

Interim condensed consolidated financial information and review report

**Arzan Financial Group for Financing and Investment – KPSC
and its Subsidiaries**

Kuwait

31 March 2021 (Unaudited)

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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 31 March 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 three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of 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 three-month period ended 31 March 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 three-month period ended 31 March 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
4 May 2021

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2021 (Unaudited) KD	Three months ended 31 March 2020 (Unaudited) KD
Revenue			
Income from instalment credit debtors		348,805	254,902
Revenue from contracts with customers		1,035,623	494,013
Realised profit from instalment sales		127,409	59,122
Rental income		39,798	31,135
Interest income		78,967	145,139
Gain on sale of financial assets at fair value through profit or loss		20,052	7,892
Change in fair value of financial assets at fair value through profit or loss		361,949	(3,018,352)
Share of results of associates	11	443,020	392,400
Dividend income		415,623	449,912
Loss on foreign currency exchange		(388,495)	(24,714)
Other income		39,604	16,543
		2,522,355	(1,192,008)
Expenses and other charges			
Staff costs		(795,471)	(762,288)
General and administrative expenses		(368,790)	(371,940)
Finance costs		(323,830)	(548,313)
Depreciation		(64,297)	(108,830)
Reversal of provision/(provision for) instalment credit debtors - net		1,051,946	(882,504)
Provision for doubtful debts		(77,654)	(48,001)
Provision of credit losses for restricted cash and cash equivalents	5	(267,257)	-
		(845,353)	(2,721,876)
Profit/(loss) for the period before provisions for National Labour Support Tax (NLST) and Zakat			
Support Tax (NLST) and Zakat		1,677,002	(3,913,884)
Provision for NLST		(37,523)	-
Provision for Zakat		(10,489)	-
Profit/(loss) for the period		1,628,990	(3,913,884)
Attributable to:			
Owners of the Parent Company		1,404,908	(3,895,630)
Non-controlling interests		224,082	(18,254)
Profit/(loss) for the period		1,628,990	(3,913,884)
Basic earnings/(loss) per share attributable to the owners of the Parent Company (Fils)	6	1.793	(4.889)
Diluted earnings/(loss) per share attributable to the owners of the Parent Company (Fils)	6	1.788	(4.889)

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 31 March 2021 (Unaudited) KD	Three months ended 31 March 2020 (Unaudited) KD
Profit/(loss) for the period	1,628,990	(3,913,884)
Other comprehensive income/(loss):		
<i>Items that will not be reclassified subsequently to consolidated statements of profit or loss:</i>		
Financial assets at fair value through other comprehensive income:		
- Net change in fair value arising during the period	4,198,888	(479,746)
<i>Items that may be reclassified subsequently to consolidated statements of profit or loss:</i>		
Financial assets at fair value through other comprehensive income:		
- Net change in fair value arising during the period	(28,669)	97,954
Exchange differences arising on translation of foreign operations	(98,165)	522,926
Share of other comprehensive income of associates	47,065	121,461
Total other comprehensive income for the period	4,119,119	262,595
Total comprehensive income/(loss) for the period	5,748,109	(3,651,289)
Attributable to:		
Owners of the Parent Company	4,997,429	(4,364,708)
Non-controlling interests	750,680	713,419
Total comprehensive income/(loss) for the period	5,748,109	(3,651,289)

