Sokouk Holding Company K.S.C.P.
and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
30 SEPTEMBER 2020

EY
Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO BOARD OF DIRECTORS OF SOKOUK HOLDING COMPANY K.S.C.P.

Report on the Interim Condensed Consolidated Financial Information

Introduction
We were engaged to review the accompanying interim condensed consolidated statement of financial position of Sokouk Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 30 September 2020, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended.. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review
Our responsibility is to conduct a review of the Group's interim condensed consolidated financial

statements in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. However, because of the significance of the matters described in the *"Basis for Disclaimer of Conclusion"* section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on this interim condensed consolidated financial information.

Basis for Disclaimer of Conclusion
As described in Note 2 to the interim condensed consolidated financial information, the Group has incurred a net loss of KD 14,273,079 for the nine months ended 30 September 2020 (30 September 2019: KD 285,059) and, as of that date, the Group's accumulated losses amounted to KD 25,614,679 (31 December 2019: KD 11,649,466 and 30 September 2019: KD 9,068,266). Further the Group's current liabilities exceeded its current assets by KD 20,096,644 as at the reporting date (31 December 2019: KD 17,980,868 and 30 September 2019: KD 19,970,029).

In addition to the above, financing arrangements in one of the Group's subsidiaries (the "subsidiary") expired and the amount outstanding of KD 21,000,000 was payable on 30 June 2020. The Group has been unable to conclude re-negotiations with the lender or obtain replacement financing at the maturity date.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO BOARD OF DIRECTORS OF SOKOUK HOLDING COMPANY K.S.C.P. (continued)

Report on the Interim Condensed Consolidated Financial Information (continued)

Basis for Disclaimer of Conclusion (continued)
On 10 August 2020, the lender officially notified the subsidiary to handover a pledged asset included under 'Properties and equipment' and carried at KD 26,894,240 in the Group's interim condensed consolidated statement of financial position as at 30 September 2020. The majority of the shareholders of the subsidiary in the annual general assembly meeting ("AGM") held on 4 October 2020 approved to surrender the pledged asset and discharge the debt obligation while preserving the subsidiary's financial and legal rights to claim the difference between the carrying value of the pledged asset and the debt obligation.

As stated in Note 7 to the interim condensed consolidated financial information, the subsidiary is still in the process of surrendering the pledged asset to the lender as at the authorisation date of this interim condensed consolidation financial information; and the management of the Group is actively engaged with the lender to negotiate the terms of the debt obligation and find a viable solution. The ability of the Group to continue as a going concern is critically dependent on the successful outcome of these discussions. We have not been able to obtain sufficient and reliable evidence to determine whether the Group will be able to reach an agreement to restructure its existing debt obligation. Accordingly, we were unable to determine the appropriateness of the carrying amount of the pledged assets and related debt obligation stated in the interim condensed consolidated financial information as a result of the uncertainties referred to above.

Further, the COVID-19 pandemic has had a severe impact on travel and, more specifically, the hospitality and tourism industry. The travel and border restrictions implemented by the countries in which the Group operates and decisions being taken to shut-down hotels has led to a significant fall in occupancy rates. There is a significant uncertainty in relation to the extent and period over which these developments will continue, but they will have a significant impact on the Group financial position, future cashflows and results of operations.

Disclaimer Conclusion
Because of the significance of the matter described in the preceding paragraph, we were unable to obtain sufficient reliable information to provide a basis for our conclusion on the accompanying interim condensed consolidated financial information. Accordingly, we do not express a conclusion on the interim condensed consolidated financial information.

Emphasis of Matter
We draw attention to Note 6 to the interim condensed consolidated financial information which describes that during the year 2015, the contractor of one of the properties of an associate of the Parent Company i.e. Munshaat Real Estate Projects Company K.S.C.P. ("Munshaat"), domiciled in the Kingdom of Saudi Arabia has claimed an amount equivalent to KD 41 million and Munshaat has filed a counterclaim against the same contractor for delay in completing the project for an amount equivalent to KD 51 million. The ultimate outcome of the matter cannot presently be determined, and accordingly no provision for any liability that may result has been recognised in the interim condensed consolidated financial information as at 30 September 2020.

Our conclusion is not disclaimed in respect of this matter.

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO BOARD OF DIRECTORS OF SOKOUK HOLDING COMPANY K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements

Furthermore, because of the significant uncertainties of the matter described in the *"Basis for Disclaimer of Conclusion"* section of our report, we were not able to conclude that proper books of account have been kept by the Parent Company, and the interim condensed consolidated financial information is in agreement therewith. 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 have occurred during the nine-month period ended 30 September 2020 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine-month period ended 30 September 2020 that might have had a 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

