KUWAIT AND MIDDLE EAST FINANCIAL INVESTMENT COMPANY K.S.C.P. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2021



Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT AND MIDDLE EAST FINANCIAL INVESTMENT COMPANY K.S.C.P.

Report on the Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait and Middle East Financial Investment Company K.S.C.P. ("the Parent Company") and its subsidiaries (collectively, the "Group") as at 31 March 2021, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity."* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it 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 preparation set out in Note 2.

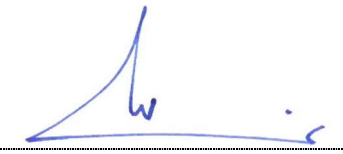
Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three-month period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position, except for the fact that the Subsidiary owns an investment property carried at KD 2,500,000 which is not in compliance with the primary objectives stipulated in the Memorandum of Incorporation and Articles of Association of the subsidiary.

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT AND MIDDLE EAST FINANCIAL INVESTMENT COMPANY K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements (continued)

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any 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, as amended, concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2021 that might have had material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

17 May 2021
Kuwait

Kuwait and Middle East Financial Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2021

	Notes	*31 March 2021* **KD**	*(Audited) 31 December 2020* KD	*31 March 2020* KD
ASSETS				
Cash and short-term deposits	3	**4,689,790**	7,329,185	3,265,964
Other assets	4	**7,766,984**	3,623,380	1,594,293
Investment securities		**4,772,466**	7,570,374	4,533,907
Investment property		**2,500,000**	2,500,000	9,000,000
Intangible asset		**8,600,000**	8,600,000	8,600,000
Furniture and equipment		**325,124**	236,896	280,230
TOTAL ASSETS		**28,654,364**	29,859,835	27,274,394
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable and other liabilities		**4,905,498**	5,211,839	2,654,799
Total liabilities		**4,905,498**	5,211,839	2,654,799
Equity				
Share capital	6	**22,000,000**	26,381,499	26,381,499
Treasury shares	6	**-**	(541,759)	(541,759)
Treasury shares reserve	6	**-**	1,576,307	1,576,307
Fair value reserve		**(46,506)**	(64,026)	(20,468)
Other reserve		**737,078**	737,078	-
Retained earnings (Accumulated losses)	6	**942,047**	(3,559,787)	(4,443,462)
Equity attributable to equity holders of the Parent Company		**23,632,619**	24,529,312	22,952,117
Non-controlling interests		**116,247**	118,684	1,667,478
Total equity		**23,748,866**	24,647,996	24,619,595
TOTAL LIABILITIES AND EQUITY		**28,654,364**	29,859,835	27,274,394

Hamad Saleh Hamad Al Thekair
Chairman

Asser Atef Fahmi Abouheba
Acting Chief Executive Officer

The attached notes 1 to 14 form a part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 31 March 2021

	Notes	*Three months ended 31 March*	
		2021	*2020*
		KD	*KD*
Income			
Management fees	7	**360,408**	351,287
Commission income		**806,227**	446,383
Net gain (loss) on investments at FVPL		**157,968**	(2,141,904)
Rental income derived from investment properties		**34,200**	-
Vehicle lease income		**11,365**	-
Dividend income		**5,741**	6,327
Net foreign exchange differences		**73,285**	29,830
Interest income		**2,678**	7,679
Gain on recognition of investment property		**-**	9,000,000
Other income		**598**	399
Net operating income		**1,452,470**	7,700,001
Expenses			
General and administrative expense		**(672,388)**	(700,782)
Total operating expenses		**(672,388)**	(700,782)
Profit before tax		**780,082**	6,999,219
National Labour Support Tax ("NLST")		**(20,137)**	(167,826)
Zakat		**(6,802)**	(67,130)
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		**(8,055)**	-
PROFIT FOR THE PERIOD		**745,088**	6,764,263
Attributable to:			
Equity holders of the Parent Company		**747,525**	6,956,331
Non-controlling interests		**(2,437)**	(192,068)
		745,088	6,764,263
BASIC AND DILUTED EARNINGS PER SHARE (EPS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	8	**3.0 Fils**	26.6 Fils

The attached notes 1 to 13 form a part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2021

