Munshaat Real Estate Projects 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 THE SHAREHOLDERS OF MUNSHAAT REAL ESTATE PROJECTS K.S.C.P.

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

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with 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 23,475,997 during the nine months ended 30 September 2020 and its accumulated losses as at 30 September 2020 amounts to KD 26,700,001 and, as of that date, the Group's current liabilities exceeded its current assets by KD 11,506,821. Further, we draw attention to note 11 and 2 relating to Group's obligation for repayment of its banking facilities due in December 2020.

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. These events or conditions, along with other matters as set forth in Note 2 to the interim condensed consolidated financial information, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF MUNSHAAT REAL ESTATE PROJECTS K.S.C.P. (continued)

Material Uncertainty Related to Going Concern and Impact of Covid-19 (continued)
The interim condensed consolidated financial information of the Group has been prepared on a going concern basis, the validity of which is dependent on successful recovery from the COVID-19 pandemic in conjunction with the actions undertaken by the governments in the countries which the Group operates, favorable outcome of the ongoing discussions with a related party financial institution to roll-over/ restructure existing debt repayment terms and successful implementation of the management's plans for future actions in responding to the conditions above as disclosed in Note 2 to the interim condensed consolidated financial statements.

Our conclusion is not modified in respect of this matter.

Emphasis of Matters

1. We draw attention to Note 7 of the interim condensed consolidated financial information which states that the independent external valuations of right-of-use assets and investment properties are reported on the basis of "Material valuation uncertainty' due to the potential effect of the Covid-19 pandemic. Consequently, more subjectivity is associated with determining the reasonableness of market assumptions, which are significant to the valuation of non-financial assets, than would normally be the case.

2. We draw attention to Note 12 to the interim condensed consolidated financial information, which describes that, during the year 2015, the contractor of one of the properties of the Group in the Kingdom of Saudi Arabia has claimed an amount equivalent to KD 41 million from the Parent Company and the Parent Company has filed a counter claim 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 30 September 2020.

Our conclusion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements
Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the 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.

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF MUNSHAAT REAL ESTATE PROJECTS K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements (continued)

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 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

11 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*
Operating revenue	4	**-**	4,144,311	**2,176,107**	8,965,537
Operating costs	4	**(1,034,545)**	(2,758,227)	**(4,171,149)**	(7,216,708)
Net results from hotel operations		**(1,034,545)**	1,386,084	**(1,995,042)**	1,748,829
Management fees		**47,442**	143,080	**194,796**	470,556
Net (loss) income from Sukuks		**(4,445)**	299,808	**102,610**	974,700
Net (loss) income from investment properties	7	**(3,326,245)**	115,567	**(3,967,744)**	342,655
Unrealised (loss) gain from financial assets at fair value through profit or loss		**(1,174,641)**	185,921	**(1,990,247)**	(25,801)
Finance income		**630**	6,934	**8,257**	19,771
Dividend income		**-**	-	**197,243**	-
Other income	5	**19,839**	163,787	**115,572**	335,792
Share of results of associates	8	**(6,570,169)**	697,504	**(8,328,671)**	1,375,141
Impairment of right-of-use asset		**(1,707,463)**	-	**(1,707,463)**	-
General and administrative expenses		**(350,222)**	(474,585)	**(1,686,323)**	(1,973,975)
Depreciation expense		**(42,849)**	(21,825)	**(118,234)**	(63,087)
Write-down of inventories		**(120,756)**	-	**(280,406)**	(57,000)
Finance costs		**(856,935)**	(1,002,503)	**(2,627,015)**	(3,003,556)
Net foreign exchange differences		**(210,610)**	109,465	**440,462**	136,033
Provision for expected credit losses of tenant receivables		**(1,637,647)**	(112,926)	**(1,804,494)**	(112,926)
(Loss) profit before tax		**(16,968,616)**	1,496,311	**(23,446,699)**	167,132
Overseas taxation		**(4,687)**	34,972	**(19,298)**	(103,027)
Directors' remuneration		**-**	-	**(10,000)**	(10,000)
(LOSS) PROFIT FOR THE PERIOD		**(16,973,303)**	1,531,283	**(23,475,997)**	54,105
Attributable to:					
Equity holders of the Parent Company		**(13,912,203)**	1,306,127	**(19,772,078)**	4,334
Non-controlling interests		**(3,061,100)**	225,156	**(3,703,919)**	49,771
(LOSS) PROFIT FOR THE PERIOD		**(16,973,303)**	1,531,283	**(23,475,997)**	54,105
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	6	**(43) fils**	4 fils	**(61) fils**	0.01 fils

