
More than a year	4,355,984	6,163,645	7,862,797
	5,589,056	7,898,948	9,395,726

8.2 The effective annual interest rate earned on instalment credit debtors ranged from 5.0% to 10.0% (31 December 2020: 5.0% to 10.0% and 30 September 2020: 5.5% to 7.5%) per annum.

8.3 The provision for credit losses is calculated, in all material respect, in accordance with the requirements of the Central Bank of Kuwait.

8.4 The gross installment credit debtors included an amount of KD449,938 (31 December 2020: KD557,870 and 30 September 2020: KD569,305) in respect of related parties (Note 19). This amount is secured by way of pledge of certain local shares.

9 Financial assets at fair value through profit or loss

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Local quoted shares	856,915	675,502	698,097
Foreign quoted shares	424,371	336,504	347,966
Foreign unquoted shares	2,304,330	1,772,332	2,137,344
Investment in managed portfolios	11,767,799	8,225,115	9,277,671
Investment in managed fund	1,167,198	493,785	2,151,652
	16,520,613	11,503,238	14,612,730

9.1 An investment with a carrying value of KD10,928,538 (31 December 2020: KD7,769,235 and 30 September 2020: KD8,637,930) in managed portfolio is pledged against the term loans (Note 14) and murabaha payables (Note 15).

9.2 The hierarchy for determining and disclosing the fair values of financial assets at fair value through profit or loss is presented in Note 20.3

10 Financial assets at fair value through other comprehensive income

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Local quoted shares	59,636,160	37,093,806	37,668,438
Local unquoted shares	4,988,650	4,987,599	5,373,701
Foreign unquoted shares	40,175,362	38,792,528	47,143,074
Investment in managed portfolios	7,757,059	4,280,638	3,298,453
Debt instruments	2,766,605	2,617,816	2,550,968
Investment in managed fund	84,956	94,436	82,805
	115,408,792	87,866,823	96,117,439

Notes to the interim condensed consolidated financial information (continued)

10 Financial assets at fair value through other comprehensive income (continued)

- 10.1 During the period, the Group sold investments at fair value through other comprehensive income with a total cost of KD15,988,056 for a total consideration of KD10,403,766 resulting into a loss of KD5,584,290 recognized directly in retained earnings within equity.
- 10.2 Debt instruments amounting to KD1,042,298 (31 December 2020: KD813,857 and 30 September 2020: KD812,688) are pledged by charges over real estate properties and carry annual effective interest rate of 7% (31 December 2020 and 30 September 2020: 7%).
- 10.3 Local quoted and unquoted shares and investment in managed portfolios with an aggregate carrying value of KD13,114,560 (31 December 2020: KD7,838,163 and 30 September 2020: KD6,504,078) are pledged against term loans (Notes 14) and murabaha payables (Notes 15).
- 10.4 The hierarchy for determining and disclosing the fair values of financial assets at fair value through other comprehensive income is presented in Note 20.3

11 Investment in associates

Movement in the carrying amount of the investment in associates during the period/year is as follows:

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
At 1 January	28,761,646	44,631,874	44,631,874
Disposals	-	(12,015,000)	-
Reclassified to non-current assets held for sale (a)	(6,047)	-	(12,015,000)
Share of results	1,668,201	1,767,796	1,411,053
Dividends received	(548,693)	(1,033,677)	(557,214)
Share of other comprehensive income/(loss)	47,093	(21,693)	(21,692)
Impairment in carrying value	-	(4,567,654)	(4,567,654)
	29,922,200	28,761,646	28,881,367

a) During the period ended 30 September 2021, the Group entered into a sale agreement to sell entire ownership interest of its associate, Arzan International Company for Hospital Constructions and Management – WLL. As the legal formalities for the transfer of ownership were not completed, the investment with a carrying value of KD6,047 is classified to “non-current assets held for sale”. Subsequent to the interim condensed consolidated financial information date, the legal formalities for the transfer of ownership were completed.

b) Investment in associates with a carrying value of KD13,919,597 (31 December 2020: KD12,888,288 and 30 September 2020: KD12,888,288) is pledged against term loans (Note 14) and murabaha payables (Note 15).

