

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

31 MARCH 2021





Ernst & Young
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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 Review of Interim Condensed Consolidated Financial Information

Introduction

We have reviewed 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 31 March 2021, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-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

Except as explained in the following paragraph, 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.

Basis for Qualified Conclusion

As described in Note 8 to the interim condensed consolidated financial information, Islamic finance payables of KD 21,000,000 (31 December 2020: KD 21,000,000) are secured by a first charge over certain of the Group’s land and buildings (the “leased property”) with a carrying value of KD 27,563,399 as at 31 March 2021 (31 December 2020: KD 27,689,750).

As stated in Note 8 therein, the financing arrangements expired and the amount outstanding was payable on 30 June 2020. The uncertainties arising from the COVID-19 pandemic has made it difficult for the Group to refinance the existing financial liabilities or to access alternative financing arrangements, and accordingly the Group has been unable to conclude renegotiations with the lender.

Subsequent to the reporting date, the Group was subpoenaed by the court to evict and handover the leased property following a claim lodged by the lender. The Group’s external legal counsel is in the process of developing a defense strategy for the pre-trial proceedings mainly claiming the difference between the carrying value of the leased property and the debt obligation outstanding. The court is expected to consider this matter in September 2021.

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

Report on Review of Interim Condensed Consolidated Financial Information (continued)

Basis for Qualified Conclusion (continued)

Considering the range of possible outcomes of the judicial process, we were unable to obtain sufficient appropriate evidence at this stage to assess whether the Group continues to have ownership rights or the right to benefit from the recognised property and if the liabilities to which the arrangement applies represent the actual obligations of the Group at the reporting date. Consequently, we were unable to determine whether any adjustments might be necessary to the interim condensed consolidated financial information of the Group.

Qualified Conclusion

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the matter described above, 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 IAS 34.

Material Uncertainty Related to Going Concern and Impact of Covid-19

We draw attention to Note 2 in the interim condensed consolidated financial information, which indicates that the Group incurred a net loss of KD 1,240,276 during the three months ended 31 March 2021 (31 March 2020: KD 658,617), and, as of that date, the Group has accumulated losses amounted to KD 29,961,326 (31 December 2020: KD 28,735,628 and 31 March 2020: KD 12,281,927). The Group's current liabilities exceeded its current assets by KD 19,873,217 (31 December 2020: KD 19,882,979 and 31 March 2020: KD 19,355,781).

Further, the COVID-19 pandemic has had a severe impact on the global hospitality industry. The travel and border restrictions implemented by the countries in which the Group operates has led to a significant fall in occupancy rates which impacted the Group's financial performance and cash flows. As stated in Notes 2 and 14 to the interim condensed consolidated financial information, these events or conditions, along with other matters as set forth in Note 8 for which we have modified our conclusion as described in the "Basis for Qualified Conclusion" paragraph above, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 5 of 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 made in this interim condensed consolidated financial information of the Group as at 31 March 2021.

Our conclusion is not modified in respect of this matter.

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, 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, except for the possible effect of the matter described in the “*Basis for Qualified Conclusion*” section of our report, 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 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.

We further report that, during the course of our review, except for the possible effect of the matter described in the “*Basis for Qualified Conclusion*” section of our report, 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 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.



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

17 May 2021
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 31 March 2021

	<i>Note</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2021</i>	<i>2020</i>
		<i>KD</i>	<i>KD</i>
INCOME			
Hospitality income		672,236	955,625
Hospitality costs		(403,040)	(583,402)
Net hospitality income		269,196	372,223
Net rental income from investment properties		94,834	96,961
Share of results of associates		(1,096,174)	(441,666)
Management fees income		12,413	15,697
Other income		18,618	25,394
		(701,113)	68,609
EXPENSES			
Staff costs		(195,419)	(175,849)
Administrative expenses		(109,110)	(198,868)
Depreciation of right-of-use assets		(23,353)	(24,970)
Provision for expected credit losses		(6,500)	(7,828)
Finance costs		(204,781)	(327,539)
		(539,163)	(727,226)
LOSS FOR THE PERIOD		(1,240,276)	(658,617)
Attributable to:			
Equity holders of the Parent Company		(1,225,698)	(632,461)
Non-controlling interests		(14,578)	(26,156)
		(1,240,276)	(658,617)
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
	4	(2.14) Fils	(1.11) Fils