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	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Assets				
Cash and cash equivalents	7.1	6,347,758	11,338,787	4,241,594
Restricted cash and cash equivalents	7.2	1,726,544	1,297,562	1,985,971
Instalment credit debtors	8	622,759	622,849	2,983,443
Financial assets at fair value through profit or loss	9	12,984,869	11,503,238	12,335,243
Accounts receivable and other assets		6,004,812	4,049,853	4,864,641
Properties held for trading		707,040	707,040	906,140
Financial assets at fair value through other comprehensive income	10	92,766,014	87,866,823	66,295,635
Investment in associates	11	29,179,501	28,761,646	45,145,735
Investment in real estate under development		5,393,605	5,390,667	5,442,737
Investment properties		1,523,039	1,537,724	1,581,779
Property and equipment		2,267,589	2,321,498	2,613,554
Total assets		159,523,530	155,397,687	148,396,472
Liabilities and equity				
Liabilities				
Due to banks		-	-	940,515
Accounts payable and other liabilities	12	7,281,568	7,320,238	8,002,668
Term loans	13	9,975,400	11,368,250	17,925,500
Murabaha payables	14	12,420,072	12,601,322	11,749,809
Provision for employees' end of service benefits		1,513,226	1,484,962	1,533,735
Total liabilities		31,190,266	32,774,772	40,152,227
Equity				
Share capital		80,288,256	80,288,256	80,288,256
Share premium		23,803,273	23,803,273	23,803,273
Treasury shares	15	(1,202,430)	(1,202,430)	(559,232)
Statutory reserve		503,767	503,767	503,767
Voluntary reserve		503,767	503,767	503,767
Share based payment reserve		18,205	18,205	-
Foreign currency translation reserve		(285,664)	(198,268)	175,583
Fair value reserve		13,164,775	4,045,655	(5,242,091)
Accumulated losses		(14,951,827)	(10,917,532)	(5,186,733)
Total equity attributable to the owners of the Parent Company		101,842,122	96,844,693	94,286,590
Non-controlling interests		26,491,142	25,778,222	13,957,655
Total equity		128,333,264	122,622,915	108,244,245
Total liabilities and equity		159,523,530	155,397,687	148,396,472



Jassem Hasan Zainal
Vice chairman and CEO

The notes set out on pages 8 to 26 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

	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	Accumulated losses KD	Sub-Total KD	Non-controlling interests KD	Total 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
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(37,760)	(37,760)
Transactions with owners	-	-	-	-	-	-	-	-	-	-	(37,760)	(37,760)
Profit for the period	-	-	-	-	-	-	-	-	1,404,908	1,404,908	224,082	1,628,990
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	(87,396)	3,679,917	-	3,592,521	526,598	4,119,119
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(87,396)	3,679,917	1,404,908	4,997,429	750,680	5,748,109
Loss on sale of financial assets at FVTOCI (Note 10)	-	-	-	-	-	-	-	5,439,203	(5,439,203)	-	-	-
Balance at 31 March 2021(Unaudited)	80,288,256	23,803,273	(1,202,430)	503,767	503,767	18,205	(285,664)	13,164,775	(14,951,827)	101,842,122	26,491,142	128,333,264

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 owners of the Parent Company										
	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	Total 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	-	-	-	-	-	-	-	-	-	(61,039)	(61,039)
Non-controlling interests arising on incorporation of a subsidiary	-	-	-	-	-	-	-	-	-	3,476,454	3,476,454
Total transactions with owners	-	-	-	-	-	-	-	-	-	3,415,415	3,415,415
Loss for the period	-	-	-	-	-	-	-	(3,895,630)	(3,895,630)	(18,254)	(3,913,884)
Other comprehensive income/(loss) for the period	-	-	-	-	-	473,274	(942,352)	-	(469,078)	731,673	262,595
Total comprehensive income/(loss) for the period	-	-	-	-	-	473,274	(942,352)	(3,895,630)	(4,364,708)	713,419	(3,651,289)
Balance at 31 March 2020 (Unaudited)	80,288,256	23,803,273	(559,232)	503,767	503,767	175,583	(5,242,091)	(5,186,733)	94,286,590	13,957,655	108,244,245