Notes to the interim condensed consolidated financial information (continued)

12 Investment in real estate under development

Movement in the carrying amount of the investment property under development is as follows:

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Carrying amount at the beginning of the period/year	5,390,667	5,313,674	5,313,674
Sale of investment in real estate under development during the period/year (see below)	(2,570,343)	-	-
Development costs	503,517	157,188	126,570
Foreign currency	(1,146)	53,965	59,529
Provision for impairment in value	-	(134,160)	-
Carrying amount at the end of period/year	3,322,695	5,390,667	5,499,772

- The Group jointly owns a right of use real estate property in Kuwait classified as investment in real estate under development. The owners of the right of use include related parties and the property is managed by one of the related parties of the Group. During the period, the property manager sub-divided the property into number of plots of land for the purpose of sale. The related party as the property manager has sold twenty-five plots of land and out of which six plots were sold to related parties. The total sale consideration related to the Group's share amounted to KD4,376,579 resulting into a profit of KD1,806,236 out of which proceeds and profit on sale to related parties were KD1,006,110 and KD391,394 respectively. As of the date of issuing of this interim condensed consolidated financial information, the formalities to transfer sold properties into the name of the buyers will be completed after obtaining the required approval from the relevant authorities in respect to the sub-division of the property.

13 Accounts payable and other liabilities

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Trade payables	281,099	208,694	97,540
Due to related parties	67,056	93,542	2,735,968
Other payables	2,881,659	2,800,568	3,140,099
Lease liabilities	44,313	40,543	-
Accrued interests	147,556	20,597	29,614
Provision for staff leave	303,157	270,283	250,475
KFAS payable	269,839	226,802	226,802
NLST and Zakat payable	2,941,442	2,816,601	2,816,601
Advances received from investors (see 13.1 below)	-	481,294	7,703,873
Due to shareholders	361,314	361,314	361,314
	7,297,435	7,320,238	17,362,286

- 13.1 Advances received from investors represent amounts received by one of the Group's subsidiaries from investors to purchase investments on their behalf. As of the reporting date, the Group completed the agreed upon transaction and transferred the purchased investment to the investors.

Notes to the interim condensed consolidated financial information (continued)

14 Term loans

Term loans are due for repayment as follows:

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Within one year	4,273,766	6,868,250	8,800,200
After one year	5,503,501	4,500,000	11,600,000
	9,777,267	11,368,250	20,400,200

At the end the period/year, the outstanding term loans are as follows:

- Term loan facility of KD5,000,000 obtained from a local bank carries interest rate of 4.25% (31 December 2020: 4.25% and 30 September 2020: 4.25%) per annum and was repayable in various instalments ending in June 2022. However, during 2020, the term loan has been rescheduled to be repayable by January 2026 in 20 quarterly instalments of KD125,000 each and the last instalment of KD2.5 million. During the period ended 30 September 2021, the Group made an additional early settlement of KD1,250,000. This term loan is secured against mortgage of cash in managed portfolio (Note 7), certain financial assets at fair value through profit or loss (Note 9), financial assets at fair value through other comprehensive income (Note 10) and investment in associates (Note 11).

- Term loan facility of USD21,000,000 (equivalent to KD6,350,400) obtained by one of the Group's foreign subsidiaries from a local company in Kuwait. The loan is unsecured and carries an interest rate of 7.5% (31 December 2020: 7.25% and 30 September 2020: 7.25%) per annum. The loan is repayable in full by February 2021. During the period ended 30 September 2021, the subsidiary signed a new agreement with a revised loan facility of USD14,000,000 (equivalent to KD4,223,100) to settle the balance loan amount by 28 February 2022.

15 Murabaha payables

The Murabaha payables outstanding balance represents Islamic financings obtained in Kuwaiti Dinar from a local bank carrying effective profit rates of 3.25% - 4.5% (31 December 2020: 3.25% - 4.5% and 30 September 2020: 2.4% - 4.5%) per annum. These financings are secured against pledge of cash in managed portfolios (Note 7), certain financial assets at fair value through profit or loss (Note 9), financial assets at fair value through other comprehensive income (Note 10), investment in associates (Note 11), investment properties and property and equipment and are repayable in various instalments ending in November 2025.