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2021

	<i>Three months ended</i> <i>31 March</i>	
	2021 KD	2020 KD
LOSS FOR THE PERIOD	(1,240,276)	(658,617)
Other comprehensive income (loss)		
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(2,030)	44,270
Share of other comprehensive income (loss) of associates	19,379	(81,209)
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods	17,349	(36,939)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Net gain (loss) on equity instruments designated at FVOCI	31,475	(251,761)
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods	31,475	(251,761)
Net other comprehensive income (loss) for the period	48,824	(288,700)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(1,191,452)	(947,317)
Attributable to:		
Equity holders of the Parent Company	(1,176,874)	(921,161)
Non-controlling interests	(14,578)	(26,156)
	(1,191,452)	(947,317)

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 31 March 2021

		(Audited)	
	31 March	31 December	31 March
	2021	2020	2020
Notes	KD	KD	KD
ASSETS			
Cash and cash equivalents	3,055,243	2,705,799	4,549,043
Inventories	36,714	36,854	61,779
Accounts receivable and prepayments	1,046,057	1,216,832	1,066,076
Investment properties	5,141,000	5,141,000	5,380,000
Financial assets at FVOCI	692,453	660,978	818,224
Investment in associates	5 12,803,633	13,882,458	28,256,329
Right-of-use assets	2,150,736	2,220,377	2,453,488
Property and equipment	6 27,592,140	27,719,874	28,660,934
TOTAL ASSETS	52,517,976	53,584,172	71,245,873
EQUITY AND LIABILITIES			
Equity			
Share capital	7 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	7 (1,769,871)	(1,769,871)	(1,769,871)
Effect of changes in other comprehensive income of associates	(1,897,410)	(1,916,789)	(1,949,722)
Foreign currency translation reserve	53,107	55,137	98,186
Fair value reserve	(3,850,841)	(3,882,316)	(4,184,799)
Other reserve	(272,250)	(272,250)	(272,250)
Accumulated losses	(29,961,326)	(28,735,628)	(12,281,927)
Equity attributable to equity holders of the Parent Company	27,406,859	28,583,733	44,745,067
Non-controlling interests	502,492	517,070	725,549
Total equity	27,909,351	29,100,803	45,470,616
LIABILITIES			
Islamic finance payables	8 22,551,250	22,367,500	23,759,093
Accounts payable and accruals	1,733,684	1,791,272	1,655,632
Employees' end of service benefits	323,691	324,597	360,532
Total liabilities	24,608,625	24,483,369	25,775,257
TOTAL EQUITY AND LIABILITIES	52,517,976	53,584,172	71,245,873



Nawaf Musaed Abdulaziz Al-Usaimi
Chairman



Ahmad Mohammed Othman Al-Quraishi
Chief Executive Officer



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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2021

Attributable to equity holders of the Parent Company

	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Treasury shares KD</i>	<i>Effect of changes in OCI of associates KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Fair value reserve KD</i>	<i>Other reserve KD</i>	<i>Accumulated losses KD</i>	<i>Sub-total KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
As at 1 January 2021	59,314,500	2,895,475	2,895,475	(1,769,871)	(1,916,789)	55,137	(3,882,316)	(272,250)	(28,735,628)	28,583,733	517,070	29,100,803
Loss for the period	-	-	-	-	-	-	-	-	(1,225,698)	(1,225,698)	(14,578)	(1,240,276)
Other comprehensive income (loss) for the period	-	-	-	-	19,379	(2,030)	31,475	-	-	48,824	-	48,824
Total comprehensive income (loss) for the period	-	-	-	-	19,379	(2,030)	31,475	-	(1,225,698)	(1,176,874)	(14,578)	(1,191,452)
At 31 March 2021	59,314,500	2,895,475	2,895,475	(1,769,871)	(1,897,410)	53,107	(3,850,841)	(272,250)	(29,961,326)	27,406,859	502,492	27,909,351
As at 1 January 2020	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	46,417,933
Loss for the period	-	-	-	-	-	-	-	-	(632,461)	(632,461)	(26,156)	(658,617)
Other comprehensive (loss) income for the period	-	-	-	-	(81,209)	44,270	(251,761)	-	-	(288,700)	-	(288,700)
Total comprehensive (loss) income for the period	-	-	-	-	(81,209)	44,270	(251,761)	-	(632,461)	(921,161)	(26,156)	(947,317)
At 31 March 2020	59,314,500	2,895,475	2,895,475	(1,769,871)	(1,949,722)	98,186	(4,184,799)	(272,250)	(12,281,927)	44,745,067	725,549	45,470,616