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

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	**(16,973,303)**	1,531,283	**(23,475,997)**	54,105
Other comprehensive income (loss)				
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	**604,320**	(26,242)	**401,779**	(7,908)
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods	**604,320**	(26,242)	**401,779**	(7,908)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:				
Changes in fair value of equity instruments designated at fair value through other comprehensive income	**(84,019)**	(2,124)	**(162,554)**	(35,049)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(84,019)**	(2,124)	**(162,554)**	(35,049)
Other comprehensive income (loss) for the period	**520,301**	(28,366)	**239,225**	(42,957)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	**(16,453,002)**	1,502,917	**(23,236,772)**	11,148
Attributable to:				
Equity holders of the Parent Company	**(13,424,854)**	1,284,714	**(19,519,515)**	(35,056)
Non-controlling interests	**(3,028,148)**	218,203	**(3,717,257)**	46,204
	(16,453,002)	1,502,917	**(23,236,772)**	11,148

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2020

	Notes	***30 September 2020 KD***	*(Audited) 31 December 2019 KD*	*30 September 2019 KD*
ASSETS				
Non-current assets				
Furniture and equipment		**439,486**	338,361	343,638
Right-of-use asset	7	**50,609,487**	53,849,054	64,360,982
Investment properties	7	**17,184,600**	22,588,450	14,485,177
Prepaid operating lease		**-**	-	1,772,540
Investment in associates	8	**21,541,633**	30,182,157	31,431,759
Financial asset at fair value through profit or loss	13	**2,550,133**	4,749,684	4,622,979
Financial asset at fair value through other comprehensive income	13	**671,409**	833,964	818,033
		92,996,748	112,541,670	117,835,108
Current assets				
Accounts receivable and prepayments		**6,960,326**	9,451,262	11,346,019
Trading properties		**530,370**	530,370	530,370
Inventories		**790,018**	1,096,172	944,986
Wakala receivables		**19,394**	273,591	223,800
Bank balances and cash		**7,778,312**	5,880,812	8,198,069
		16,078,420	17,232,207	21,243,244
TOTAL ASSETS		**109,075,168**	129,773,877	139,078,352
EQUITY AND LIABILITIES				
Equity				
Share capital	10	**32,200,000**	32,200,000	32,200,000
Share premium		**12,400,000**	12,400,000	12,400,000
Statutory reserve		**11,939,162**	11,939,162	11,939,162
Other reserve		**(309,291)**	(309,291)	-
Fair value reserve		**(1,774,653)**	(1,612,099)	(1,628,030)
Asset revaluation surplus		**-**	-	658,251
Foreign currency translation reserve		**76,257**	(338,860)	(340,241)
Accumulated losses		**(26,700,001)**	(6,927,923)	(8,455,559)
Equity attributable to equity holders of the Parent Company		**27,831,474**	47,350,989	46,773,583
Non-controlling interests		**(7,108,951)**	(3,003,223)	(2,210,487)
Total equity		**20,722,523**	44,347,766	44,563,096
Liabilities				
Non-current liabilities				
Employees' end of service benefits		**821,169**	984,411	1,103,090
Islamic finance payables	11	**40,644,075**	40,644,066	43,054,000
Obligations under finance lease		**14,257,329**	13,806,626	15,743,253
Accounts payable and accruals		**5,044,831**	4,993,000	4,382,220
		60,767,404	60,428,103	64,282,563
Current liabilities				
Islamic finance payables	11	**7,534,653**	7,817,608	7,585,407
Obligations under finance lease		**1,515,078**	1,007,040	358,758
Accounts payable and accruals		**18,535,510**	16,173,360	22,288,528
		27,585,241	24,998,008	30,232,693
Total liabilities		**88,352,645**	85,426,111	94,515,256
TOTAL EQUITY AND LIABILITIES		**109,075,168**	129,773,877	139,078,352