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Within one year	2,562,572	2,743,822	4,183,047
After one year	9,367,500	9,857,500	6,694,130
	11,930,072	12,601,322	10,877,177

Notes to the interim condensed consolidated financial information (continued)

16 Treasury shares

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Number of treasury shares	21,125,000	19,125,000	17,624,892
Percentage of ownership	2.631%	2.382%	2.195%
Market value (KD)	3,380,000	1,051,875	979,944
Cost (KD)	1,472,845	1,202,430	1,113,244

Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

17 Fiduciary accounts

Investment portfolios managed by the Group and assets held in trust or in a fiduciary capacity and related liabilities are not treated as the Group's assets or liabilities and, accordingly, are not included in the interim condensed consolidated statement of financial position. Total fiduciary assets as at the financial position date were KD31,334,987 (31 December 2020: KD32,213,170 and 30 September 2020: KD30,529,139) out of which, assets amounting to KD11,007,098 are managed on behalf of Group's related parties (31 December 2020: KD15,406,879 and 30 September 2020: KD16,419,779).

18 Segmental information

Operating segments are identified based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance and is reconciled to the Group's profit or loss.

The Group's principal activities, significant assets and liabilities are carried out and located in Kuwait, GCC, Middle East, USA and Europe. The Group operates in four business segments; instalment credit, investments, financial brokerage and real estate. The segmental analysis of total revenues, profit for the period, total assets and total liabilities for the business segments are as follows:

	Instalment credit KD	Investments KD	Financial brokerage KD	Real estate KD	Total KD
Nine months ended 30 September 2021					
Total revenues	891,692	7,367,318	568,323	1,926,028	10,753,361
(Loss)/profit for the period	(1,733,400)	6,390,795	361,026	1,793,143	6,811,564
Three months ended 30 September 2021					
Total revenues	433,270	1,776,448	241,104	1,848,422	4,299,244
(Loss)/profit for the period	(1,190,590)	1,513,137	173,682	1,785,390	2,281,619
As at 30 September 2021					
Total assets	927,985	167,876,500	11,828,730	6,587,857	187,221,072
Total liabilities	(508,315)	(28,416,780)	(808,374)	(833,230)	30,566,699
Net assets	419,670	139,459,720	11,020,356	5,754,627	156,654,373

Notes to the interim condensed consolidated financial information (continued)

18 Segmental information (continued)

	Instalment credit KD	Investments KD	Financial brokerage KD	Real estate KD	Total KD
Nine months ended 30 September 2020					
Total revenues	673,691	3,465,682	23,001	106,558	4,268,932
(Loss)/profit for the period	(6,319,194)	(2,091,144)	(174,788)	3,590	(8,581,536)
Three months ended 30 September 2020					
Total revenues	280,703	2,122,673	99,280	37,805	2,540,461
(Loss)/profit for the period	(2,357,124)	1,907,305	47,134	3,529	(399,156)
As at 30 September 2020					
Total assets	1,941,916	153,280,440	11,762,037	8,941,397	175,925,790
Total liabilities	525,706	48,247,420	639,963	761,860	50,174,949
Net assets	1,416,210	105,033,020	11,122,074	8,179,537	125,750,841

19 Related party balances and transactions

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

Details of significant related party balances and transactions are as follows:

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position			
Instalment credit debtors-gross (Note 8)	464,356	557,870	569,305
Due from related parties (included in accounts receivable and other assets)	5,493,251	1,406,583	1,575,099
Disposal of non-current assets held for sale	-	12,015,000	-
Due to shareholders (Note 13)	361,314	361,314	361,314
Due to related parties (Note 13)	67,056	93,542	2,735,968

Notes to the interim condensed consolidated financial information (continued)

19 Related party balances and transactions (continued)

	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
Transactions included in the interim condensed consolidated statement of profit or loss				
Income from instalment credit debtors	20,158	7,638	20,158	25,616
Revenue from contracts with customers	6,810	8,967	26,340	26,490
Impairment loss of an associate	-	-	-	4,567,654
Rental income	8,688	8,688	26,064	24,567
Interest income	73,438	61,514	200,099	184,011
General and administrative expenses	2,010	(2,641)	50,219	26,944
Finance cost	-	93,936	-	93,936
Gain on sale of investment in real estate under development (Note 12)	391,394	-	391,394	-
Key management compensation:				
Salaries and other short-term benefits	158,060	152,048	692,705	477,370
Board of directors' and committees' remuneration (included in general and administrative expenses)	-	-	70,700	58,350
End of service benefits	15,450	13,358	61,920	40,076
Share based compensation	-	-	20,092	-
	173,510	165,406	845,417	575,796