	Three months ended 31 March	
	2021	*2020*
	KD	*KD*
PROFIT FOR THE PERIOD	**745,088**	6,764,263
Other comprehensive income (loss)		
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:		
Net gain (loss) on investments at FVOCI	**17,520**	(100,695)
Other comprehensive income (loss) for the period	**17,520**	(100,695)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**762,608**	6,663,568
Attributable to:		
Equity holders of the Parent Company	**765,045**	6,859,752
Non-controlling interests	**(2,437)**	(196,184)
	762,608	6,663,568

The attached notes 1 to 13 form a part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2021

	Attributable to equity holders of the Parent Company								
	Share capital KD	***Treasury shares KD***	***Treasury shares reserve KD***	***Fair value reserve KD***	***Other reserve KD***	***Retained earnings (Accumulated losses) KD***	***Total KD***	***Non-controlling interests KD***	***Total equity KD***
As at 1 January 2021	**26,381,499**	**(541,759)**	**1,576,307**	**(64,026)**	**737,078**	**(3,559,787)**	**24,529,312**	**118,684**	**24,647,996**
Profit (loss) for the period	-	-	-	-	-	747,525	747,525	(2,437)	745,088
Other comprehensive income for the period	-	-	-	17,520	-	-	17,520	-	17,520
Total comprehensive income (loss) for the period	-	-	-	17,520	-	747,525	765,045	(2,437)	762,608
Capital reduction (Note 6)	(4,381,499)	541,759	(1,576,307)	-	-	3,754,309	(1,661,738)	-	(1,661,738)
At 31 March 2021	**22,000,000**	-	-	**(46,506)**	**737,078**	**942,047**	**23,632,619**	**116,247**	**23,748,866**
As at 1 January 2020	26,381,499	(536,114)	1,576,307	(11,093)	-	(11,312,589)	16,098,010	1,863,662	17,961,672
Profit (loss) for the period	-	-	-	-	-	6,956,331	6,956,331	(192,068)	6,764,263
Other comprehensive loss for the period	-	-	-	(96,579)	-	-	(96,579)	(4,116)	(100,695)
Total comprehensive (loss) income for the period	-	-	-	(96,579)	-	6,956,331	6,859,752	(196,184)	6,663,568
Transfer of fair value reserve on derecognition of equity instruments designated at FVOCI	-	-	-	87,204	-	(87,204)	-	-	-
Purchase of treasury shares	-	(5,645)	-	-	-	-	(5,645)	-	(5,645)
At 31 March 2020	26,381,499	(541,759)	1,576,307	(20,468)	-	(4,443,462)	22,952,117	1,667,478	24,619,595

The attached notes 1 to 13 form a part of this interim condensed consolidated financial information.

	Note	Three months ended 31 March 2021 KD	Three months ended 31 March 2020 KD
OPERATING ACTIVITIES			
Profit before tax		**780,082**	6,999,219
Adjustments to reconcile profit for the period to net cash flows:			
Depreciation of furniture and equipment		**28,686**	43,856
Interest income		**(2,678)**	(7,679)
Realised (gain) loss from sale of investments at FVPL		**(43,160)**	539,015
Unrealised (gain) loss on investments at FVPL		**(114,808)**	1,602,889
Provision for employees' end of service benefits		**28,658**	5,700
Gain on recognition of investment property		**-**	(9,000,000)
		676,780	183,000
Changes in operating assets and liabilities:			
Investment at FVPL		**2,801,395**	1,495,625
Other assets		**(744,249)**	(809,003)
Accounts payable and other liabilities		**(1,987,938)**	129,110
Interest income received		**1,184**	9,598
Employees' end of service benefits paid		**(29,654)**	(12,615)
Net cash flows from operating activities		**717,518**	995,715
INVESTING ACTIVITIES			
Term deposit		**-**	55,000
Purchase of furniture and equipment		**(116,913)**	(2,614)
Proceeds from sale of furniture and equipment,		**-**	1,116
Proceeds from sale of investments at FVOCI - net		**-**	115,700
Advances paid to acquire an investment property		**(3,240,000)**	**-**
Net cash flows (used in) from investing activities		**(3,356,913)**	169,202
FINANCING ACTIVITIES			
Purchase of treasury shares		**-**	(5,645)
Net cash flows used in financing activities		**-**	(5,645)
Foreign currency translation adjustment		**2,550**	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(2,636,845)**	1,159,272
Cash and cash equivalents at 1 January	3	**6,419,435**	2,106,692
CASH AND CASH EQUIVALENTS AT 31 MARCH	3	**3,782,590**	3,265,964

1. CORPORATE INFORMATION

The interim condensed consolidated financial information of Kuwait and Middle East Financial Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2021 was authorized for issue in accordance with a resolution of the Board of Directors on 11 May 2021.