15 November 2020
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 September 2020

		Three months ended 30 September		*Nine months ended 30 September*	
		2020	*2019*	***2020***	*2019*
	Notes	***KD***	*KD*	***KD***	*KD*
Hospitality income		**204,331**	898,685	**1,702,467**	3,496,163
Hospitality costs		**(318,488)**	(599,433)	**(1,241,704)**	(2,008,942)
Net hospitality (loss) income		**(114,157)**	299,252	**460,763**	1,487,221
Net rental income from investment properties	5	**68,551**	98,625	**220,170**	295,399
Share of results of associates		**(8,413,136)**	462,642	**(11,192,387)**	172,084
Management fees income		**11,482**	14,917	**38,722**	49,354
Other income		**25,156**	8,981	**82,262**	23,288
Staff costs		**(167,643)**	(218,509)	**(528,083)**	(719,125)
Administrative expenses		**(117,171)**	(170,287)	**(399,949)**	(642,446)
Impairment of property and equipment		**-**	-	**(1,453,963)**	-
Impairment of leasehold property		**(89,739)**	-	**(89,739)**	-
(Allowance for) reversal of provision for expected credit losses		**(4,120)**	153,593	**(196,929)**	153,593
Change in fair value of investment properties	5	**-**	-	**(239,000)**	-
Finance costs		**(244,578)**	(334,122)	**(900,036)**	(1,016,688)
Amortisation of leasehold property		**(24,970)**	(29,246)	**(74,910)**	(87,739)
(LOSS) PROFIT FOR THE PERIOD		**(9,070,325)**	285,846	**(14,273,079)**	(285,059)
Attributable to:					
Equity holders of the Parent Company		**(9,012,185)**	324,622	**(13,965,213)**	(228,391)
Non-controlling interests		**(58,140)**	(38,776)	**(307,866)**	(56,668)
		(9,070,325)	285,846	**(14,273,079)**	(285,059)
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4	**(15.77) fils**	0.57 fils	**(24.43) fils**	(0.40) fils

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2020

	Three months ended 30 September		*Nine months ended 30 September*	
	2020	*2019*	***2020***	*2019*
	KD	*KD*	***KD***	*KD*
(LOSS) PROFIT FOR THE PERIOD	**(9,070,325)**	285,846	**(14,273,079)**	(285,059)
Other comprehensive (loss) income				
Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	**(13,101)**	7,677	**25,204**	6,497
Share of other comprehensive income (loss) of associates	**202,905**	(6,181)	**148,565**	(1,362)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**189,804**	1,496	**173,769**	5,135
Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods:				
Net (loss) gain on equity instruments at fair value through other comprehensive income	**-**	-	**(346,172)**	32,709
Share of other comprehensive income (loss) of associates	**(23,248)**	(588)	**(44,979)**	(9,698)
Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods	**(23,248)**	(588)	**(391,151)**	23,011
Net other comprehensive income (loss) for the period	**166,556**	908	**(217,382)**	28,146
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	**(8,903,769)**	286,754	**(14,490,461)**	(256,913)
Attributable to:				
Equity holders of the Parent Company	**(8,845,629)**	325,530	**(14,182,595)**	(200,245)
Non-controlling interests	**(58,140)**	(38,776)	**(307,866)**	(56,668)
	(8,903,769)	286,754	**(14,490,461)**	(256,913)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 September 2020

	Notes	*30 September 2020* *KD*	*(Audited) 31 December 2019* *KD*	*30 September 2019* *KD*
ASSETS				
Cash and cash equivalents		**4,313,525**	3,579,465	2,723,003
Inventories		**40,524**	62,746	61,750
Accounts receivable and prepayments		**926,680**	2,113,747	1,076,738
Investment properties	5	**5,141,000**	5,380,000	5,400,000
Leasehold property		**1,583,245**	1,747,894	2,018,001
Financial assets at FVOCI		**723,813**	1,069,985	2,142,588
Investment in associates	6	**17,671,168**	28,734,934	29,520,272
Property and equipment	7	**27,655,088**	29,636,716	33,152,769
TOTAL ASSETS		**58,055,043**	72,325,487	76,095,121
EQUITY AND LIABILITIES				
Equity				
Share capital	8	59,314,500	59,314,500	59,314,500
Statutory reserve		2,895,475	2,895,475	2,895,475
Voluntary reserve		2,895,475	2,895,475	2,895,475
Treasury shares	8	(1,769,871)	(1,769,871)	(1,769,871)
Effect of changes in OCI of associates		(1,764,927)	(1,868,513)	(1,856,910)
Foreign currency translation reserve		79,120	53,916	62,401
Fair value reserve		(4,279,210)	(3,933,038)	(3,361,819)
Other reserves		(272,250)	(272,250)	(272,250)
Accumulated losses		(25,614,679)	(11,649,466)	(9,068,266)
Equity attributable to equity holders of the Parent Company		**31,483,633**	45,666,228	48,838,735
Non-controlling interests		**443,839**	751,705	1,165,276
Total equity		**31,927,472**	46,417,933	50,004,011
Liabilities				
Islamic finance payables	9	**24,000,338**	23,737,029	24,125,702
Accounts payable and accruals		**1,753,432**	1,798,688	1,646,476
Employees' end of service benefits		**373,801**	371,837	318,932
Total liabilities		**26,127,571**	25,907,554	26,091,110
TOTAL EQUITY AND LIABILITIES		**58,055,043**	72,325,487	76,095,121

Nawaf Musaed Abdulaziz Al-Usaimi
Chairman

Ahmad Mohammed Othman Al-Quraishi
Chief Executive Officer

شركة صكوك القابضة ش.م.ك.ع.
صكوك
Sokouk Holding Co. K.P.S.C.