20 Fair value measurement

20.1 Fair value measurement of financial instruments

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

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Financial assets:			
At amortised cost:			
Cash and cash equivalents	7,616,427	11,338,787	20,289,302
Restricted cash and cash equivalents	146,958	1,297,562	1,042,198
Instalments credit debtors	887,384	622,849	497,207
Accounts receivable and other assets	8,515,121	4,049,853	4,107,021
At fair value:			
Financial assets at fair value through profit or loss	16,520,613	11,503,238	14,612,730
Financial assets at fair value through other comprehensive income	115,408,792	87,866,823	96,117,439
Total	149,095,295	116,679,112	136,665,897
Financial liabilities:			
At amortised cost:			
Accounts payable and other liabilities	7,297,435	7,320,238	17,362,286
Term loans	9,777,267	11,368,250	20,400,200
Murabaha payable	11,930,072	12,601,322	10,877,177
Provision for employees' end of service benefits	1,561,925	1,484,962	1,535,286
Total	30,566,699	32,774,772	50,174,949

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.1 Fair value measurement of financial instruments (continued)

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

20.2 Fair value measurement

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 at fair value and measurement details are disclosed below. 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.

20.3 Fair value hierarchy

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

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

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

30 September 2021 (Unaudited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through profit or loss:				
Local quoted shares	856,915	-	-	856,915
Foreign quoted shares	424,371	-	-	424,371
Foreign unquoted shares	-	-	2,304,330	2,304,330
Investment in managed portfolios	11,767,799	-	-	11,767,799
Investment in managed funds	-	1,167,198	-	1,167,198
Financial assets at fair value through other comprehensive income:				
Local quoted shares	59,636,160	-	-	59,636,160
Local unquoted shares	-	-	4,988,650	4,988,650
Foreign unquoted shares	-	-	40,175,362	40,175,362
Investment in managed portfolios	7,757,059	-	-	7,757,059
Debt instruments	-	-	2,766,605	2,766,605
Investment in managed fund	-	84,956	-	84,956
	80,442,304	1,252,154	50,234,947	131,929,405

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.3 Fair value hierarchy (continued)

31 December 2020 (Audited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through profit or loss:				
Local quoted shares	675,502	-	-	675,502
Foreign quoted shares	336,504	-	-	336,504
Foreign unquoted shares	-	-	1,772,332	1,772,332
Investment in managed portfolios	8,225,115	-	-	8,225,115
Investment in managed funds	-	493,785	-	493,785
Financial assets at fair value through other comprehensive income:				
Local quoted shares	37,093,806	-	-	37,093,806
Local unquoted shares	-	-	4,987,599	4,987,599
Foreign unquoted shares	-	-	38,792,528	38,792,528
Investment in managed portfolios	4,280,638	-	-	4,280,638
Debit instruments	-	-	2,617,816	2,617,816
Investment in managed fund	-	94,436	-	94,436
	50,611,565	588,221	48,170,275	99,370,061

30 September 2020 (Unaudited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through profit or loss:				
Local quoted shares	698,097	-	-	698,097
Foreign quoted shares	347,966	-	-	347,966
Investment in managed portfolios	9,277,671	-	-	9,277,671
Foreign unquoted shares	-	-	2,137,344	2,137,344
Investment fund	-	2,151,652	-	2,151,652
Financial assets at fair value through other comprehensive income:				
Local quoted shares	37,668,438	-	-	37,668,438
Local unquoted shares	-	-	5,373,701	5,373,701
Foreign unquoted shares	-	-	47,143,074	47,143,074
Investment in managed portfolios	3,298,453	-	-	3,298,453
Debt instruments	-	-	2,550,968	2,550,968
Investment funds	-	82,805	-	82,805
	51,290,625	2,234,457	57,205,087	110,730,169

There have been no transfers between level 1 and 2 during the reporting period. The Group does not have any financial liabilities measured at fair value.