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	Three months ended 31 March 2021 (Unaudited) KD	Three months ended 31 March 2020 (Unaudited) KD
OPERATING ACTIVITIES			
Profit/(loss) for the period		1,628,990	(3,913,884)
Adjustments:			
Interest income		(78,967)	(145,139)
Dividend income		(415,623)	(449,912)
Share of results of associates	11	(443,020)	(392,400)
(Reversal of provision)/provision for instalment credit debtors - net	8	(1,051,946)	882,504
Provision for doubtful debts		77,654	48,001
Finance costs		323,830	548,313
Depreciation		64,297	108,830
Provision for employees' end of service benefits		46,732	51,919
Provision of credit losses for restricted cash and cash equivalents	7.2	267,257	-
		419,204	(3,261,768)
Changes in operating assets and liabilities:			
Instalment credit debtors		1,052,037	262,706
Financial assets at fair value through profit or loss		(1,481,631)	2,169,616
Accounts receivable and other assets		(2,260,653)	56,319
Accounts payable and other liabilities		(158,659)	(5,655,144)
Employees' end of service benefits paid		(18,468)	-
Net cash used in operating activities		(2,448,170)	(6,428,271)
INVESTING ACTIVITIES			
Purchase of property and equipment		(2,449)	(64,188)
Purchase of financial assets at FVTOCI		(5,868,561)	(137,824)
Proceeds from sale of financial assets at FVTOCI		5,343,646	3,438,335
Restricted cash and cash equivalents	7.2	(696,239)	591,296
Dividend income received		415,623	449,912
Dividend income received from associates	11	72,230	-
Interest income received		78,967	145,139
Addition to real estate portfolio		(6,151)	(70,805)
Net cash (used in)/from investing activities		(662,934)	4,351,865
FINANCING ACTIVITIES			
Repayment of term loans		(1,375,000)	(104,000)
Repayment of murabaha payables		(181,250)	(449,360)
Finance costs paid		(203,841)	(562,386)
Dividend paid to non-controlling interests		(37,760)	(61,039)
Net cash used in financing activities		(1,797,851)	(1,176,785)
Net decrease in cash and cash equivalents		(4,908,955)	(3,253,191)
Foreign currency adjustments		(82,074)	586,269
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	6,347,758	3,301,079
Non-cash transactions:			
Purchase of financial assets at FVTOCI		-	(3,476,454)
Non-controlling interests arising on incorporation 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 Boursa 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 sukuks 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 three-month period ended 31 March 2021 was authorized for issue by the Parent Company's board of directors on 4 May 2021.

2 Basis of presentation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 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.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

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

Operating results for the three-month period ended 31 March 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 June 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

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

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

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

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed.

Management anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future should such transactions arise.

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.

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 8 Amendments – Definition of accounting estimates (continued)

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.

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.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

Annual Improvements 2018-2020 Cycle (continued)

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.

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 KD267,257 in the interim condensed consolidated statement of profit or loss for the period ended 31 March 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.

Notes to the interim condensed consolidated financial information (continued)

5 Subsidiaries (continued)

Summarised financial information of IFC Lebanon as at and for the period ended 31 March 2021 is set out below:

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Cash and bank balances	1,726,544	1,297,562	378,744
Short term deposits	-	-	1,607,227
Instalment credit debtors	-	-	2,257,647
Other assets	192,466	197,870	227,289
Total assets	1,919,010	1,495,432	4,470,907
Bank facilities	-	-	934,171
Accounts payable and other liabilities	1,303,080	1,253,298	1,241,023
Total liabilities	1,303,080	1,253,298	2,175,194
		Three months period ended 31 March 2021 (Unaudited) KD	Three months period ended 31 March 2020 (Unaudited) KD
Income from instalment credit		147,462	195,737
Profit/(loss) for the period		394,854	(123,593)

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 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
Profit/(loss) for the period attributable to the owners of the Parent Company – KD	1,404,908	(3,895,630)
Weighted average number of shares outstanding during the period to be used to account for basic earnings per share (excluding treasury shares)	783,757,556	796,798,668
Shares to be issued for no consideration under share-based payments	1,921,854	-
Weighted average number of shares outstanding during the period to be used to account for diluted earnings per share (excluding treasury shares)	785,679,410	796,798,668
Basic earnings/(loss) per share attributable to the owners of the Parent Company (Fils)	1.793	(4.889)
Diluted earnings/(loss) per share attributable to the owners of the Parent Company (Fils)	1.788	(4.889)

Notes to the interim condensed consolidated financial information (continued)

7 Cash and cash equivalents

7.1 Cash and cash equivalents

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Cash and bank balances	5,353,823	9,520,342	3,376,344
Cash in managed portfolios	285,407	1,120,934	173,294
Term deposits with original maturity not exceeding three months	708,528	697,511	691,956
	6,347,758	11,338,787	4,241,594
Less: due to banks	-	-	(940,515)
Cash and cash equivalents as per consolidated statement of cash flows	6,347,758	11,338,787	3,301,079

Cash in managed portfolios includes an amount of KD334,789 (31 December 2020: KD967,570 and 31 March 2020: KD165,500) pledged against term loans (Note 13) and murabaha payables (Note 14).

7.2 Restricted cash and cash equivalents

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Cash and bank balances	2,775,083	2,207,380	378,744
Term deposits with original maturity not exceeding three months	2,630,460	2,498,362	2,607,227
	5,405,543	4,705,742	2,985,971
Provision of credit losses	(3,678,999)	(3,408,180)	(1,000,000)
Restricted cash and cash equivalents	1,726,544	1,297,562	1,985,971

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 KD267,257 (31 December 2020: KD2,408,180 and 31 March 2020: KD Nil) against these restricted cash and cash equivalents of its subsidiary “IFC Lebanon” (Note 5).