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 31 March 2021

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Loss for the period	(1,240,276)	(658,617)
<i>Adjustments to reconcile loss for the period to net cash flows:</i>		
Share of results of associates	1,096,174	441,666
Depreciation of property and equipment	133,291	202,683
Depreciation of right-of-use assets	69,641	72,601
Provision for expected credit losses on trade receivables	6,500	7,828
Finance costs on debts and borrowings	195,000	316,344
Finance cost on lease liabilities	9,781	11,195
Provision for employees' end of service benefits	16,890	19,383
	<u>287,001</u>	<u>413,083</u>
<i>Changes in operating assets and liabilities:</i>		
Inventories	140	967
Accounts receivable and prepayments	164,275	1,039,843
Accounts payable and accruals	(12,889)	(107,291)
	<u>438,527</u>	<u>1,346,602</u>
Cash flows from operating activities	438,527	1,346,602
Employees' end of service benefits paid	(17,796)	(30,688)
	<u>420,731</u>	<u>1,315,914</u>
Net cash flows from operating activities	<u>420,731</u>	<u>1,315,914</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(5,557)	(5,096)
	<u>(5,557)</u>	<u>(5,096)</u>
Net cash flows used in investing activities	<u>(5,557)</u>	<u>(5,096)</u>
FINANCING ACTIVITIES		
Payment of principal portion of lease liabilities	(54,480)	(46,960)
Finance costs paid	(11,250)	(294,280)
	<u>(65,730)</u>	<u>(341,240)</u>
Net cash flows used in financing activities	<u>(65,730)</u>	<u>(341,240)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>349,444</u>	<u>969,578</u>
Cash and cash equivalents at 1 January	2,705,799	3,579,465
	<u>3,055,243</u>	<u>4,549,043</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u><u>3,055,243</u></u>	<u><u>4,549,043</u></u>

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

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 three months ended 31 March 2021 was authorised for issue in accordance with a resolution of the 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 and domiciled in the State of Kuwait and whose shares are publicly traded in Boursa Kuwait. The Parent Company’s shares are currently suspended from trading as per Capital Markets Authority (CMA) board decision dated 30 December 2020.

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 Shari’a as approved by the Parent Company’s Fatwa and Shari’a Supervisory Board.

2 FUNDAMENTAL ACCOUNTING CONCEPT AND IMPACT OF COVID-19

The outbreak of the COVID-19 pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic’s spread have significantly impacted the Group. The capacity constraints and restrictions imposed by the government required the Group to temporarily cease its hotel operations completely for a period of four to five months in 2020. In late February 2021, the operations were again impacted due to a second wave of the pandemic resulting in government authorities instating a nationwide lockdown to contain the spread of the virus. The economic fall-out of COVID-19 crisis is significant and evolving and has negatively impacted the Group’s financial performance for the year and also its liquidity position. However, border and travel restrictions are expected to ease in phases effective from June 2021 onwards with the increase pace of vaccinations in Kuwait and the region.

For the three-month period ended 31 March 2021, the Group recognised a net loss of KD 1,225,698 and, as of that date, the Group’s current liabilities exceeded its current assets by KD 19,873,217. Further, the Group’s accumulated losses amounted to KD 29,961,326 as at the reporting date.

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

- ▶ A decline in hospitality income for the first three months of 2021 compared to the same period in 2020 by 30% 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.
- ▶ Share of loss from associates of KD 1,096,174 (2020: KD 441,666) for the first three months of 2021.

As a result of these effects, the Group operating results have declined significantly. Also, the Group’s liquidity headroom has been negatively impacted.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

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

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 longer term impact on the Group's business will be. The Covid-19 virus can evolve in various directions. If society, and as a consequence business, is exposed to Covid-19 for a longer period of time, this may result in prolonged negative results and pressure on the Group's liquidity.

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 had positive operating cash flows of KD 420,731 for the three-month period ended 31 March 2021.
- ▶ The Group maintains sufficient cash to meet liquidity needs in the event of an unforeseen interruption in cash flows.
- ▶ 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 has also approved a plan to sell a leased property carried at KD 27,563,399 (Note 8).