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

NTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

or the period ended 30 September 2020

	Attributable to equity holders of the Parent Company											
	Share capital KD	*Statutory reserve KD*	*Voluntary reserve KD*	*Treasury shares KD*	*Effect of changes in OCI of associates KD*	*Foreign currency translation reserve KD*	*Fair value reserve KD*	*Other reserves KD*	*Accumulated losses KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total equi KD*
s at 1 January 2019	59,314,500	2,895,475	2,895,475	(1,769,871)	(1,868,513)	53,916	(3,933,038)	(272,250)	(11,649,466)	45,666,228	751,705	46,417,93
oss for the period	-	-	-	-	-	-	-	-	(13,965,213)	(13,965,213)	(307,866)	(14,273,07
ther comprehensive income (loss) for the period	-	-	-	-	103,586	25,204	(346,172)	-	-	(217,382)	-	(217,38
otal comprehensive income (loss) for the period	-	-	-	-	103,586	25,204	(346,172)	-	(13,965,213)	(14,182,595)	(307,866)	(14,490,461
t 30 September 2020	**59,314,500**	**2,895,475**	**2,895,475**	**(1,769,871)**	**(1,764,927)**	**79,120**	**(4,279,210)**	**(272,250)**	**(25,614,679)**	**31,483,633**	**443,839**	**31,927,47**
s at 1 January 2019	59,314,500	2,895,475	2,895,475	(1,769,871)	(1,845,850)	55,904	(3,394,528)	(272,250)	(8,839,875)	49,038,980	1,221,944	50,260,92
oss for the period	-	-	-	-	-	-	-	-	(228,391)	(228,391)	(56,668)	(285,05
ther comprehensive (loss) income for the period	-	-	-	-	(11,060)	6,497	32,709	-	-	28,146	-	28,14
otal comprehensive (loss) income for the period	-	-	-	-	(11,060)	6,497	32,709	-	(228,391)	(200,245)	(56,668)	(256,91
t 30 September 2019	59,314,500	2,895,475	2,895,475	(1,769,871)	(1,856,910)	62,401	(3,361,819)	(272,250)	(9,068,266)	48,838,735	1,165,276	50,004,01

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2020

	Nine months ended 30 September	
	2020	*2019*
	KD	*KD*
OPERATING ACTIVITIES		
Loss for the period	**(14,273,079)**	(285,059)
Adjustments to reconcile loss for the period to net cash flows:		
Share of results of associates	**11,192,387**	(172,084)
Finance costs on debts and borrowings	**865,920**	981,597
Finance cost on lease liabilities	**34,116**	35,091
Provision for employees' end of service benefits	**44,316**	61,755
Depreciation of property and equipment and right-of-use assets	**781,954**	603,439
Allowance for (reversal of) provision for expected credit losses	**196,929**	(153,593)
Impairment of property and equipment	**1,453,963**	-
Impairment of leasehold property	**89,739**	-
Change in fair value of investment properties	**239,000**	-
Gain on derecognition of right-of-use assets and lease liabilities	**(19,229)**	-
Amortisation of leasehold property	**74,910**	87,739
	680,926	1,158,885
Working capital changes:		
Inventories	**22,222**	147
Accounts receivable and prepayments	**984,218**	428,749
Accounts payable and accruals	**(45,256)**	(157,377)
Cash flows from operating activities	**1,642,110**	1,430,404
Employees' end of service benefits paid	**(42,352)**	(240,241)
Receipt of government grants	**5,920**	-
Net cash flows from operating activities	**1,605,678**	1,190,163
INVESTING ACTIVITIES		
Purchase of property and equipment	**(119,088)**	(157,636)
Proceeds from partial redemption in an associate	-	1,447,253
Net cash flows (used in) from investing activities	**(119,088)**	1,289,617
FINANCING ACTIVITIES		
Repayment of Islamic finance payables	-	(854,656)
Payment of lease liabilities	**(149,920)**	(148,880)
Finance costs paid	**(602,610)**	(844,108)
Net cash flows used in financing activities	**(752,530)**	(1,847,644)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**734,060**	632,136
Cash and cash equivalents at 1 January	**3,579,465**	2,090,867
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	**4,313,525**	2,723,003

Non-cash items excluded from the interim condensed consolidated statement of cash flows:

Transitional adjustment to accounts payable and accruals on adoption of IFRS 16 (adjusted with accounts payable and accruals)	-	538,466
Additions to lease liabilities (adjusted with accounts payable and accruals)	**417,370**	417,292
Derecognition of right-of-use assets (adjusted with to property and equipment)	**319,440**	-
Additions to right-of-use assets (adjusted with property and equipment)	**(417,370)**	(417,292)
Derecognition of lease liabilities (adjusted with accounts payable and accruals)	**(338,669)**	-
Transitional adjustment to property and equipment on adoption of IFRS 16 (adjusted with property and equipment)	-	(538,466)

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2020

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Sokouk Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the nine months ended 30 September 2020 was authorised for issue in accordance with a resolution of the directors on 12 November 2020.

The Group's annual audited consolidated financial statements for the year ended 31 December 2019 were approved by the shareholders of the Parent Company's at the annual general assembly meeting ("AGM") held on 11 June 2020. No dividends have been declared by the Parent Company.