The annual general assembly meeting ("AGM") of the Parent Company for the year ended 31 December 2020 has not been held yet. Accordingly, the shareholders of the Parent Company have not yet approved the consolidated financial statements for the year ended 31 December 2020. The interim condensed consolidated financial information for the three-month period ended 31 March 2021 do not include any adjustments, which might have been required.

The Parent Company is a public shareholding company incorporated on 1 January 1984 and domiciled in Kuwait and whose shares are publicly traded on Boursa Kuwait. The Parent Company is regulated by the Capital Markets Authority (CMA) and Central Bank of Kuwait (CBK) as a investment and finance company.

In accordance with the Parent Company's Memorandum and Articles of Associations the principal activities of the Parent Company comprise the following:

- Carrying out financial investment activities in various economic sectors inside and outside the State of Kuwait directly or by contributing to the existing companies in the same activities through establishing subsidiaries or by participating with others in the establishment of specialized companies or by buying shares of these companies;
- Managing portfolios, investing and developing funds for its own account or for clients locally and internationally, trading of securities, issuance and managing securities, issuance of various types of bonds to third parties or otherwise, to exercise all types of brokerage activities, to do financing locally and internationally, acceptance and management of credit contracts,
- Conducting studies, research and providing financial advices,
- Providing market maker services.

The Parent Company is a subsidiary of Al-Thekair General Trading & Contracting Company S.P.C. (referred to therein as the "major shareholder" or the "Ultimate Parent Company").

The head office of the Parent Company is located at Al-Merqab, Block 1, Al-Soor Street, Jassim Tower, Floor 15 and its registered postal address is P.O. Box 819, Safat 13009, Kuwait City, Kuwait.

1.2 GROUP INFORMATION

The consolidated financial statements of the Group include the following:

		% equity interest			
Name	***Country of incorporation***	***31 March 2021***	*31 December 2021*	*31 March 2021*	**Principal activities**
Al Awsat Aloula Holding Company K.S.C. (Closed)*	Kuwait	**99.9%**	99.9%	99.9%	Investment
Gulf Gate Fund (the "Fund")	Kuwait	**94.2%**	94.2%	73.6%	Managed fund
Middle East Financial Brokerage Company K.S.C. (Closed) ("MEFBC")	Kuwait	**100%**	100%	90%	Brokerage
KMEFIC for Renting and Leasing Cars W.L.L.**	Kuwait	**99%**	-	-	Vehicle leasing

* Residual interests in the subsidiary are held by nominees on behalf of the Group, and there are letters of renunciation in favour of the Group confirming that the Group is the beneficial owner of such shares.

** During the current interim period, the Parent Company incorporated KMEFIC for Renting and Leasing Cars W.L.L., a limited liability company incorporated and domiciled in the State of Kuwait and principally engaged in vehicle leasing activities.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the three months ended 31 March 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting,* except as noted below.

The interim condensed consolidated financial information for the three months ended 31 March 2021 is prepared in accordance with the regulations issued by the CBK for financial services institutions in the State of Kuwait. These regulations require the expected credit loss ("ECL") on credit facilities to be measured at the higher of the amount computed under IFRS 9 in accordance to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") (collectively referred to as IFRS, as adopted for use by the State of Kuwait).

The Group has prepared the financial information on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

Interest Rate Benchmark Reform – Phase 2: ***Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16***
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

2.3 Summary of accounting policies for new transactions and events

Revenue recognition
Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group has generally concluded that it is the principal in its revenue arrangements

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.3 Summary of accounting policies for new transactions and events (continued)

Revenue recognition (continued)
The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sales of vehicles, spare parts and maintenance services
Revenue from sales of vehicles, spare parts and maintenance services are recognised when earned upon completion of performance obligation as per the service agreements with customers.