7.3 The term deposits carry effective interest rate ranging 1% - 3.5% (31 December 2020: 2.5% - 5% and 31 March 2020: 6.1% -9.95%) per annum.

Notes to the interim condensed consolidated financial information (continued)

8 Instalment credit debtors

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Gross instalment credit debtors	6,662,785	7,898,948	11,100,496
Deferred income	(693,408)	(872,305)	(1,268,107)
	5,969,377	7,026,643	9,832,389
Specific provision for credit losses	(4,469,173)	(5,573,837)	(2,654,622)
General provision for credit losses	(877,445)	(829,957)	(4,194,324)
	622,759	622,849	2,983,443

8.1 Gross instalment credit debtors are due as follows:

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Within one year	1,229,540	1,735,303	1,736,846
More than a year	5,433,245	6,163,645	9,363,650
	6,662,785	7,898,948	11,100,496

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 31 March 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 KD561,931 (31 December 2020: KD557,870 and 31 March 2020: KD612,402) in respect of related parties (Note 18). This amount is secured by way of pledge of certain local shares.

9 Financial assets at fair value through profit or loss

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Local quoted shares	711,134	675,502	593,118
Foreign quoted shares	328,167	336,504	380,542
Foreign unquoted shares	1,767,363	1,772,332	2,153,748
Investment in managed portfolios	9,547,255	8,225,115	7,780,975
Investment in managed funds	630,950	493,785	1,426,860
	12,984,869	11,503,238	12,335,243

9.1 An investment with a carrying value of KD 7,976,182 (31 December 2020: KD7,769,235 and 31 March 2020: KD7,205,066) in managed portfolio is pledged against the term loans (Notes 13) and murabaha payables (Notes 14).

Notes to the interim condensed consolidated financial information (continued)

9 Financial assets at fair value through profit or loss (continued)

- 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 19.3

10 Financial assets at fair value through other comprehensive income

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Local quoted shares	37,217,660	37,093,806	3,917,609
Local unquoted shares	4,989,670	4,987,599	13,399,476
Foreign unquoted shares	41,236,352	38,792,528	39,978,699
Investment in managed portfolios	6,408,903	4,280,638	6,158,394
Debt instruments	2,817,187	2,617,816	2,739,898
Investment in managed fund	96,242	94,436	101,559
	92,766,014	87,866,823	66,295,635

- 10.1 During the period, the Group sold investments at fair value through other comprehensive income with a total cost of KD10,782,849 for a total consideration of KD5,343,646 resulting into a loss of KD5,439,203 recognized directly in accumulated losses within equity.
- 10.2 Debt instruments amounting to KD1,040,449 (31 December 2020: KD813,857 and 31 March 2020: KD981,404) are pledged by charges over real estate properties and carry annual effective interest rate of 7% (31 December 2020 and 31 March 2020: 7%).
- 10.3 Local quoted and unquoted shares and investment in managed portfolios with an aggregate carrying value of KD10,616,360 (31 December 2020: KD7,838,163 and 31 March 2020: KD9,107,334) are pledged against term loans (Notes 13) and murabaha payables (Notes 14).
- 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 19.3

11 Investment in associates

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

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
At 1 January	28,761,646	44,631,874	44,631,874
Disposals	-	(12,015,000)	-
Share of results	443,020	1,767,796	392,400
Dividends received	(72,230)	(1,033,677)	-
Share of other comprehensive income/(loss)	47,065	(21,693)	121,461
Impairment in carrying value	-	(4,567,654)	-
	29,179,501	28,761,646	45,145,735

Investment in associates with a carrying value of KD13,597,332 (31 December 2020: KD12,888,288 and 31 March 2020: KD25,745,788) is pledged against term loans (Note 13) and murabaha payables (Note 14).