Abdullah Fuad Abdullah Al-Thaqeb
Chairman

Eisa Najeeb Abdulmohsen Al-Eisa
Vice President – Investment & Operations

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2020

	Equity attributable to equity holders of the Parent Company											
	Share capital KD	*Share premium KD*	*Statutory reserve KD*	*Voluntary reserve KD*	*Other reserve KD*	*Fair value reserve KD*	*Asset revaluation surplus KD*	*Foreign currency translation reserve KD*	*Accumulated losses KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total equity KD*
As at 1 January 2020	32,200,000	12,400,000	11,939,162	-	(309,291)	(1,612,099)	-	(338,860)	(6,927,923)	47,350,989	(3,003,223)	44,347,766
Loss for the period	-	-	-	-	-	-	-	-	(19,772,078)	(19,772,078)	(3,703,919)	(23,475,997)
Other comprehensive (loss) income for the period	-	-	-	-	-	(162,554)	-	415,117	-	252,563	(13,338)	239,225
Total comprehensive (loss) income for the period	-	-	-	-	-	(162,554)	-	415,117	(19,772,078)	(19,519,515)	(3,717,257)	(23,236,772)
Capital redemptions paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(388,471)	(388,471)
At 30 September 2020	**32,200,000**	**12,400,000**	**11,939,162**	-	**(309,291)**	**(1,774,653)**	-	**76,257**	**(26,700,001)**	**27,831,474**	**(7,108,951)**	**20,722,523**
As at 1 January 2019	32,200,000	12,400,000	11,939,162	7,512,156	-	(1,592,981)	658,251	(335,900)	(15,972,049)	46,808,639	(1,591,218)	45,217,421
Loss for the period	-	-	-	-	-	-	-	-	4,334	4,334	49,771	54,105
Other comprehensive (loss) income for the period	-	-	-	-	-	(35,049)	-	(4,341)	-	(39,390)	(3,567)	(42,957)
Total comprehensive (loss) income for the period	-	-	-	-	-	(35,049)	-	(4,341)	4,334	(35,056)	46,204	11,148
Partial extinguishment of accumulated losses	-	-	-	(7,512,156)	-	-	-	-	7,512,156	-	-	-
Capital redemptions paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(665,473)	(665,473)
At 30 September 2019	32,200,000	12,400,000	11,939,162	-	-	(1,628,030)	658,251	(340,241)	(8,455,559)	46,773,583	(2,210,487)	44,563,096

The 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 at 30 September 2020

	Notes	*Nine months ended 30 September* **2020** ***KD***	*2019* *KD*
OPERATING ACTIVITIES			
(Loss) profit before tax		**(23,446,699)**	167,132
Adjustments to reconcile (loss)/profit before tax to net cash flows:			
Depreciation of right-of-use asset	7	**2,126,807**	2,168,414
Valuation losses on investment properties	7	**5,463,247**	1,151,421
Impairment of right-of-use asset		**1,707,463**	-
Unrealised loss from financial assets at fair value through profit or loss		**1,990,247**	25,801
Provision for expected credit losses of tenant receivables		**1,804,494**	112,926
Finance income		**(8,257)**	(19,771)
Dividend income		**(197,243)**	-
Share of results of associates		**8,328,671**	(1,375,141)
Depreciation of furniture and equipment		**118,234**	63,087
Finance costs		**2,627,015**	3,003,556
Net foreign exchange differences		**(440,462)**	(136,033)
Write-down of inventories		**280,406**	57,000
Provision for employees' end of service benefits		**52,160**	(1,615)
		406,083	5,216,777
Working capital changes:			
Accounts receivable and prepayments		**895,747**	(3,145,288)
Inventories		**25,748**	(66,573)
Accounts payable and accruals		**1,341,366**	1,627,533
Cash flows from operations		**2,668,944**	3,632,449
Employees' end of service benefits paid		**(215,402)**	(76,182)
Taxes paid		**(600,682)**	(1,874,200)
Receipt of government grants	5	**11,625**	-
Net cash flows from operating activities		**1,864,485**	1,682,067
INVESTING ACTIVITIES			
Purchase of furniture and equipment		**(10,649)**	(142,261)
Capital expenditure on right-of-use asset	7	**(46,877)**	(73,833)
Distributions received from an associate		**574,996**	479,571
Dividend income received		**197,243**	-
Proceeds from capital redemption in an associate		**-**	2,261,609
Finance income received		**8,257**	19,771
Net movement in wakala receivables		**254,497**	(25,781)
Proceeds from capital redemption of financial assets at fair value through profit or loss	12	**209,304**	304,250
Net cash flows from investing activities		**1,186,771**	2,823,326
FINANCING ACTIVITIES			
Net repayment of Islamic finance payables		**(300,000)**	-
Net repayment of obligations under finance lease		**(27,000)**	(971,400)
Finance costs paid		**(483,499)**	(242,577)
Capital redemption paid to non-controlling interests		**(388,471)**	(665,473)
Payment of prior years' dividends		**(1,250)**	(9,060)
Net cash flows used in financing activities		**(1,200,220)**	(1,888,510)
NET INCREASE IN BANK BALANCES AND CASH		**1,851,036**	2,616,883
Net foreign exchange difference		**46,464**	5,773
Bank balances and cash 1 January		**5,880,812**	5,575,413
BANK BALANCES AND CASH AT 30 SEPTEMBER		**7,778,312**	8,198,069

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

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Munshaat Real Estate Projects 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 board of directors of the Parent Company on 10 November 2020.

Further, the board of directors of the Parent Company proposed to partially extinguish accumulated losses through utilising share premium. This proposal is subject to regulatory approvals and the approval of shareholders at the general assembly.

The consolidated financial statements of the Group for the year ended 31 December 2019 were approved by the Parent Company's shareholders at the annual general assembly meeting ("AGM") held on 25 June 2020. No dividends were declared by the Parent Company.