The Parent Company is a public shareholding company incorporated and domiciled in the State of Kuwait and whose shares are publicly traded in Boursa Kuwait. The Parent Company's head office is located at ITS building 3rd Floor, Mubarak Al-Kabeer Street, Sharq and its registered postal address is at P.O. Box 29110, Safat 13152 - State of Kuwait.

The Parent Company is a subsidiary of Aref Investment Group S.A.K. (Closed) (referred to hereunder as "Aref" or the "Ultimate Parent Company"), a Kuwaiti shareholding company incorporated and domiciled in the State of Kuwait.

The principal activities of the Parent Company as per its Memorandum of Incorporation are, as follows:

- Owning shares of Kuwaiti or foreign shareholding companies or units in Kuwaiti or foreign limited liability companies, or establishing, managing, financing and sponsoring such companies.
- Financing and sponsoring entities in which the Company has an ownership interest of not less than 20% in such entities.
- Owning industrial rights such as patents, industrial trademarks, sponsoring foreign companies or any other related industrial rights and leasing such rights for the benefit of companies inside or outside State of Kuwait.
- Owning movable assets or real estates required to pursue the Company's activities within the limits acceptable by law.
- Utilising available surplus funds by investing these funds in portfolios managed by specialised parties.

All activities are conducted in accordance with Islamic Sharīʿa as approved by the Parent Company's Fatwa and Sharīʿa Supervisory Board.

2 FUNDAMENTAL ACCOUNTING CONCEPT AND IMPACT OF COVID-19

The COVID-19 outbreak has developed rapidly in 2020 and measures taken by various governments to contain the virus have negatively affected the economic activity and the Group's business in various significant ways.

The Group has reported cumulative losses of KD 14,273,079 for the nine months ended 30 September 2020, and, as of that date, the Group's current liabilities exceeded its current assets by KD 20,096,644. Further, the Group's accumulated losses amounted to KD 25,614,679 as at the reporting date.

The currently known impact of COVID-19 on the Group are:

- A decline in hospitality income for the first nine months of 2020 compared to the same period in 2019 by 51% due to severe travel restrictions and measures taken by the government to partially close hotels and commercial facilities for the public resulting in extremely low occupancy, loss of banquet, meeting, food and beverage revenue.
- Fair value decreases of investment properties amounting to KD 239,000 witnessed during the period.
- Rental income of KD 220,170 for the nine months, down by 25% year-over-year due to lower vacancy and rent concessions provided to leases.
- Fair value decreases in financial assets at FVOCI for the first nine months of 2020 by 32% since 31 December 2019, mainly due to deterioration in financial markets and respective market index.
- Share of losses from associates of KD 11,192,387 for the nine months ended 30 September 2020 as a result of closure of hotels in Mecca and Medina effective from April 2020.
- The Group has further incurred losses due to impairment of property and equipment of KD 1,453,963 and impairment of leasehold property of KD 89,739.
- Allowance for expected credit losses of trade receivables for the first nine months ended 30 September 2020 for an amount of KD 196,929 in total.

2 FUNDAMENTAL ACCOUNTING CONCEPT AND IMPACT OF COVID-19 (continued)

As a result of these effects, the Group operating results have declined significantly with the major negative impact identified during the nine-month period ended 30 September 2020. Also, the Group's liquidity headroom has been negatively impacted.

In addition to the already known effects of the COVID-19 outbreak and resulting government measures, the macroeconomic uncertainty causes disruption to economic activity, and it is unknown what the long-term impact on the Group's business will be.

Management seeks to obtain the best possible information to enable the Group to assess these risks and implement appropriate measures to respond. The Group has taken and will take a number of measures to monitor and prevent the effects of the COVID-19 virus. These measures include (but is not limited to) the following:

- The Group monitors on an ongoing basis its liquidity position, near-term forecasts and key financial ratios to ensure that sufficient funds are available to meet its working capital commitments as they arise.
- The Group initiated discussion with various vendors and suppliers on discounts of supplies and services.
- The Group minimised all discretionary operational and capital expenditure, in addition to postponing maintenance and other capital expenditure where possible to conserve cash.
- Management has taken several cost saving measures which included employee furloughs together with other employee cost reductions.
- The Group is actively engaged with the lender to negotiate the terms of the debt obligation and find a viable solution (For more details, refer to Note 7 and 9).

In forming an assessment on the Group's ability to continue as a going concern, management has made significant judgements about:

- The forecast of cash flows over next twelve months from the date the financial are authorised for issue depends on the Group's ability to implement the mitigating factors within the Group's control.
- The Group's ability to successfully reach a viable solution with the lender regarding the debt obligation.

Based on the facts and circumstances known at this moment and the possible scenarios about how the COVID-19 virus and resulting government measures could evolve, management has determined that the use of the going concern assumption is warranted, but given the unpredictability of the potential impact of the outbreak and the possible outcome of the ongoing discussion with the lender, there may be material uncertainties that cast doubt on the Group's ability to operate as a going concern.

If for any reason the Group is unable to continue as a going concern, then this could have an impact on the Group's ability to realise assets at their recognised values, and to extinguish liabilities in the normal course of business at the amounts stated in the interim condensed consolidated financial information.