Rental income
The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. In addition, the Group leases motor vehicles.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in the statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

3. CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	31 March 2021 KD	*(Audited) 31 December 2020 KD*	*31 March 2020 KD*
Cash in hand	**1,750**	1,750	1,750
Cash at banks	**3,780,840**	6,417,685	2,939,214
Short-term deposits	**907,200**	909,750	325,000
Total cash and short-term deposits	**4,689,790**	7,329,185	3,265,964
Term deposit with original maturity period exceeding 3 months but not more than 12 months	**(907,200)**	(909,750)	**-**
Total cash and cash equivalents	**3,782,590**	6,419,435	3,265,964

Cash and cash equivalents disclosed above include restricted bank balances of KD 697,440 (31 December 2020: KD 531,594 and 31 March 2020: KD 561,664) not available for use for day-to-day operations.

Term deposits represent placements with local banks with a maturity of more than three months from the date of placement, and earn interest at an average effective interest rate of 0.65% (31 December 2020: 0.65% and 31 March 2020: 2.25%) per annum.

4. OTHER ASSETS

	31 March 2021 KD	*(Audited) 31 December 2020 KD*	*31 March 2020 KD*
Management fees receivable	**383,298**	479,817	524,756
Commission income receivable	**709,033**	224,798	343,291
Prepayments	**204,620**	240,118	129,815
Amounts due from Kuwait Clearing Company (KCC)	**3,122,133**	1,595,315	525,843
Advance payment towards purchase of an investment property *	**3,240,000**	1,000,000	-
Other receivables	**107,900**	83,332	70,588
	7,766,984	3,623,380	1,594,293

* On 28 December 2020, the Group entered into a preliminary contract (the "Contract") to acquire an investment property in the State of Kuwait and paid an advance of 1,000,000. Further, the Group paid an additional amount of KD 2,240,000 on 1 January 2021. The Contract specifies the terms of sale and the contractual obligations of each party. The legal proceeding to transfer the property to the Group are still in progress as at the authorisation date of this interim condensed consolidated financial information.

Other assets do not contain impaired assets.

5. LOANS AND ADVANCES

Loans and advances include a loan granted to a customer amounting to KD 7,500,000 (2019: KD 7,500,000) in lieu of a wakala investment backed up by a debt admission authenticated by the Ministry of Justice - Department of Authentication and registered under no. 3427/2011 (Volume 6); and for which an enforcement action has commenced under no. 14179653. No recoveries from collections were made due to the significant financial difficulties encountered by the debtor. Accordingly, the debt is considered credit impaired and has been fully provided for in previous years.

6. SHARE CAPITAL AND OTHER CAPITAL RESERVES

6.1 Share capital

The shareholders of the Parent Company in the extra-ordinary general assembly meeting ("EGM") held on 25 March 2021 approved the following:

- Reduction of authorised, issued and paid-up share capital of the Parent Company from KD 26,381,499 to KD 23,661,738 including cancellation of treasury shares as at 30 September 2020 to extinguish the full balance of accumulated losses as of that date amounting to KD 3,754,309.
- Reduction of authorised, issued and paid-up share capital of the Parent Company from KD 23,661,738 to KD 22,000,000 by way of cash distribution to the shareholders pro-rated to their shareholding in the Parent Company at the end of the record date scheduled at 25 April 2021.

Subsequent to reporting date, the capital reduction was authenticated in the commercial register in April 2021 under registration number 36914.

6.2 Treasury shares

	31 March 2021	*(Audited) 31 December 2020*	*31 March 2020*
Number of shares	-	2,067,610	2,067,610
Percentage of issued shares	-	0.8%	0.8%
Cost ("KD")	-	541,759	541,759
Market value ("KD")	-	243,978	150,108
Weighted average market value per share (fils)	-	99.14	83.80

7. FIDUCIARY ASSETS

The Group manages investment portfolios and funds on behalf of clients and provides online trading facilities. The total carrying value of these portfolios as at 31 March 2021 amounted to KD 375 Million (31 December 2020: KD 340 Million and 31 March 2020: KD 318 Million) which are not reflected in the interim condensed consolidated financial information.