The Parent Company is a public shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded on Boursa Kuwait. The Parent Company's head office is located at ITS Tower, Mezzanine floor, Mubarak Al Kabeer Street, Sharq and its registered postal address is PO Box 1393, Dasman 15464, Kuwait.

The Parent Company of Munshaat Real Estate Projects Company K.S.C.P, is Aref Investment Group S.A.K. ("Ultimate Parent Company"), a closed shareholding company incorporated and domiciled in Kuwait.

The Parent Company is principally engaged in the provision of investment and financial services in accordance with Islamic Sharīʿa principles as approved by the Group's Fatwa and Sharīʿa Supervisory Board. The Group is principally engaged real estate activities and operations.

2 FUNDAMENTAL ACCOUNTING CONCEPT

The COVID-19 outbreak has developed rapidly in 2020 and measures taken by various governments to contain the virus have negatively affected the Group's results and in the first nine months of 2020. The Group has reported net losses of KD 23,475,997 for the nine months ended 30 September 2020 and, as of that date, its current liabilities exceed its current assets by KD 11,506,821.

The currently known impact of COVID-19 on the Group due to government measures taken to restrain Hajj and Umrah activities and the temporary closure of facilities are:

- A decline in hotel operating revenue for the first nine months of 2020 compared to the same period in 2019 by 76% which is offset against lower hotel operating costs by 60%.
- A decrease in net management fees and sukuk income for the first nine months of 2020 compared to the same period in 2019 by 79%.
- Share of loss from associates of KD 8,328,671 for the first nine months of 2020 compared to a profit of KD 1,375,141 for the same period in 2019.
- Fair value decreases in investment properties for the first nine months of 2020 by 16% since 31 December 2019.
- Year-to-date decline in fair values of equity investments held by the Group amounting to KD 162,555 since 31 December 2019.
- Impairment of right-of-use assets in the first nine months of 2020 of KD 1,707,463 in total (Note 7).
- Impairment allowance on lease receivables in the first nine months of 2020 of KD 1,804,494 in total due to delay of lease payments provided to certain tenants as a result of the pandemic.

As a result of these effects, the Group's operating results have declined significantly in 2020. Also, the Group's liquidity headroom has been negatively impacted.

Further, a principal repayment of the banking facilities amounting to KD 2,409,934 is due at the beginning of December 2020 and the Group is currently in negotiation with a related party financial institution to roll-over/ restructure the debt repayment terms.

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.

2 FUNDAMENTAL ACCOUNTING CONCEPT (continued)

Management seeks to obtain the best possible information to enable us 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 pandemic, preserve cash and boost liquidity.

- Management has prepared a detailed cashflow analysis for the next 12 months to assess the liquidity position of the Group and identify liquidity gaps under various scenarios. The management has concluded that the Group will be able to meet all its obligations due including repayment of Islamic finance payables for the next 12 months
- Management is in advanced discussions with a related party financial institution to reschedule the principal repayment terms of Islamic finance payables.
- Management has taken actions to reduce operating losses by ceasing operations of hotels owned and by managed by the Group from April to September. Cost savings measure included employee furlough together with other employee cost reductions. Further, supplier costs decreased significantly due to temporary hotel closures, together with a reduction in non-essential operating and capital expenditure as a result of Covid-19.
- Management initiated discussions with lessors requesting an extension of the leasehold rights owned or managed by the Group to compensate for the periods of downtime for the hotels due to Covid-19.

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 PREPERATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

3.1 Basis of preparation

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2020 has been prepared in accordance with IAS 34 *Interim Financial Reporting.*

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD"), which is the functional currency of the Parent Company.

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 2019.

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 annual consolidated financial statements for the financial year ended 31 December 2019, except for the adoption of new standard effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.
Several other amendments and interpretations apply for the first time in 2020, but do not have an material impact on the interim condensed consolidated financial information of the Group.

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

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

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 the Group, nor is there expected to be any future impact to 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 financial information of the Group, but may impact future periods should the Group enter into any business combinations.

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.

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 material impact on the interim condensed consolidated financial information of the Group.

Amendments to IFRS 7, IFRS 9 and IAS 39: *Interest Rate Benchmark Reform*
The amendments to IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the interim condensed consolidated financial information of the Group as it does not have any interest rate hedge relationships.

4 OPERATING REVENUE AND COSTS

	Three months ended 30 September		*Nine months ended 30 September*	
	2020	*2019*	***2020***	*2019*
	KD	*KD*	***KD***	*KD*
Operating revenue				
Hotel revenue	-	4,144,311	**2,176,107**	8,965,537
Operating costs				
Hotel operating costs	**(322,790)**	(2,035,189)	**(2,044,342)**	(5,048,294)
Depreciation of right-of-use asset (Note 6)	**(711,755)**	(723,038)	**(2,126,807)**	(2,168,414)
	(1,034,545)	(2,758,227)	**(4,171,149)**	(7,216,708)

5 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 11,625, which is accounted for in accordance with IAS 20 '*Accounting for Government Grants and Disclosures of Government Assistance*' and is recognised in profit or loss as 'other income'.