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

3.1 Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting*".

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual audited consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements as at 31 December 2019.

The Group presents its statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 12.

3 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

3.2 Summary of accounting policies for new transactions and events

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

3.3 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 2019, except for the adoption of new standards effective as of 1 January 2020. 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 2020, but do not have an impact on the interim condensed consolidated financial information of the Group.

Amendments to IFRS 3: *Definition of a Business*
The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial information of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IAS 1 and IAS 8: *Definition of Material*
The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial information of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the interim condensed consolidated financial information of the Group.

3 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

3.3 New standards, interpretations and amendments adopted by the Group (continued)

Amendments to IFRS 16 *Covid-19 Related Rent Concessions*
On 28 May 2020, the IASB issued *Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases* The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the interim condensed consolidated financial information of the Group.

4 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the (loss) profit for the period attributable to ordinary 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 (loss) profit attributable to ordinary equity holders of the 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 30 September		*Nine months ended 30 September*	
	2020	*2019*	***2020***	*2019*
(Loss) profit for the period attributable to equity holders of the Parent Company (KD)	**(9,012,185)**	324,622	**(13,965,213)**	(228,391)
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period	**571,645,336**	571,645,336	**571,645,336**	571,645,336
Basic and diluted EPS (fils)	**(15.77) fils**	0.57 fils	**(24.43) fils**	(0.40) fils

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.

5 INVESTMENT PROPERTIES

	30 September 2020 KD	*(Audited) 31 December 2019 KD*	*30 September 2019 KD*
Opening balance t 1 January	**5,380,000**	5,400,000	5,400,000
Net loss from fair value remeasurement	**(239,000)**	(20,000)	-
Closing balance at the end of the period/ year	**5,141,000**	5,380,000	5,400,000

5 INVESTMENT PROPERTIES (continued)

Investment properties comprise of residential properties located in the State of Kuwait. Investment properties are classified in Level 2 of the fair value measurement hierarchy.

The fair value of investment properties was independently determined at 31 December 2019 by accredited independent valuers who are specialised in valuing such type of properties using a mix of income capitalisation method and the market comparison approach considering the nature usage of each property.

The management has revisited these valuations and obtained external appraisals to ensure that they appropriately reflect the impact of recent COVID-19 related events.

For the current period, as a result of the recent outbreak of COVID-19, management acknowledges that there is increased uncertainty to input factors on the fair value of investment properties, including capitalisation rates and discount rates, due to a lack of market transactions since early March 2020. Management has made general assumptions to sensitize cash flows based on expected scenarios which are anticipated to occur over the near- and mid-term period. The Group has assessed each of its property classes to determine the level of impact on cash flows after taking into account upcoming quarter rent collection rates, renewal percentages, and the credit quality of its tenant base. It is likely that there will be further cash flow and valuation metric changes in future periods as new information related to the pandemic are understood, including the continued impact on tenants as well as the evolution of government restrictions and travel limitations.

The Group will continue to assess further impact on cash flows as well as valuation inputs in the upcoming quarters as there is new information to consider.

	Three months ended 30 September		*Nine months ended 30 September*	
	2020	*2019*	***2020***	*2019*
	KD	*KD*	***KD***	*KD*
Rental income derived from investment properties	**78,010**	107,840	**247,000**	323,180
Direct operating expenses (including repairs and maintenance) generating rental income	**(9,459)**	(9,215)	**(26,830)**	(27,781)
Net rental income from investment properties	**68,551**	98,625	**220,170**	295,399

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

6 INVESTMENT IN ASSOCIATES

Details of associates are set out below:

Name	***% equity interest***			***Carrying amount***		
	30 September 2020	*31 December 2019*	*30 September 2019*	***30 September 2020***	*31 December 2019*	*30 September 2019*
	%	*%*	*%*	***KD***	*KD*	*KD*
Munshaat Real Estate Projects Company K.S.C.P. ("Munshaat")*	**27.67%**	27.67%	27.67%	**4,218,051**	9,753,949	9,521,558
Qitaf Joint Venture ("Qitaf") **	**36.43%**	36.43%	36.43%	**1,684,916**	2,439,333	2,490,443
The Zamzam 2013 JV ("Zamzam") **	**23.48%**	23.48%	23.48%	**11,768,201**	16,541,652	17,508,271
				17,671,168	28,734,934	29,520,272

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2020

6 INVESTMENT IN ASSOCIATES (continued)

* The fair value of the Group's investment Munshaat (based on quoted market price in Boursa Kuwait) was KD 6,495,200 as at 30 September 2020 (31 December 2019: KD 6,592,975 and 30 September 2019: KD 6,709,034). Munshaat shares were suspended from trading in Boursa Kuwait on 11 November 2020 as the investee's accumulated losses exceeded 75% of its share capital.