The portfolios have no recourse to the general assets of the Group. The Group makes investment decisions in line with the respective agreements.

Management fee earned from the above fiduciary assets amounted to KD 360,408 for the three-month period ended 31 March 2021 (for the year ended 31 December 2020: KD 1,424,400 and for the three-month period ended 31 March 2020: KD 351,287) and commission income earned amounted to KD 806,227 for the three-month period ended 31 March 2021 (for the year ended 31 December 2020: KD 1,015,308 and for the three-month period ended 31 March 2020: KD 446,383).

8. EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	Three months ended 31 March	
	2021	*2020*
Profit for the period attributable to equity holders of the Parent Company (KD)	**747,525**	6,956,331
Weighted average number of shares outstanding during the period (shares) *	**246,724,437**	261,810,533
Basic and diluted EPS (Fils)	**3.0**	26.6

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares and capital structure during the period.

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

9. RELATED PARTY DISCLOSURES

The Group's related parties include its major shareholders, entities under common control, directors and executive officers of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

The following table provides the total amount of transactions that have been entered into with related parties during the three months 31 March 2021 and 2020, as well as balances with related parties as at 31 March 2021, 31 December 2020 and 31 March 2020:

	Three months ended 31 March	
	2021	*2020*
	KD	*KD*
Interim condensed consolidated statement of profit or loss:		
Unrealised gain (loss) from funds managed by the Parent Company	**117,736**	(1,069,446)
General and administrative expenses	**(22,313)**	(9,106)

		(Audited)	
	31 March 2021	*31 December 2020*	*31 March 2020*
	KD	*KD*	*KD*
Interim condensed consolidated statement of financial position:			
Investments in funds managed by the Parent Company	**3,206,358**	3,305,720	3,076,265
Other receivables (Note 4)	**30,606**	47,92	19,337
Purchase of furniture and equipment	**57,610**	62,506	**-**
Other payables	**(3,166)**	(11,053)	**-**

Key management personnel
Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The aggregate value of transactions and outstanding balances related to key management personnel were as follows:

	Transaction values for the three months ended 31 March		*Balance outstanding as at 31 March*	
	2021	*2020*	***2021***	*2020*
	KD	*KD*	***KD***	*KD*
Salaries and short-term benefits	**83,729**	137,170	**47,457**	63,227
Employees end of service benefits	**4,478**	6,778	**129,028**	417,002
	88,207	143,948	**176,485**	480,229

10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the interim condensed consolidated financial information at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

Set out below that are a summary of financial instruments and non-financial assets measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

	Fair value measurement using			
31 March 2021	***Quoted prices in active markets (Level 1) KD***	***Significant observable inputs (Level 2) KD***	***Significant unobservable inputs (Level 3) KD***	***Total KD***
Investment securities at FVPL:				
- Quoted equity securities	**619,168**	-	-	**619,168**
- Funds	-	**2,348,426**	**1,690,267**	**4,038,693**
	619,168	**2,348,426**	**1,690,267**	**4,657,861**
Investment securities at FVOCI:				
- Unquoted equity securities	-	-	**114,605**	**114,605**
Investment securities (at fair value)	**619,168**	**2,348,426**	**1,804,872**	**4,772,466**
31 December 2020 (Audited)				
Investment securities at FVPL:				
- Quoted equity securities	2,877,030	-	-	2,877,030
- Funds	-	2,701,583	1,894,676	4,596,259
	2,877,030	2,701,583	1,894,676	7,473,289
Investment securities at FVOCI:				
- Unquoted equity securities	-	-	97,085	97,085
Investment securities (at fair value)	2,877,030	2,701,583	1,991,761	7,570,374

10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

	Fair value measurement using			
31 March 2020	*Quoted prices in active markets (Level 1) KD*	*Significant observable inputs (Level 2) KD*	*Significant unobservable inputs (Level 3) KD*	*Total KD*
Investment securities at FVPL:				
- Quoted equity securities	622,380	-	-	622,380
- Funds	-	1,851,123	1,964,593	3,815,716
	622,380	1,851,123	1,964,593	4,438,096
Investment securities at FVOCI				
- Quoted equity securities	86,100	-	-	86,100
- Unquoted equity securities	-	-	9,711	9,711
	86,100	-	9,711	95,811
Investment securities (at fair value)	708,480	1,851,123	1,974,304	4,533,907

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the three months ended 31 March 2021.

