

Kuwait Pillars for Financial Investment K.S.C.C
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information
And Review Report for the nine-months period ended 30 September 2020
(Unaudited)

Kuwait Pillars for Financial Investment K.S.C.C

And its subsidiaries

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Kuwait Pillars for Financial Investment K.S.C.C

State of Kuwait

Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Pillars For Financial Investment – K.S.C.C (the "Parent Company") and its subsidiaries (the "Group") as at 30 September 2020, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with basis of preparation as disclosed in (Note 2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity."

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with basis of preparation as disclosed in (Note 2).

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the extent of information made available to us, we have not become aware of any violations of the Companies Law No. 1 of 2016, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the nine-months period ended 30 September 2020 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968 as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business and its related regulations or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the nine-months period ended 30 September 2020, that might have had a material effect on the business of Group or its consolidated financial position.



Bader A. Al-Wazzan

Licence No. 62 A

Deloitte & Touche – Al-Wazzan & Co.

Kuwait, 18 November 2020

Kuwait Pillars for Financial Investment (K.S.C.C)
 And its subsidiaries
 State of Kuwait

Interim Condensed Consolidated Statement of Financial Position as at 30 September 2020
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	30 September 2020	31 December 2019 (Audited)	30 September 2019
Assets				
Cash and cash equivalents	5	405,915	543,006	664,494
Financial assets at fair value through profit or loss	6	2,195,476	2,654,002	1,661,349
Financial assets at fair value through OCI	6	3,729,320	3,679,930	3,709,248
Investments at amortized cost	7	1,689,244	1,689,244	1,689,244
Receivables and other debit balances		364,443	308,315	354,623
Finance receivables	8	6,176,626	6,070,697	6,039,054
Investment in an associate and joint venture	9	21,805,918	23,998,608	23,118,602
Investment properties		4,146,856	3,631,880	3,456,162
Other assets		118,382	122,693	46,993
Total assets		40,632,180	42,698,375	40,739,769
Liabilities and equity				
Liabilities				
Payables and other credit balances		917,131	981,091	997,759
Due to banks	10	5,910,000	5,522,800	4,160,700
		<u>6,827,131</u>	<u>6,503,891</u>	<u>5,158,459</u>
Equity				
Share capital		30,000,000	30,000,000	30,000,000
Share premium		697,235	697,235	697,235
Statutory reserve		724,425	724,425	565,398
Voluntary reserve		72,441	72,441	56,538
Foreign currency translation reserve		9,009	13,453	12,033
Change in fair value reserve		66,768	17,378	46,696
Group's share of an associate's reserves		(2,019,807)	(2,195,407)	(2,072,047)
Treasury shares		(268)	(268)	(268)
Gain from sale of treasury shares		146,663	146,663	146,663
Retained earnings		4,108,583	6,718,564	6,129,062
Total equity		33,805,049	36,194,484	35,581,310
Total liabilities and equity		40,632,180	42,698,375	40,739,769

The accompanying notes form an integral part of this interim condensed consolidated financial information.


Ghazi Ahmed Al Osaimi
 Chairman


Mishal Nasser Habib
 Vice chairman & CEO

Kuwait Pillars for Financial Investment K.S.C.C
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Income for the nine-months period ended 30 September 2020
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2020	2019	2020	2019
Revenues					
Management fees		8,533	16,205	20,602	33,265
Investments (loss) / income	11	(21,566)	(60,627)	(504,998)	162,727
Group's share of associate's results	9	1,117,572	(395,557)	(1,735,890)	1,004,897
Interest income		93,474	118,726	294,225	357,046
Rent income		20,370	19,750	60,895	58,893
Other income		47,430	(36,702)	91,690	(2,111)
		<u>1,265,813</u>	<u>(338,205)</u>	<u>(1,773,476)</u>	<u>1,614,717</u>
Expenses					
Staff costs		152,292	148,932	514,693	482,402
General and administrative expenses		48,186	72,705	176,094	201,714
Depreciation		21,952	10,310	58,334	31,035
Interest expense		33,495	25,751	118,959	73,532
Provision		-	-	-	196
		<u>255,925</u>	<u>257,698</u>	<u>868,080</u>	<u>788,879</u>
Profit/ (loss) before deductions		<u>1,009,888</u>	<u>(595,903)</u>	<u>(2,641,556)</u>	<u>825,838</u>
Contribution to KFAS		-	196	-	-
Net profit/ (loss)for the period		<u><u>1,009,888</u></u>	<u><u>(595,707)</u></u>	<u><u>(2,641,556)</u></u>	<u><u>825,838</u></u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Kuwait Pillars for Financial Investment K.S.C.C
 And its subsidiaries
 State of Kuwait