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

	Three months ended 30 September		*Nine months ended 30 September*	
	2020	*2019*	***2020***	*2019*
(Loss) profit for the period attributable to the equity holders of the Parent Company (KD)	**(13,912,203)**	1,306,127	**(19,772,078)**	4,334
Weighted average number of ordinary shares outstanding during the period (shares)	**322,000,000**	322,000,000	**322,000,000**	322,000,000
Basic and diluted EPS (fils)	**(43) fils**	4 fils	**(61) fils**	0.01 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.

7 RIGHT-OF-USE ASSET AND INVESTMENT PROPERTIES

a. Right-of-use asset

ROU asset is comprised of "Qeblah Tower", a leasehold property located in the Kingdom of Saudi Arabia and operated as a hotel by an international hotel operator, and "Zamzam Tower" for a period of 5 Months starting on 01 October 2029 to 28 February 2030.

Set out below are the carrying amounts of ROU asset recognised and the movements during the period:

	30 September 2020 KD	*(Audited) 31 December 2019 KD*	*30 September 2019 KD*
At the beginning of the period/year	**53,849,054**	66,375,239	66,375,239
Transfer to investment properties	**-**	(9,371,749)	-
Transfer from prepaid operating lease	**-**	1,772,540	-
Impairment of right-of-use asset	**(1,707,463)**	(246,740)	-
Discount received on future lease payments	**-**	(1,449,542)	-
Depreciation on right-of-use asset (Note 4)	**(2,126,807)**	(3,309,184)	(2,168,414)
Additions (capital expenditure)	**46,877**	124,188	73,833
Exchange differences	**547,826**	(45,698)	80,324
At the end of the period/year	**50,609,487**	53,849,054	64,360,982

Right-of-use assets are subject to the impairment requirements of IAS 36 *Impairment of Assets*.

The Group performed an impairment test in December 2019 for the ROU assets in KSA. The assessment was performed by an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the locations and categories of properties being valued. The recoverable amount of the assets has been determined based on a value-in-use (VIU) calculation using cash flow projections.

As detailed in Note 2, due to the Covid-19 pandemic and resulting measures taken by various governments to contain the virus, the Group has temporary ceased its hotel operations in KSA effective from 1 April 2020 causing a significant deterioration in financial conditions for the Group and an increase in economic uncertainty, hence triggering the requirement for impairment tests of certain non-financial assets such as ROU asset and investment in associates. As such, the Group has engaged the same valuer to perform the impairment assessment for the different CGUs.

b. Investment properties

	30 September 2020 KD	*(Audited) 31 December 2019 KD*	*30 September 2019 KD*
At the beginning of the period/year	**22,588,450**	15,621,744	15,621,744
Transfer from right-of-use assets	**-**	9,371,749	-
Net loss from fair value remeasurement	(5,463,247)	(2,403,468)	(1,151,421)
Exchange differences	59,397	(1,575)	14,854
At the end of the period/year	**17,184,600**	22,588,450	14,485,177

a) The fair value of investment properties was independently determined at the reporting date by accredited independent valuers who are specialised in valuing such type of properties. The fair value was determined using a discounted cash-flow (DCF) method using the significant unobservable valuation inputs, as provided below.

b) Investment properties with a carrying value of KD 8,572,037 (31 December 2019: KD 8,967,670; 30 September 2019: KD 9,231,425) are pledged against Islamic finance payables (Note 11).

7 RIGHT-OF-USE ASSET AND INVESTMENT PROPERTIES (continued)

	Three months ended 30 September		*Nine months ended 30 September*	
	2020	*2019*	***2020***	*2019*
	KD	*KD*	***KD***	*KD*
Net loss from fair value remeasurement	**(3,813,810)**	(388,339)	**(5,463,247)**	(1,151,421)
Rental income derived from investment properties	**487,565**	503,906	**1,495,503**	1,494,076
Net (loss) income from investment properties	**(3,326,245)**	115,567	**(3,967,744)**	342,655

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.