** Private entity – no quoted price available

Legal claim contingency with respect to an associate

During the year 2015, the contractor of one of the properties of Munshaat situated in the Kingdom of Saudi Arabia has claimed a penalty of SAR 501 million (equivalent to KD 41 million) from Munshaat for the delay in the execution of the project and various other related costs and Munshaat has counter claimed an amount of SAR 627 million (equivalent to KD 51 million) on the same contractor for the delay in handing over the project and the operational losses. The dispute has been referred to Saudi Arbitration Committee ("SAC") and as on the date of these interim consolidated financial information, the trial proceedings and hearings are still in progress. However due to the considerable discrepancy in the technical reports submitted by the two parties in dispute, a specialised technical expert was appointed by SAC whose final report issued on 2 February 2020 supported the Parent Company's position to a large extent.

Munshaat has been advised by its legal counsel that it is only possible, but not probable, that the action against Munshaat will succeed. Accordingly, Munshaat has not recognised any provision for any liability has been made in its interim condensed consolidated financial information.

Impairment assessment

As detailed in Note 2, due to the Covid-19 pandemic and resulting measures taken by various governments to contain the virus, the associates have temporary ceased commercial operations in KSA effective from 1 April 2020 causing a significant deterioration in financial conditions for the associates and an increase in economic uncertainty, hence triggering the requirement for impairment tests of certain non-financial assets.

An impairment test has been undertaken by the associates in accordance with the requirements of IAS 36 for separate cash-generating units, which mainly comprise of properties and right-of-use assets located in the Kingdom of Saudi Arabia, using a discounted cash flow model. These assessments were performed by accredited independent valuers with relevant professional qualification and with recent experience in the location and category of properties being valued.

During the period, the Group has recognised share of losses from associates amounting to KD 11,192,387 mainly on account of impairment losses incurred on different CGUs.

7 PROPERTY AND EQUIPMENT

The hospitality sector has had the most immediate and acute impact from COVID-19 as the hotel operated by the Group was temporarily closed, and currently remains closed for the public as a result of severe travel restrictions and mandatory closure orders from government authorities. As a result of this closure, the Group identified an impairment indicator and have performed an impairment test for the property (land and buildings) carried at KD 26,894,240 as at 30 September 2020 (31 December 2019: KD 28,805,828, 30 September 2019: KD 32,759,668)

Based on management assessment and the valuation performed by an independent real estate valuer with recent experience in the location and category of the leased property being valued, the Group recognised an impairment loss of KD 1,453,963 to write-down the carrying amount of the property to its recoverable amount. This was recognised separately in the statement of profit or loss for the nine-month period ended 30 September 2020.

Land and buildings with a carrying amount of KD 26,894,240 (31 December 2019: KD 28,805,828, 30 September 2019: KD 32,759,668) are subject to a first charge to secure the Group's Islamic finance payables (Note 9).

The Group's financing arrangements expired and the debt outstanding of KD 21,000,000 was payable on 30 June 2020 as disclosed in Note 9. The Group was not able to conclude re-negotiations with the lender or obtain replacement financing as at the authorisation date of this interim condensed consolidated financial information. As a result, the lender requested the Group on 10 August 2020 to hand over and transfer the leased property with immediate effect to settle the outstanding debt.

7 PROPERTY AND EQUIPMENT (continued)

The Group is still in the process of negotiating the hand over terms with the lender and no final conclusion has been reached as of date. Management acknowledges that a material uncertainty remains that could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

8 SHARE CAPITAL AND TREASURY SHARES

8.1. Share capital

At 30 September 2020, the authorised, issued and fully paid-up capital of the Parent Company comprises of 593,145,000 (31 December 2019: 593,145,000 and 30 September 2019: 593,145,000) shares of 100 fils each. All shares are paid in cash.

8.2. Treasury shares

	30 September 2020	*(Audited) 31 December 2019*	*30 September 2019*
Number of treasury shares	**21,499,664**	21,499,664	21,499,664
Percentage of share capital	**3.6%**	3.6%	3.6%
Cost of treasury shares – KD	**1,769,871**	1,769,871	1,769,871
Market value – KD	**484,945**	752,488	687,989
Weighted average market price – fils	**27.4**	38.7	40.0

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

9 ISLAMIC FINANCE PAYABLES

	Effective interest rate	*Maturity*	***30 September 2020 KD***	*(Audited) 31 December 2019 KD*	*30 September 2019 KD*
Secured Ijara loan	3.75%	30 June 2020	**21,196,875**	21,000,000	21,041,625
Secured murabaha facility*	5.25%	16 October 2020	**1,563,463**	1,497,029	1,844,077
Secured Ijara facility**	4.54%	4 October 2020	**1,240,000**	1,240,000	1,240,000
			24,000,338	23,737,029	24,125,702

* Subsequent to the reporting date, the Group repaid the facility in full.
** Subsequent to the reporting date, the Group rolled over the facility with the existing lender for 12 months.

Islamic finance payable amounting to KD 24,000,338 (31 December 2019: KD 23,737,029 and 30 September 2019: KD 24,125,702) represent facilities obtained from local financial institutions and are secured by property and equipment amounting to KD 26,894,240 (31 December 2019: KD 28,805,828, 30 September 2019: KD 32,759,668) (Note 7) and investment properties amounting to KD 5,141,000 (31 December 2019: KD 5,380,000 and 30 September 2019: KD 5,400,000) (Note 5).