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

- The cash flow over next twelve months from the date the interim condensed consolidated financial information is authorised for issue depends on the Group's ability to implement the mitigating factors within the Group's control.
- The ultimate outcome of the lawsuit filed by a lender against the Group (Refer to Note 13 for further details).

Management acknowledges that uncertainty remains over the Group's ability to meet its funding requirements and to refinance or repay its banking facilities as they fall due. However, based on the facts and circumstances known at this moment and the possible scenarios about how the pandemic and resulting government measures could evolve, management has determined that the use of the going concern assumption is warranted and has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. 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 for the three months ended 31 March 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the financial information on the basis that it will continue to operate as a going concern. The management considered that material uncertainties exist that may cast doubt significant doubt over this assumption (Refer to Note 2 for further details). 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 consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

3.2 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

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

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

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.

4 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the loss 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 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.

	<i>Three months ended</i>	
	<i>31 March</i>	
	2021	2020
Loss for the period attributable to equity holders of the Company (KD)	(1,225,698)	(632,461)
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period	571,645,336	571,645,336
Basic and diluted EPS	(2.14) Fils	(1.11) 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

5 INVESTMENT IN ASSOCIATES

Details of associates are set out below:

Name	% equity interest			Carrying amount		
	31 March 2021	31 December 2020	31 March 2019	31 March 2021 KD	31 December 2020 KD	31 March 2020 KD
Munshaat Real Estate Projects Company K.S.C.P. (“Munshaat”)	27.67	27.67	27.67	1,685,048	2,270,844	9,418,587
Qitaf Joint Venture (“Qitaf”)	36.43	36.43	36.43	717,536	764,185	2,436,053
The Zamzam 2013 JV (“Zamzam”)	23.48	23.48	23.48	10,401,049	10,847,429	16,401,689
				12,803,633	13,882,458	28,256,329

The movement in the carrying amount of investment in associates during the period/ year is, as follows:

	<i>(Audited)</i>		
	31 March 2021 KD	31 December 2020 KD	31 March 2020 KD
Reconciliation to carrying amounts:			
At the beginning of the period/year	13,882,458	28,734,934	28,734,934
Share of results	(1,096,174)	(14,805,421)	(441,666)
Share of other comprehensive income (loss)	19,379	(48,276)	(81,209)
Exchange differences	(2,030)	1,221	44,270
At the end of the period/year	12,803,633	13,882,458	28,256,329

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 temporarily ceased commercial operations effective from 1 April 2020 until September 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 held by the associates such as ROU assets. The associates carried out an assessment during the third and fourth quarters of the immediately preceding reporting period and recognised the loss within ‘Share of results of the associates’ in the statement of profit or loss.

Since the impairment test was performed at the end of the last annual reporting period, management believes that there are no new triggering events during the current interim period that require the Group to perform an impairment test in accordance with IAS 36.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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6 PROPERTY AND EQUIPMENT

Land and buildings with a carrying amount of KD 27,563,399 (31 December 2020: KD 27,689,750, 31 March 2020: KD 28,613,675) are subject to a first charge to secure the Group's Islamic finance payables (Note 8).

Impairment losses related to a real estate property

At 31 December 2020, the Group assessed whether there is an indication that land and building may be impaired through assessing factors such as significant external adverse changes including market, economic, technological or legal environment factors in which the Group operates or internal observable factors including failure to meet budgeted and forecasted earnings in the current and prior years; that may trigger indicators of impairment that will either impact the carrying value or the remaining useful life of land and building. The management has also considered certain additional factors such as maintenance status, market knowledge and historical transactions.

Based on management assessment and the valuation performed by two independent real estate valuers with experience in the locations and category of the property being valued, the Group recognised an impairment loss of KD 523,357 during the year ended 31 December 2020 to reduce the carrying amount of the property to its recoverable amount. The impairment charge is presented as a separate line item in the consolidated statement of profit or loss for the year then ended. Management believes that there are no significant circumstances during the interim period that have arisen since year-end which may have a significant impact on the recoverable amount.

7 SHARE CAPITAL AND TREASURY SHARES

7.1 Share capital

At 31 March 2021, the authorised, issued and fully paid-up capital of the Parent Company comprises of 593,145,000 (31 December 2020: 593,145,000 and 31 March 2020: 593,145,000) shares of 100 fils each. All shares are paid in cash.