The following table provides the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement using	
	Total	***Significant unobservable inputs (Level 3)***
30 September 2020	***KD***	***KD***
Investment properties		
- State of Kuwait	**8,572,037**	**8,572,037**
- KSA	**8,612,563**	**8,612,563**
	17,184,600	**17,184,600**
31 December 2019 (Audited)		
Investment properties		
- State of Kuwait	8,967,670	8,967,670
- KSA	13,620,780	13,620,780
	22,588,450	22,588,450
30 September 2019		
Investment properties		
- State of Kuwait	9,231,425	9,231,425
- KSA	5,253,752	5,253,752
	14,485,177	14,485,177

7 RIGHT-OF-USE ASSET AND INVESTMENT PROPERTIES (continued)

Description of valuation techniques used and key assumptions used in value in use calculations and fair value measurements are shown below:

Type of property	Valuation technique	Significant unobservable inputs	Range	
			30 September 2020	*31 December 2019*
a. Right-of-use asset				
Qeblah Tower – KSA				
▪ Hotel	DCF			
		▸ Estimated Average room rate in Saudi Riyals (SAR)	**322 - 528**	450 - 562
		▸ Long term RevPAR growth*	**3.00% - 90%**	2.00% - 4.90%
		▸ Occupancy rate	**41% - 76 %**	74% - 76 %
		▸ Discount rate	**10%**	9.50%
		▸ Inflation rate	**2.00%**	2.00%
		▸ Gross operating profit	**47% - 57%**	57% - 59%
b. Investment properties				
▪ Land in the State of Kuwait	Market comparison approach	▸ Price per square meter	**KD 3,250 KD 3,460**	KD 3,400 KD 3,600
▪ 6 floors in Al Safwa Tower, KSA	DCF	The fair value is determined based on DCF method, using contractually fixed cash flows and discount rate of 15% (2019: 15%).		
▪ Shopping mall, KSA	DCF	▸ Estimated yearly rent in SAR per square metre	**857 - 2,773**	1,000 - 5,278
		▸ Occupancy rate	**3% - 95%**	50% - 95%
		▸ Discount rate	**10%**	9.50%

* RevPAR = Revenue Per Available Room.

Under market comparison approach, fair value is estimated based on comparable transactions. The market comparison approach is based upon the principal of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per square metre (‘sqm’).

Under the DCF method, fair value amount is estimated using assumptions regarding the benefits and liabilities of ownership over the asset’s life including an exit or terminal value, if any. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, if any, is then discounted.

7 RIGHT-OF-USE ASSET AND INVESTMENT PROPERTIES (continued)

Sensitivity to changes in assumptions

Properties valued using the DCF approach
A reasonable possible decline in the estimated average room rates, long term Rev PAR growth, occupancy, gross operating profit and increase in profit and increase in inflation rate would result in a further impairment of the leasehold property.

Generally, a change in the assumption made for the estimated rental value is accompanied by:

- A directionally similar change in the long term vacancy rate (and exit yield)
- An opposite change in the rent growth per annum and discount rate.

Properties valued using the market comparable approach
Fair value of the properties was determined using the market comparable method. Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

Market conditions and valuation uncertainty
The Group's investment properties and right-of-use assets that are both separately recognised and included within investment in associates (collectively, referred to hereunder as "properties") were revalued at 30 September 2020 by the external valuer, Jones Lang LaSalle Saudi Arabia Company for Real Estate Valuation ("JLL"), in accordance with the Taqeem Regulations (Saudi Authority for Accredited Valuers) and Royal Institution of Chartered Surveyors Valuation – Global Standards effective January 2020 ('the Standards") and in conformity with the guidance notes of the International Valuation Standards ("IVS"). All the properties are revalued at period-end regardless of the date of acquisition. This includes a physical inspection of all properties, at least once a year. In line with IFRS 13, all properties are valued on the basis of their highest and best use.

For the 30 September 2020 valuation, the outbreak of Covid-19 has had a significant impact on market activity causing some uncertainty for property valuations. Consequently, the valuers have included a material valuation uncertainty clause in their valuation report which states:

"As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to Covid-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty"' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review."

The Executive Committee conducted a detailed review of each property valuation to review appropriate assumptions have been applied. Meetings are held with the valuers to review and challenge the valuations, to confirm that they have considered all relevant information, and rigorous reviews are performed to check that valuations are sensible. In particular, they discussed the impact on the valuation of the Covid-19 rent reductions. They are satisfied with the valuers conclusions.

8 INVESTMENT IN ASSOCIATES

The Group also interests in a number of associates operating in KSA and accounted for using the equity method.

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 such as ROU assets.

During the period, the Group has recognised share of losses from associates amounting to KD 8,328,671 mainly on account of impairment losses incurred on different CGUs.

9 RELATED PARTY DISCLOSURES

Related parties represent major shareholders of Ultimate Parent Company, Ultimate Parent Company, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties including hotel operator. Pricing policies and terms of these transactions are approved by the Parent Company's management.