The Group's financing arrangements expired and the debt outstanding of KD 21,000,000 was payable on 30 June 2020 as disclosed in Note 7. The Group was not able to conclude re-negotiations with the lender or obtain replacement financing as at the authorisation date of this interim condensed consolidated financial information. As a result, the lender requested the Group on 10 August 2020 to hand over and transfer the leased property with immediate effect to settle the outstanding debt.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2020

10 RELATED PARTY DISCLOSURES

Related parties represent the Ultimate Parent Company, major shareholders, associates, directors and key management personnel of the Group, and companies 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 Parent Company's management.

The following table provides the total amount of transactions that have been entered into with related parties during the nine months ended September 2020 and 2019.

			Transaction values for the nine months ended	
	Major shareholder of the Ultimate Parent Company KD	***Associates KD***	***30 September 2020 KD***	*30 September 2019 KD*
Statement of profit or loss:				
Management fees	**-**	**38,722**	**38,722**	49,354
Finance costs	**66,434**	**-**	**66,434**	92,209

10 RELATED PARTY DISCLOSURES

Related parties represent the Ultimate Parent Company, major shareholders, associates, directors and key management personnel of the Group, and companies 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 Parent Company's management.

The following table provides the total balances with related parties as at 30 September 2020, 31 December 2019 and 30 September 2019.

	Major shareholder of the Ultimate Parent Company KD	Ultimate Parent Company KD	Associates KD	Other related parties KD	Balance outstanding as at 30 September 2020 KD	(Audited) 31 December 2019 KD	30 September 2019 KD
Statement of financial position:							
Receivables from related parties	-	-	94,071	-	94,071	58,662	78,244
Payables to related parties	-	121,845	6,953	1,738	130,536	158,979	173,376
Islamic finance payables	1,563,463	-	-	-	1,563,463	1,497,029	1,844,077

Key management compensation

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 balances outstanding related to key management personnel were as follows:

	Transaction values for the three months ended		*Transaction values for the nine months ended*		*Balance outstanding as at*		
	30 September 2020 KD	*30 September 2019 KD*	**30 September 2020 KD**	*30 September 2019 KD*	**30 September 2020 KD**	*31 December 2019 KD*	*30 September 2019 KD*
Salaries and other short-term benefits	37,404	40,923	110,980	114,349	50,927	17,897	11,799
End of service benefits	2,389	2,389	6,507	9,295	72,954	69,853	53,407
	39,793	43,312	117,487	123,644	123,881	87,750	65,206

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2020

11 SEGMENT INFORMATION

For management purposes, the Parent Company is organised into three major business segments. The principal activities and services under these segments are as follows:

- **Investment** : Managing direct investments and investments in subsidiaries and associates;
- **Real estate** : Managing investment properties and leasehold property; and
- **Hotel operations** : Consist of the hospitality services provided through the Millennium hotel and convention center, Kuwait.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Group administrative costs, finance income, finance costs and taxes are not reported to the members of the executive management team on a segment basis. There are no sales between segments. Right-of-use assets are not reported on a segment basis.

The following table presents segment revenue, expenses, results information of the Group's operating segments for the nine months ended 30 September 2020 and 2019:

	Hotel operations KD	*Real estate KD*	*Investment KD*	*Unallocated amounts KD*	*Total KD*
Nine months ended 30 September 2020					
Segment revenue	**1,702,467**	**220,170**	**(11,192,387)**	**120,984**	**(9,148,766)**
Segment expenses	**(4,328,295)**	**(470,378)**	**-**	**(325,640)**	**(5,124,313)**
Segment results	**(2,625,828)**	**(250,208)**	**(11,192,387)**	**(204,656)**	**(14,273,079)**
Other disclosures:					
Impairment of property and equipment	**(1,453,963)**	**-**	**-**	**-**	**(1,453,963)**
Share of results of associates	**-**	**-**	**(11,192,387)**	**-**	**(11,192,387)**
Impairment of leasehold property	**-**	**(89,739)**	**-**	**-**	**(89,739)**
Depreciation and amortization	**(749,666)**	**(74,910)**	**-**	**(32,288)**	**(856,864)**
Nine months ended 30 September 2019					
Segment revenue	3,496,163	295,399	172,084	226,235	4,189,881
Segment expenses	(3,854,225)	(275,189)	-	(345,526)	(4,474,940)
Segment results	(358,062)	20,210	172,084	(119,291)	(285,059)
Other disclosures:					
Share of results of associates	-	-	172,084	-	172,084
Depreciation and amortisation	(571,403)	(87,739)	-	(32,036)	(691,178)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
As at and for the period ended 30 September 2020

11 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities for the Group's operating segments as at 30 September 2020, 31 December 2019 and 30 September 2019, respectively:

	Hotel operations KD	*Real estate KD*	*Investment KD*	*Unallocated amounts KD*	*Total KD*
As at 30 September 2020					
Total assets	**28,103,964**	**7,509,791**	**22,083,757**	**357,531**	**58,055,043**
Total liabilities	**24,037,777**	**1,531,230**	**-**	**558,564**	**26,127,571**
As at 31 December 2019 (Audited)					
Total assets	30,457,772	7,793,559	32,557,586	1,516,570	72,325,487
Total liabilities	23,846,945	260,022	1,240,000	560,587	25,907,554
As at 30 September 2019					
Total assets	33,751,681	7,873,407	34,058,953	411,080	76,095,121
Total liabilities	24,089,757	310,547	1,240,000	450,806	26,091,110