7.2 Treasury shares

	<i>31 March</i>	<i>(Audited)</i>	
	<i>2020</i>	<i>31 December</i>	<i>31 March</i>
		<i>2019</i>	<i>2020</i>
Number of treasury shares	21,499,664	21,499,664	21,499,664
Percentage of share capital	3.60%	3.60%	3.60%
Cost of treasury shares – KD	1,769,871	1,769,871	1,769,871
Market value – KD	494,492	494,492	515,992
Weighted average market price – fils	23	23	35.0

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.

8 ISLAMIC FINANCE PAYABLES

		<i>Effective</i>		<i>(Audited)</i>	
	<i>Currency</i>	<i>interest rate</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
		<i>(EIR)</i>	<i>2021</i>	<i>2020</i>	<i>2020</i>
			<i>KD</i>	<i>KD</i>	<i>KD</i>
Secured murabaha facility*	Kuwaiti Dinar	5.25%	-	-	1,519,093
Secured Ijara facility**	Kuwaiti Dinar	4.82%	1,000,000	1,000,000	1,240,000
Secured Ijara contract***	Kuwaiti Dinar	5.25%	21,551,250	21,367,500	21,000,000
			22,551,250	22,367,500	23,759,093

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

8 ISLAMIC FINANCE PAYABLES

*Secured murabaha facility was repaid in full in the prior year.

**Secured Ijara facility mounting to KD 1,000,000 (31 December 2020: KD 1,000,000 and 31 March 2020: KD 1,240,000) represent facilities obtained from local Islamic financial institutions and are secured by investment properties amounting to KD 3,512,000 (31 December 2020: KD 3,512,000 and 31 March 2020: KD 5,380,000).

***Secured Ijara contract amounting to KD 21,551,250 (31 December 2020: KD 21,637,500 and 31 March 2020: KD 21,000,000) represent a finance lease agreement (“Ijara contract”) entered into between Gulf Real Estate Development House Company (“Subsidiary”) and a local financial institution (“lender”) for a hotel property located in the State of Kuwait (“leased property”) with a lease term of 65 months commencing on the date of signing the Ijara contract and maturing at the end of the lease on 30 June 2020 (“maturity date”). The lease payments are repayable in equal quarterly instalments of KD 275,625 and the ownership of the leased property is transferred to the Subsidiary once a lump sum payment of KD 21,000,000 (“balloon payment”) is made at the maturity date. Ijara payables of KD 21,000,000 are secured by a first charge over the Group’s leased property, with a carrying value of KD 27,563,399 at 31 March 2021 (31 December 2020: KD 27,689,750 and 31 March 2020: KD 28,613,675) (Note 13).

The COVID-19 pandemic lockdown placed severe stress on the Subsidiary’s liquidity position as revenue-generating activities were severely restricted from February 2020 onwards. Given the uncertainties arising from the COVID-19 pandemic, the Subsidiary sent several correspondences to the lender explaining the financial difficulties encountered due to COVID-19 and exploring the possibility of extending the Ijara contract for an additional two years term. However, both the Subsidiary and the lender did not reach a conclusion and, accordingly the lender officially notified the Subsidiary in August 2020 to surrender the leased property.

On 4th October 2020, the Subsidiary held its extra-ordinary general assembly meeting (“EGM”) and the majority shareholders approved to surrender the leased property and discharge the debt obligation while preserving the Subsidiary’s financial and legal rights to claim the difference between the carrying value of the leased property and the debt obligation outstanding at the maturity date. However, the lender did not accept the handover terms and conditions which states the carrying value of the leased property.

On 30th March 2021, the Subsidiary held an extra-ordinary general assembly meeting (“EGM”) wherein the majority shareholders approved a plan to sell the leased asset to fulfil the debt obligations.

On 5th April 2021, the Group was subpoenaed by the court to evict and surrender the leased property following a claim lodged by the lender. The Group’s external legal counsel is in the process of developing a defence strategy for the pre-trial proceedings mainly claiming the difference between the carrying value of the leased property and debt obligation outstanding. The court is expected to consider this matter in September 2021.