The table below shows the aggregate value of transactions and outstanding balances with related parties:

	Major shareholder of the Ultimate Parent Company	*Associates*	*Other related parties*	*Nine months ended 30 September*	
				2020	*2019*
	KD	*KD*	*KD*	***KD***	*KD*
Statement of profit or loss:					
Management fees income	-	-	194,796	**194,796**	470,556
Finance income	461	-	-	**461**	6,058
Finance costs	(1,786,884)	-	-	**(1,786,884)**	(2,037,779)
Management fees expense	-	-	(44,204)	**(44,204)**	(151,026)

9 RELATED PARTY DISCLOSURES (continued)

	Major shareholder of the Ultimate Parent Company	*Parent Company*	*Major shareholders*	*Associates*	*Other related parties*	***30 September 2020***	*(Audited) 31 December 2019*	*30 September 2019*
	KD	*KD*	*KD*	*KD*	*KD*	***KD***	*KD*	*KD*
Statement of financial position:								
Financial asset at FVPL	-	-	-	-	1,600,759	**1,600,759**	3,647,906	3,499,194
Financial asset at FVOCI	-	-	143,912	-	527,497	**671,409**	833,964	818,033
Bank balances and cash	2,573,506	-	-	-	-	**2,573,506**	4,036,327	5,956,760
Accounts receivable and prepayments	-	1,034	1,034	-	1,649,719	**1,651,787**	2,830,720	4,861,429
Accounts payable and accruals	-	-	58,184	2,619,706	3,128	**2,681,018**	1,402,476	1,057,870
Islamic finance payables	43,054,009	-	-	-	-	**43,054,009**	43,056,267	45,234,000

Compensation of key management personnel

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

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

	Balance outstanding as at 30 September		*Transaction values for period ended 30 September*	
	2020	*2019*	***2020***	*2019*
	KD	*KD*	***KD***	*KD*
Salaries and short-term benefits	**122,562**	115,155	**343,415**	382,179
Post-employment benefits	**342,660**	385,881	**28,431**	47,815
	465,222	501,036	**371,846**	429,994

9 RELATED PARTY DISCLOSURES (continued)

Compensation of key management personnel (continued)
The Board of Directors at the meeting held on 7 May 2020 proposed directors' remuneration for an independent board member of KD 10,000 for the year ended 31 December 2019. The remuneration was approved by the shareholders at the AGM held on 25 June 2020.

10 SHARE CAPITAL

	30 September 2020 KD	*(Audited) 31 December 2019 KD*	*30 September 2019 KD*
Authorised, issued and paid up capital consists of 322,000,000 (31 December 2019: 322,000,000 and 30 September 2019: 322,000,000) shares of 100 fils each, paid in cash.	**322,000,000**	32,200,000	32,200,000

11 ISLAMIC FINANCE PAYABLES

	30 September 2020 KD	*(Audited) 31 December 2019 KD*	*30 September 2019 KD*
Current			
Murabaha payables	5,124,719	5,433,508	5,405,407
Tawarruq payable	2,409,934	2,409,934	2,180,000
Less: deferred finance costs payable	-	(25,834)	-
	7,534,653	7,817,608	7,585,407
Non-current			
Tawarruq payable	**40,644,075**	40,644,066	43,054,000
	48,178,728	48,461,674	50,639,407

Islamic finance payables bear an average finance cost of 5.5% (31 December 2019: 5.75%; 30 September 2019: 6%) per annum and are denominated in Kuwaiti Dinars.

Murabaha payables are secured over certain of the Group's investment properties. The tawarruq facility with a carrying amount of KD 43 million is secured over certain of the Group's investment properties, investment in associate and subsidiaries for which the legal formalities are still in progress as at the authorisation date of this interim condensed consolidated financial information. This facility is repayable in tranches within 8 years.

The Group is currently in advanced discussions with the lender to restructure the debt repayment terms. However, management has not obtained a formal approval from the lender as at the date of authorisation of these financial statements.

12 COMMITMENTS AND CONTINGENT LIABILITIES

During the year ended 31 December 2015, the contractor of one of the properties of the Group in KSA has claimed a penalty of SAR 501 million (equivalent to KD 41 million) from the Parent Company for the delay in the execution of a certain project and various other related costs associated with the project. The Parent Company has filed a counter claim for an amount of SAR 627 million (equivalent to KD 51 million) against the same contractor for the delay in handing over the project and the operational losses incidental to the delay. The dispute has been referred to the Saudi Arbitration Committee ("SAC") and the trial proceedings are still in progress as at the authorisation date of these interim condensed consolidated financial information. 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.

The Group has been advised by its legal counsel that it is only possible, but not probable, that the action against the Group in the above case will succeed. Accordingly, no provision for any liability has been made in this interim condensed consolidated financial information.