Measurement at fair value

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

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.3 Fair value hierarchy (continued)

Measurement at fair value (continued)

a) Quoted shares

All the listed equity shares are publicly traded on a recognized stock exchange. Fair value has been determined by referring to their quoted bid prices at the reporting date.

b) Managed funds

The underlying investments of managed funds primarily comprise of quoted and unquoted securities. The fair value of the quoted underlying securities has been determined by reference to their quoted bid prices at the reporting date. The fair value of the unquoted underlying securities has been determined using valuation techniques that are normally used by fund managers. All significant inputs into the model are based on observable market prices

c) Unquoted shares

Unquoted shares are measured at fair value estimated using various models like discounted cash flow model, and market multiples which include some assumptions that are not supportable by observable market prices or rates or the latest financial statements or information available on these investments the future financial flows of which are unpredictable.

Level 3 fair value measurement

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

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Opening balance	48,170,275	57,306,870	57,306,870
Purchases	9,697,620	12,934,701	12,307,906
Sales	(5,524,649)	(13,206,397)	(5,624,863)
Change in fair value	(2,108,299)	(8,864,899)	(6,784,826)
Closing balance	50,234,947	48,170,275	57,205,087

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the interim condensed consolidated statement of profit or loss, total assets, total liabilities or total equity.

The impact on interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

21 Capital commitments

At the date of the interim condensed consolidated statement of financial position, the Group had capital commitments amounting to KD282,396 (31 December 2020 and 30 September 2020: KD282,396) for real estate under development.

Notes to the interim condensed consolidated financial information (continued)

22 Annual general assembly and Ordinary general assembly

The annual general assembly of the shareholders of Parent Company held on 27 May 2021 approved the consolidated financial statements for the year ended 31 December 2020 and has also approved the board of directors' proposal not to distribute any dividend for the financial year ended 31 December 2020 (2019: Nil). Further, the annual general assembly has approved the board of directors' and committees' remuneration of KD70,700 for the year ended 31 December 2020 which has been recorded under expenses in the interim condensed consolidated statement of profit or loss of the current period.

The ordinary general assembly of shareholders of the Parent Company held on 24 June 2021 approved to write off accumulated losses of the Parent Company amounting to KD14,951,827 as at 31 March 2021 against voluntary reserve and share premium by KD503,767 and KD14,448,060 respectively.

23 Division of the Parent Company

During 2018, the Parent Company's Board of Directors approved a proposal for the division of the Parent Company into two companies by transferring assets from the Parent Company to the new company. The Parent Company will continue to conduct all of its current activities and the activity of the new company will be of a holding company. On division, each shareholder of the Parent Company will receive a share in the new company.

On 7 November 2019, the Directors suggested alternatives in respect of the division discussed and it approved a proposal to decrease the share capital from KD80 million to KD29 million through a distribution of shares of a subsidiary to the shareholders of the Parent Company. Therefore, a request was submitted to the Capital Markets Authority ("CMA") for approval.

On 19 February 2020, the CMA indicated that after it had studied extensively the request submitted by the Parent Company, it had concluded that the transaction, in terms of legal adoption and technical procedure, is not a reduction of the share capital in excess of the need, and that the closest description appropriate to it in the form and content is a "Division", and that the CMA is currently working to prepare rules for companies division. Based on the foregoing, the CMA was unable to approve the Parent Company's request to reduce the share capital, for the reasons mentioned above.

The Parent Company is now re-considering its decision for the said division after reading CMA's Rule No (123) of 2021 regarding the organisation of division transactions of licensed and listed companies issued on 1 November 2021.

24 Effects 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. Global and local markets have experienced significant volatility and weakness. While governments and central banks have reacted with various financial packages and reliefs designed to stabilise economic conditions, the duration and extent of the impact of the COVID19 outbreak, as well as the effectiveness of government and central bank responses, remain unclear at this time.

Management has updated its assumptions with respect to judgements and estimates on various account balances which may be potentially impacted due to continued uncertainties in the volatile economic environment in which the Group conducts its operations. The assessment did not result into any significant impact on this interim condensed consolidated financial information.

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