12 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

30 September 2020	*Within 12 months KD*	*After 12 months KD*	*Total KD*
ASSETS			
Cash and cash equivalents	**4,313,525**	**-**	**4,313,525**
Inventories	**40,524**	**-**	**40,524**
Accounts receivable and prepayments	**726,680**	**200,000**	**926,680**
Investment properties	**-**	**5,141,000**	**5,141,000**
Leasehold property	**-**	**1,583,245**	**1,583,245**
Financial assets at FVOCI	**-**	**723,813**	**723,813**
Investment in associates	**-**	**17,671,168**	**17,671,168**
Property and equipment	**-**	**27,655,088**	**27,655,088**
TOTAL ASSETS	**5,080,729**	**52,974,314**	**58,055,043**
LIABILITIES			
Islamic finance payables	**24,000,338**	**-**	**24,000,338**
Accounts payable and accruals	**1,177,035**	**576,397**	**1,753,432**
Employees' end of service benefits	**-**	**373,801**	**373,801**
TOTAL LIABILITIES	**25,177,373**	**950,198**	**26,127,571**
NET LIQUIDTY GAP	**(20,096,644)**	**52,024,116**	**31,927,472**

12 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

31 December 2019 (Audited)	*Within 12 months KD*	*After 12 months KD*	*Total KD*
ASSETS			
Cash and cash equivalents	3,579,465	-	3,579,465
Inventories	62,746	-	62,746
Accounts receivable and prepayments	1,913,747	200,000	2,113,747
Investment properties	-	5,380,000	5,380,000
Leasehold property	-	1,747,894	1,747,894
Financial assets at FVOCI	-	1,069,985	1,069,985
Investment in associates	-	28,734,934	28,734,934
Property and equipment	178,885	29,457,831	29,636,716
TOTAL ASSETS	5,734,843	66,590,644	72,325,487
LIABILITIES			
Islamic finance payables	22,537,064	1,199,965	23,737,029
Accounts payable and accruals	1,178,647	620,041	1,798,688
Employees' end of service benefits	-	371,837	371,837
TOTAL LIABILITIES	23,715,711	2,191,843	25,907,554
NET LIQUIDTY GAP	(17,980,868)	64,398,801	46,417,933

30 September 2019	*Within 12 months KD*	*After 12 months KD*	*Total KD*
ASSETS			
Cash and cash equivalents	2,723,003	-	2,723,003
Inventories	61,750	-	61,750
Accounts receivable and prepayments	876,738	200,000	1,076,738
Investment properties	-	5,400,000	5,400,000
Leasehold property	-	2,018,001	2,018,001
Financial assets at FVOCI	-	2,142,588	2,142,588
Investment in associates	-	29,520,272	29,520,272
Property and equipment	-	33,152,769	33,152,769
TOTAL ASSETS	3,661,491	72,433,630	76,095,121
LIABILITIES			
Islamic finance payables	22,650,737	1,474,965	24,125,702
Accounts payable and accruals	980,783	665,693	1,646,476
Employees' end of service benefits	-	318,932	318,932
TOTAL LIABILITIES	23,631,520	2,459,590	26,091,110
NET LIQUIDTY GAP	(19,970,029)	69,974,040	50,004,011

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

All financial assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

Valuation methods and assumptions
The following methods and assumptions were used to estimate the fair values:

Financial assets at FVOCI - Unquoted equity investments
The Group invests in equity investments that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Fund uses a market-based valuation technique for these positions. The Group's determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the book value of the investee company to measure the fair value. The Group classifies the fair value of these investments as Level 3.

Other financial assets and liabilities
Fair value of other financial instruments at amortised cost is not materially different from their carrying values, at the reporting date, as most of these instruments are of short-term maturity or re-priced immediately based on market movement in profit rates.

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

	Non-quoted equity investments		
	30 September 2020	*(Audited) 31 December 2019*	*30 September 2019*
As at 1 January 2019	**1,069,985**	2,109,879	2,109,879
Remeasurement recognised in OCI	**(346,172)**	(847,710)	32,709
Capital redemptions	**-**	(192,184)	-
	723,813	1,069,985	2,142,588

Description of significant unobservable inputs to valuation
Unquoted equity security is fair valued based on the price to book value multiples approach and adjusted with discount for lack of marketability (DLOM).

The Group has performed a sensitivity analysis to the range of significant unobservable inputs used in the fair value measurements during the period. Based on such analysis, there is no material impact on the interim condensed financial information.

14 GOVERNMENT GRANT

In an attempt to mitigate the impact of the COVID-19 pandemic, the Government of Kuwait has introduced measures to aid private entities. These measures include government assistance made towards national workforce in the private sector for a period of up to six months effective from April 2020.

During the period, the Group has received financial support amounting to KD 5,920, which is accounted for in accordance with IAS 20 *'Accounting for Government Grants and Disclosures of Government Assistance'* and is recognised in the statement of profit or loss within 'other income'.