Loan covenants

Banking covenants vary according to each loan agreement. A future breach of covenant may require the Group to repay the Islamic finance payable on demand. During the current interim period, except for the abovementioned matter, the Group did not breach any of its financing covenants, nor did it default on any other of its obligations under its finance agreements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

9 RELATED PARTY DISCLOSURES (continued)

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:

	<i>Transaction values for the three months ended</i>		<i>Balance outstanding as at</i>		
	31 March 2021 KD	<i>31 March 2020 KD</i>	31 March 2020 KD	<i>31 December 2020 KD</i>	<i>31 March 2020 KD</i>
Salaries and other short-term benefits	37,426	37,250	58,237	54,479	43,167
End of service benefits	2,337	1,436	78,644	74,431	73,488
	39,763	38,686	136,881	128,910	116,655

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

10 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 investment in subsidiaries and associates
- ▶ Real estate: Managing investment properties
- ▶ Hotel operations: Provision of hospitality services through the Millennium Hotel and Convention Center

Management 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 return on investments. The Group does not have any inter-segment transactions.

The following table presents segment revenue, expenses, results information of the Group's operating segments for the three months ended 31 March 2021 and 2021:

	<i>Hotel operations KD</i>	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Other unallocated items KD</i>	<i>Total KD</i>
<i>Three months ended 31 March 2021</i>					
Segment revenue	672,236	94,834	(1,096,174)	31,031	(298,073)
Segment expenses	(779,921)	(57,357)	-	(104,925)	(942,203)
Segment results	<u>(107,685)</u>	<u>37,477</u>	<u>(1,096,174)</u>	<u>(73,894)</u>	<u>(1,240,276)</u>
<i>Three months ended 31 March 2020</i>					
Segment revenue	955,625	96,961	(423,360)	22,938	652,164
Segment expenses	(1,152,463)	(58,987)	-	(99,331)	(1,310,781)
Segment results	<u>(196,838)</u>	<u>37,974</u>	<u>(423,360)</u>	<u>(76,393)</u>	<u>(658,617)</u>

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

	<i>Hotel operations KD</i>	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Other unallocated items KD</i>	<i>Total KD</i>
<i>As at 31 March 2021</i>					
Total assets	<u>30,313,236</u>	<u>5,873,318</u>	<u>15,344,417</u>	<u>987,005</u>	<u>52,517,976</u>
Total liabilities	<u>22,834,235</u>	<u>1,255,746</u>	<u>-</u>	<u>518,644</u>	<u>24,608,625</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

10 SEGMENT INFORMATION (continued)

	<i>Hotel operations KD</i>	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Other unallocated items KD</i>	<i>Total KD</i>
<i>31 December 2020 (Audited)</i>					
Total assets	30,280,727	5,836,602	16,448,009	1,018,834	53,584,172
Total liabilities	22,686,302	1,294,526	-	502,541	24,483,369

	<i>Hotel operations KD</i>	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Other unallocated items KD</i>	<i>Total KD</i>
<i>As at 31 March 2020</i>					
Total assets	30,066,922	7,829,970	31,781,936	1,567,045	71,245,873
Total liabilities	23,712,194	1,507,051	-	556,012	25,775,257

11 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.

<i>31 March 2021</i>	<i>Within 1 year KD</i>	<i>After 1 year KD</i>	<i>Total KD</i>
ASSETS			
Cash and cash equivalents	3,055,243	-	3,055,243
Inventories	36,714	-	36,714
Accounts receivable and prepayments	846,057	200,000	1,046,057
Investment properties	-	5,141,000	5,141,000
Financial assets at FVOCI	-	692,453	692,453
Investment in associates	-	12,803,633	12,803,633
Right-of-use assets	-	2,150,736	2,150,736
Property and equipment	-	27,592,140	27,592,140
TOTAL ASSETS	3,938,014	48,579,962	52,517,976
LIABILITIES			
Islamic finance payables	22,551,250	-	22,551,250
Accounts payable and accruals	1,259,981	473,703	1,733,684
Employees' end of service benefits	-	323,691	323,691
TOTAL LIABILITIES	23,811,231	797,394	24,608,625
NET LIQUIDTY GAP	(19,873,217)	47,782,568	27,909,351