Notes to the interim condensed consolidated financial information (continued)

12 Accounts payable and other liabilities

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Trade payables	235,068	208,694	74,041
Due to related parties	72,984	93,542	1,287,667
Other payables	2,569,688	2,800,568	2,798,135
Lease liabilities	40,963	40,543	-
Accrued interests	140,587	20,597	90,410
Provision for staff leave	288,255	270,283	239,557
KFAS payable	226,802	226,802	226,802
NLST and Zakat payable	2,864,613	2,816,601	2,924,742
Advances received from investors (see 12.1 below)	481,294	481,294	-
Due to shareholders	361,314	361,314	361,314
	7,281,568	7,320,238	8,002,668

12.1 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 is in the process of transferring these investments to the investors.

13 Term loans

As of 31 March 2021, the outstanding term loans are as follows:

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Local loan facility of KD5,000,000 - see (a) below	3,625,000	5,000,000	14,840,000
Local loan facility of USD21,000,000 - see (b) below	6,350,400	6,368,250	3,085,500
	9,975,400	11,368,250	17,925,500
Within one year	6,350,400	6,868,250	10,219,500
After one year	3,625,000	4,500,000	7,706,000

a) Term loan facility of KD5,000,000 obtained from a local bank carries interest rate of 4.25% (31 December 2020: 4.25% and 31 March 2020: 4.25% to 4.90%) per annum and was repayable in various instalments ending in June 2022 (31 December 2020 and 31 March 2020: 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 31 March 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 (Notes 11).

Notes to the interim condensed consolidated financial information (continued)

13 Term loans (continued)

b) 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 7.25% (31 December 2020: 7.25% and 31 March 2020: 10%) per annum. The loan is repayable in full by February 2021. During the period ended 31 March 2021, the subsidiary signed a new agreement to settle the balance loan amount by 31 March 2022.

14 Murabaha payables

The Murabaha payables outstanding balance represent 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 31 March 2020: 3.00% - 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 March 2026.

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Within one year	2,562,572	2,743,822	3,925,717
After one year	9,857,500	9,857,500	7,824,092
	12,420,072	12,601,322	11,749,809

15 Treasury shares

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Number of treasury shares	19,125,000	19,125,000	6,083,892
Percentage of ownership	2.382%	2.382%	0.758%
Market value (KD)	1,797,750	1,051,875	185,559
Cost (KD)	1,202,430	1,202,430	559,232

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

16 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 KD42,880,087 (31 December 2020: KD32,213,170 and 31 March 2020: KD32,101,376) out of which assets amounting to KD24,368,158 are managed on behalf of Group's related parties (31 December 2020: KD15,406,879 and 31 March 2020: KD10,206,784).

Notes to the interim condensed consolidated financial information (continued)

17 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
Three months ended 31 March 2021					
Total revenues	361,069	1,897,145	224,343	39,798	2,522,355
(Loss)/profit for the period	(66,211)	1,533,031	157,402	4,768	1,628,990
As at 31 March 2021					
Total assets	2,659,360	137,361,720	11,345,747	8,156,703	159,523,530
Total liabilities	611,308	28,963,383	751,364	864,211	31,190,266
Net assets	2,048,052	108,398,337	10,594,383	7,292,492	128,333,264
Three months ended 31 March 2020					
Total revenues	264,518	(1,508,376)	20,716	31,134	(1,192,008)
Profit/(loss) for the period	(1,790,609)	(2,060,320)	(59,667)	(3,288)	(3,913,884)
As at 31 March 2020					
Total assets	5,454,422	122,969,822	11,447,837	8,524,391	148,396,472
Total liabilities	1,677,216	37,012,502	677,768	784,741	40,152,227
Net assets	3,777,206	85,957,320	10,770,069	7,739,650	108,244,245

18 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:

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position			
Instalment credit debtors-gross (Note 8)	561,931	557,870	612,402
Due from related parties	1,475,426	1,406,583	1,303,958
Disposal of non-current assets held for sale	-	12,015,000	-
Due to shareholders (Note 12)	361,314	361,314	361,314
Due to related parties (Note 12)	72,984	93,542	1,287,667

Notes to the interim condensed consolidated financial information (continued)

18 Related party balances and transactions (continued)

	Three months ended 31 March 2021 (Unaudited) KD	Three months ended 31 March 2020 (Unaudited) KD
Transactions included in the interim condensed consolidated statement of profit or loss		
Income from instalment credit debtors	3,451	9,738
Revenue from contracts with customers	8,477	8,093
Rental Income	8,688	4,295
Interest income	62,383	61,041
General and administrative expenses	43,337	30,598
Key management compensation:		
Salaries and other short-term benefits	372,653	373,361
End of service benefits	15,234	15,380
	387,887	388,741