13 FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

For assets and liabilities that are recognised 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.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

13.1 Financial instruments

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

	Fair value measurement using			
	Quoted prices in active markets (Level 1) KD	*Significant observable inputs (Level 2) KD*	*Significant unobservable inputs (Level 3) KD*	*Total KD*
As at 30 September 2020				
Financial assets at FVTPL	**-**	**-**	**2,550,133**	**2,550,133**
Financial assets at FVOCI	**143,912**	**-**	**527,497**	**671,409**
As at 31 December 2019 (Audited)				
Financial assets at FVTPL	-	-	4,749,684	4,749,684
Financial assets at FVOCI	185,864	-	648,100	833,964
As at 30 September 2019				
Financial assets at FVTPL	-	-	4,622,979	4,622,979
Financial assets at FVOCI	169,933	-	648,100	818,033

13 FAIR VALUE MEASUREMENT (continued)

13.1 Financial instruments (continued)

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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:

	Unquoted equity securities	
30 September 2020	***Financial assets at FVOCI KD***	***Financial assets at FVTPL KD***
As at 1 January 2020	**648,100**	**4,749,684**
Remeasurement recognised in OCI	**(120,603)**	**-**
Remeasurement recognised in profit or loss	**-**	**(1,990,247)**
Purchases / sales / redemption (net)	**-**	**(209,304)**
As at 30 September 2020	**527,497**	**2,550,133**

	Unquoted equity securities	
31 December 2019	*Financial assets at FVOCI KD*	*Financial assets at FVTPL KD*
As at 1 January 2019 (restated upon adoption IFRS 9)	648,100	4,953,030
Remeasurement recognised in profit or loss	-	122,911
Purchases / sales / redemption (net)	-	(326,257)
As at 31 December 2019	648,100	4,749,684

	Unquoted equity securities	
30 September 2019	*Financial assets at FVOCI KD*	*Financial assets at FVTPL KD*
As at 1 January 2019	648,100	4,953,030
Remeasurement recognised in profit or loss	-	(25,801)
Purchases / sales / redemption (net)	-	(304,250)
As at 30 September 2019	648,100	4,622,979

Management assessed that the carrying value of financial instruments at amortised cost is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in profit rates.

For financial instruments classified as level 3, fair value is estimated using appropriate valuation techniques. Such techniques use various inputs. The Group has performed a sensitivity analysis by varying these input factors by 5%. Based on such analysis, there is no material impact on the interim condensed consolidated financial information.

13 FAIR VALUE MEASUREMENT (continued)

13.2 Non-financial assets

Non-financial assets measured at fair value consist investment properties. The fair value of investment properties is categorised under Level 3 of the fair value hierarchy due to significant unobservable inputs used in assessing the fair values. A description of the valuation technique applied, quantitative information about the significant unobservable inputs used in the fair value measurement and sensitivity to changes in assumptions are disclosed in Note 7.

14 SEGMENT INFORMATION

For management purposes, the Group organises its operations by geographic regions, primarily Kuwait and KSA.

The table below presents revenue and results and assets and liabilities information regarding the Group's geographic segments. The Group, including associates are primarily engaged in real estate activities and accordingly no separate business segment is presented.

	30 September 2020 (Unaudited)		
	Kuwait KD	***KSA KD***	***Total KD***
Statement of profit or loss			
Revenues	**203,053**	**3,889,792**	**4,092,845**
Segment results	**(2,085,011)**	**(21,361,688)**	**(23,446,699)**
Other information			
Depreciation and amortisation	**(113,338)**	**(2,126,807)**	**(2,240,145)**
Allowance for expected credit losses	**-**	**(1,804,494)**	**(1,804,494)**
Impairment of right-of-use asset	**-**	**(1,987,869)**	**(1,987,869)**
Statement of financial position			
Total assets	**15,693,566**	**93,381,602**	**109,075,168**
Total liabilities	**27,592,887**	**60,759,758**	**88,352,645**

	31 December 2019 (Audited)		
	Kuwait KD	*KSA KD*	*Total KD*
Statement of profit or loss			
Revenues	621,182	14,955,120	15,576,302
Segment results	(1,474,532)	(53,321)	(1,527,853)
Other information			
Depreciation and amortisation	(86,535)	(3,309,184)	(3,395,719)
Allowance for expected credit losses	(131,368)	(360,808)	(492,176)
Impairment	-	(246,740)	(246,740)
Statement of financial position			
Total assets	17,750,799	112,023,078	129,773,877
Total liabilities	21,621,712	63,804,399	85,426,111

14 SEGMENT INFORMATION (continued)

	30 September 2019 (Unaudited)		
	Kuwait	*KSA*	*Total*
	KD	*KD*	*KD*
Statement of profit or loss			
Revenues	523,351	11,770,105	12,293,456
Segment results	1,984,759	(1,817,627)	167,132
Other information			
Depreciation and amortisation	(63,087)	(2,168,414)	(2,231,501)
Allowance for expected credit losses	-	(112,926)	(112,926)
Statement of financial position			
Total assets	15,655,380	123,422,972	139,078,352
Total liabilities	30,582,375	63,932,881	94,515,256

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