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

11 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

<i>31 December 2020 (Audited)</i>	<i>Within 1 year KD</i>	<i>Over 1 year KD</i>	<i>Total KD</i>
ASSETS			
Cash and cash equivalents	2,705,799	-	2,705,799
Inventories	36,854	-	36,854
Accounts receivable and prepayments	1,016,832	200,000	1,216,832
Investment properties	-	5,141,000	5,141,000
Financial assets at FVOCI	-	660,978	660,978
Investment in associates	-	13,882,458	13,882,458
Right-of-use assets	-	2,220,377	2,220,377
Property and equipment	-	27,719,874	27,719,874
TOTAL ASSETS	3,759,485	49,824,687	53,584,172
LIABILITIES			
Islamic finance payables	22,367,500	-	22,367,500
Accounts payable and accruals	1,274,964	516,308	1,791,272
Employees' end of service benefits	-	324,597	324,597
TOTAL LIABILITIES	23,642,464	840,905	24,483,369
NET LIQUIDTY GAP	(19,882,979)	48,983,782	29,100,803
<i>31 March 2020</i>	<i>Within 1 year KD</i>	<i>After 1 year KD</i>	<i>Total KD</i>
ASSETS			
Cash and cash equivalents	4,549,043	-	4,549,043
Inventories	61,779	-	61,779
Accounts receivable and prepayments	866,076	200,000	1,066,076
Investment properties	-	5,380,000	5,380,000
Financial assets at FVOCI	-	818,224	818,224
Investment in associates	-	28,256,329	28,256,329
Right-of-use assets	-	2,453,488	2,453,488
Property and equipment	-	28,660,934	28,660,934
TOTAL ASSETS	5,476,898	65,768,975	71,245,873
LIABILITIES			
Islamic finance payables	23,759,093	-	23,759,093
Accounts payable and accruals	1,073,586	582,046	1,655,632
Employees' end of service benefits	-	360,532	360,532
TOTAL LIABILITIES	24,832,679	942,578	25,775,257
NET LIQUIDTY GAP	(19,355,781)	64,826,397	45,470,616

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy

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:

Unlisted equity securities

The fair value of unlisted equity investment has been estimated using a market-based valuation technique. The Group determines comparable public companies (peers) based on industry, size and leverage and calculates an appropriate trading multiple for the comparable company identified. The multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company specific facts and circumstances. The Group classifies the fair value of these investments as Level 3.

Other financial assets and liabilities

Fair value of other financial instruments 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 interest rates.

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:

	<i>Non-listed equity investments</i>		
	<i>31 March 2021</i>	<i>31 December 2020</i>	<i>31 March 2020</i>
As at 1 January	660,978	1,069,985	1,069,985
Remeasurement recognised in OCI	31,475	50,722	(251,761)
Redemptions	-	(459,729)	-
	692,453	660,978	818,224

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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.

13 LEGAL CLAIM CONTINGENCY

Financing arrangements of a partly owned subsidiary ("Subsidiary") expired and the debt outstanding of KD 21,000,000 was payable on 30 June 2020. The Subsidiary was unable to conclude re-negotiations with the lender or obtain replacement financing as at the maturity date. On 10th August 2020, the lender officially notified the subsidiary to surrender a pledged asset included under 'Properties and equipment' and carried at KD 27,563,399 (31 December 2020 and 31 March 2020: KD 27,689,750 and KD 28,613,675 respectively) in the interim condensed consolidated statement of financial position as at 31 March 2021 (Refer to Notes 6 and 8).

On 4th October 2020, the Subsidiary held its extra-ordinary general assembly meeting ("EGM") and the majority shareholders approved to surrender the leased property and discharge the debt obligation while preserving the Subsidiary's financial and legal rights to claim the difference between the carrying value of the leased property and the debt obligation outstanding at the maturity date. However, the lender did not accept the handover terms and conditions which states the carrying value of the leased property.

On 30th March 2021, the Subsidiary held an extra-ordinary general assembly meeting ("EGM") wherein the majority shareholders approved a plan to sell the leased property to fulfil the debt obligations.

On 5th April 2021, the Group was subpoenaed by the court to evict and surrender the leased property following a claim lodged by the lender. The first hearing was scheduled on 7th April 2021 but has been adjourned without deliberation. The Group's external legal counsel is in the process of developing a defense strategy for the pre-trial proceedings mainly claiming the difference between the carrying value of the lease property and the debt obligation outstanding. The court is expected to consider this matter in September 2021. Accordingly, no provision for any liability has been made in this interim condensed consolidated financial information.

14 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 yet experienced any further significant adverse effects 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 financial position and the related impact on a regular basis.

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