19 Fair value measurement

19.1 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:

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Financial assets:			
<i>At amortised cost:</i>			
Cash and cash equivalents	6,347,758	11,338,787	4,241,594
Restricted cash and cash equivalents	1,726,544	1,297,562	1,985,971
Installments credit debtors	622,759	622,849	2,983,443
Accounts receivable and other assets	6,004,812	4,049,853	4,864,641
<i>At fair value:</i>			
Financial assets at fair value through profit or loss	12,984,869	11,503,238	12,335,243
Financial assets at fair value through other comprehensive income	92,766,014	87,866,823	66,295,635
Total	120,452,756	116,679,112	92,706,527
Financial liabilities:			
<i>At amortised cost:</i>			
Due to banks	-	-	940,515
Accounts payable and other liabilities	7,281,568	7,320,238	8,002,668
Term loans	9,975,400	11,368,250	17,925,500
Murabaha payable	12,420,072	12,601,322	11,749,809
Provision for employees' end of service benefits	1,513,226	1,484,962	1,533,735
Total	31,190,266	32,774,772	40,152,227

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

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 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.

19.3 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:

31 March 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	711,134	-	-	711,134
Foreign quoted shares	328,167	-	-	328,167
Foreign unquoted shares	-	-	1,767,363	1,767,363
Investment in managed portfolios	9,547,255	-	-	9,547,255
Investment in managed funds	-	630,950	-	630,950
Financial assets at fair value through other comprehensive income:				
Local quoted shares	37,217,660	-	-	37,217,660
Local unquoted shares	-	-	4,989,670	4,989,670
Foreign unquoted shares	-	-	41,236,352	41,236,352
Investment in managed portfolios	6,408,903	-	-	6,408,903
Debt instruments	-	-	2,817,187	2,817,187
Investment in managed fund	-	96,242	-	96,242
	54,213,119	727,192	50,810,572	105,750,883

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.3 Fair value hierarchy (continued)

31 December 2020 (Audited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total 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

31 March 2020 (Unaudited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value through profit or loss:				
Local quoted shares	593,118	-	-	593,118
Foreign quoted shares	380,542	-	-	380,542
Foreign unquoted shares	-	-	2,153,748	2,153,748
Investment in managed portfolios	7,780,975	-	-	7,780,975
Investment in managed funds	-	1,426,860	-	1,426,860
Financial assets at fair value through other comprehensive income:				
Local quoted shares	3,917,609	-	-	3,917,609
Local unquoted shares	-	-	13,399,476	13,399,476
Foreign unquoted shares	-	-	39,978,699	39,978,699
Investment in managed portfolios	6,158,394	-	-	6,158,394
Debt instruments	-	-	2,739,898	2,739,898
Investment in managed fund	-	101,559	-	101,559
	18,830,638	1,528,419	58,271,821	78,630,878

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)

19 Fair value measurement (continued)

19.3 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:

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Opening balance	48,170,275	57,306,870	57,306,869
Purchases	5,577,870	12,934,701	3,652,669
Sales	(3,521,927)	(13,206,397)	(3,438,335)
Change in fair value	584,354	(8,864,899)	750,618
Closing balance	50,810,572	48,170,275	58,271,821

Gains or losses recognized in the interim condensed consolidated statement of profit or loss for the period are included in change in fair value of financial assets at fair value through profit or loss.

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%.

Notes to the interim condensed consolidated financial information (continued)

20 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 31 March 2020: KD282,396) for real estate under development.

21 Annual general assembly

The annual general assembly for the year ended 31 December 2020 was not held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2020 were not approved yet. The interim condensed consolidated financial information for the three-month period ended 31 March 2021 does not include any adjustments that would be required in case the general assembly did not approve the consolidated financial statements for the year ended 31 December 2020. The Parent Company's board of directors did not propose to distribute any dividends for the year ended 31 December 2020.

22 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 is unable to approve the Parent Company's request to reduce the share capital, for the reasons mentioned above. Accordingly, the transaction will be postponed until the CMA completes preparing these rules.

As of the date of the consolidated financial position, no effect of the above has been recognised in this interim condensed consolidated financial information.

23 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.

Notes to the interim condensed consolidated financial information (continued)

23 Effects of COVID-19 (continued)

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.