Reconciliation of Level 3 fair values

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	Non-listed equity investments		
31 March 2021	***FVPL KD***	***FVOCI KD***	***Total KD***
As at 1 January 2021	**1,894,676**	**97,085**	**1,991,761**
Remeasurement recognised in profit or loss	**(161,954)**	-	**(161,954)**
Net disposals	**(42,455)**	-	**(42,455)**
Remeasurement recorded in OCI	-	**17,520**	**17,520**
As at 31 March 2021	**1,690,267**	**114,605**	**1,804,872**

	Non-listed equity investments		
31 December 2020 (Audited)	*FVPL KD*	*FVOCI KD*	*Total KD*
As at 1 January 2020	2,745,020	184,946	2,929,966
Remeasurement recognised in profit or loss	(741,123)	-	(741,123)
Net (disposals) purchases	(109,221)	35,701	(73,520)
Remeasurement recognised in OCI	-	(123,562)	(123,562)
As at 31 December 2020	1,894,676	97,085	1,991,761

10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

	Non-listed equity investments		
31 March 2020	*FVPL* KD	*FVOCI* KD	*Total* KD
As at 1 January 2020	2,745,020	184,946	2,929,966
Remeasurement recognised in profit or loss	(753,289)	-	(753,289)
Net disposals	(27,138)	(115,700)	(142,838)
Remeasurement recognised in OCI	-	(59,535)	(59,535)
As at 31 March 2020	1,964,593	9,711	1,974,304

The valuation techniques and inputs used in this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on profit or loss or other comprehensive income would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 percent.

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair value as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in interest rates.

11. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

- **Asset Management:** third party fund and portfolio management services on a fiduciary basis.
- **Brokerage and online trading:** on-line and brokerage services across Middle East and North Africa (MENA) and United States of America (USA) based stock exchanges.
- **Credit operations:** providing margin loans to the clients trading in Boursa Kuwait and commercial loans to the clients.
- **Rental and leasing activities:** real estate property rental and leasing activities in the State of Kuwait.
- **Investment & treasury:** money market placements including proprietary trading in equity stocks and funds across Gulf Cooperation Countries (GCC) and International markets.

The Chief Operating Decision Maker (CODM) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial information.

11. SEGMENT INFORMATION (continued)

The following tables present revenue and profit information for the Group's operating segments for the three months ended 31 March 2021 and 2020, respectively:

Three months ended 31 March 2021	***Asset management KD***	***Brokerage & online trading KD***	***Credit operations KD***	***Rental and leasing activities KD***	***Investment & treasury KD***	***Total KD***
Segment income	**328,943**	**806,228**	**-**	**45,565**	**271,734**	**1,452,470**
Segment expenses	**(198,475)**	**(276,786)**	**(2,484)**	**(12,006)**	**(182,637)**	**(672,388)**
Taxes	**-**	**-**	**-**	**-**	**(34,994)**	**(34,994)**
Segment results	**130,468**	**529,442**	**(2,484)**	**33,559**	**54,103**	**745,088**

Three months ended 31 March 2020	*Asset management KD*	*Brokerage & online trading KD*	*Credit operations KD*	*Rental and leasing activities KD*	*Investment & treasury KD*	*Total KD*
Segment income	(171,725)	446,382	-	-	7,425,344	7,700,001
Segment expenses	(236,532)	(270,443)	(2,438)	-	(191,369)	(700,782)
Taxes	-	-	-	-	(234,956)	(234,956)
Segment results	(408,257)	175,939	(2,438)	-	6,999,019	6,764,263

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2021, 31 December 2020 and 31 March 2020, respectively:

	Asset management KD	***Brokerage & online trading KD***	***Credit operations KD***	***Rental and leasing activities KD***	***Investment & treasury KD***	***Total KD***
ASSETS						
31 March 2021	**2,474,222**	**9,417,499**	**-**	**4,903,037**	**11,859,606**	**28,654,364**
31 December 2020	2,628,134	8,976,706	-	-	18,254,995	29,859,835
31 March 2020	2,404,628	9,127,669	-	-	15,742,097	27,274,394
LIABILITIES						
31 March 2021	**381,961**	**467,578**	**622**	**55,577**	**3,999,760**	**4,905,498**
31 December 2020	389,152	445,378	14,008	-	4,363,301	5,211,839
31 March 2020	387,699	430,707	247,866	-	1,588,527	2,654,799

12. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	31 March 2021 KD	*(Audited) 31 December 2020 KD*	*31 March 2020 KD*
Commitments			
Uncalled capital contributions relating to investments at FVPL	**36,507**	39,642	41,878
Contingent liabilities			
Guaranee	**338,889**	-	-

12.1 Bank guarantee

Guarantee issued by the Group noted above exclude the corporate guarantee provided to an entity of KD 46.12 million (31 December 2020: KD 46.25 million and 31 March 2020: KD 47.05 million) since this guarantee is backed by an irrevocable counter corporate guarantee of an equal amount issued in favour of the Group by a sovereign authority in Kuwait. The Parent Company is a shareholder in this entity, which is incorporated in Kingdom of Bahrain, in a fiduciary capacity. This entity is neither consolidated nor equity accounted for as this entity represents a structured entity and the Parent Company has no control, joint control or significant influence over the entity.

12.2 Legal claim contingency

In prior years certain unit holders ("unit holders") applied for redemption of their units in funds managed by the Parent Company ("the funds"). However the funds, due to liquidity issues, suspended redemptions temporarily and started an orderly liquidation in 2008. Accordingly, certain unit holders initiated legal actions against the funds and the Parent Company to redeem their units and requested for a compensation. Further, the Parent Company in its capacity as the liquidator of the funds have filed a counter claim against certain debtors of the funds to recover outstanding receivables to enable the orderly liquidation.

The legal actions commenced by the unit holders against the Parent Company and the funds are in various phases of litigation and no final court rulings have been issued by the Court of Cassation as of date.

As part of the Parent Company's regular review of ongoing litigations, and based on the legal opinion received from its external and in-house legal counsel and facts disclosed above, the management have determined that it is not possible to reach a reliable estimate for the most likely outcome. Accordingly, no provision for any liability has been made in this interim condensed consolidated financial information.

12.3 Contingent asset

The Parent Company owns a real estate property by virtue of the title deed dated 7 May 2009. However, the repossessed property was not been recorded as an asset on the Group's consolidated financial statements as at 31 December 2019 due to the ongoing litigation with the customer. A favourable judgment from the First Instance Court was handed down on 19 January 2020 evidencing the ownership of the property and the management believes that this favorable outcome has granted all the right of ownership of the property to the Parent Company. As a result, the land was recorded in the consolidated financial position of the Group at fair value amounting to KD 9,000,000 determined by an accredited independent valuer.

On 24 August 2020, the Board of Directors approved the decision to sell the investment property for a total consideration of KD 9,000,000. No gain or loss was recognised from this transaction. On 13 September 2020, the Group concluded the sale of the property to a related party.

During the period, a judgement from the Appeal Court was handed down on 13 January 2021 stating that the contract between the Parent Company and its customer should only be considered as a collateral against wakala agreement and not a sale contract and the title deed dated 7 May 2009 is deemed void. On 28 March 2021, the Court of Cassation issued a verdict to suspend the Appeal Court judgement and the matter is currently being considered by the Court of Cassation and the trial proceedings and hearings are still in progress as at the authorisation date of the interim condensed consolidated financial information.

12. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

12.3 Contingent asset (continued)

The Parent Company has been advised by its legal counsel that it is only possible, but not probable, that the action against Parent Company will succeed. Accordingly, Parent Company has not recognised any provision for any liability in the consolidated financial statements in relation to this litigation.

13. IMPACT OF COVID -19 OUTBREAK

The COVID-19 pandemic continues to spread across global geographies causing disruption to business and economic activities and bringing significant uncertainties to the global economic environment. Government authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The effects of COVID-19 pandemic have been significant on the Group's annual consolidated financial statements for the year ended 31 December 2020. As compared to the year ended 31 December 2020, the Group has not experienced any further significant adverse effect on its operations during the three months ended March 2021. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental and the Group will accordingly continue to reassess its position and the related impact on a regular basis.

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