Interim Condensed Consolidated Statement of Comprehensive Income for the nine-months ended 30 September 2020
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
Net profit/(loss) for the period	<u>1,009,888</u>	<u>(595,707)</u>	<u>(2,641,556)</u>	<u>825,838</u>
Other comprehensive income items:				
<i><u>Items that may be reclassified subsequently to the consolidated statement of income:</u></i>				
Foreign currency translation differences	2,374	(846)	(4,444)	(1,055)
Group's share of an associate's reserves	88,930	19,056	175,600	19,755
<i><u>Items that will not be reclassified subsequently to interim condensed consolidated statement of income:</u></i>				
Change in fair value of equity investments at fair value through other comprehensive income	<u>(36,828)</u>	<u>86,285</u>	<u>49,390</u>	<u>175,333</u>
Total other comprehensive income items	<u>54,476</u>	<u>104,495</u>	<u>220,546</u>	<u>194,033</u>
Total comprehensive income/(loss) for the period	<u>1,064,364</u>	<u>(491,212)</u>	<u>(2,421,010)</u>	<u>1,019,871</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Kuwait Pillars for Financial Investment K.S.C.C

And its subsidiaries

State of Kuwait

**Interim Condensed Consolidated Statement of Changes in Equity for the nine-months ended 30 September 2020
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Change in fair value reserve	Group's share of an associate's reserves	Treasury shares	Gain on sale of treasury shares	Retained earnings	Total
Balance as at 1 January 2019	30,000,000	697,235	565,398	56,538	13,088	64,992	(2,091,802)	-	146,663	5,109,595	34,561,707
Net profit for the period	-	-	-	-	-	-	-	-	-	825,838	825,838
Other comprehensive income items	-	-	-	-	(1,055)	175,333	19,755	-	-	-	194,033
Total comprehensive income	-	-	-	-	(1,055)	175,333	19,755	-	-	825,838	1,019,871
Profit on sale of investments	-	-	-	-	-	(193,629)	-	-	-	193,629	-
Purchase of treasury shares	-	-	-	-	-	-	-	(268)	-	-	(268)
Balance as at 30 September 2019	30,000,000	697,235	565,398	56,538	12,033	46,696	(2,072,047)	(268)	146,663	6,129,062	35,581,310
Balance as at 1 January 2020	30,000,000	697,235	724,425	72,441	13,453	17,378	(2,195,407)	(268)	146,663	6,718,564	36,194,484
Net loss for the period	-	-	-	-	-	-	-	-	-	(2,641,556)	(2,641,556)
Other comprehensive loss items	-	-	-	-	(4,444)	49,390	175,600	-	-	-	220,546
Total comprehensive loss	-	-	-	-	(4,444)	49,390	175,600	-	-	(2,641,556)	(2,421,010)
Effect of change in ownership percentage of subsidiaries in associate	-	-	-	-	-	-	-	-	-	31,575	31,575
Balance as at 30 September 2020	30,000,000	697,235	724,425	72,441	9,009	66,768	(2,019,807)	(268)	146,663	4,108,583	33,805,049

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Cash Flows for the nine-months ended 30 September 2020
 (Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Nine months ended 30 September	
	2020	2019
Cash flows from Operating activities		
Net (loss) / profit for the period	(2,641,556)	825,838
<i>Adjustments:</i>		
Depreciation	58,335	31,035
Investments income	504,998	(162,727)
Group's share of associate's results	1,735,890	(1,004,897)
Interest income	(294,225)	(357,046)
Interest expense	118,959	73,532
Provision	-	196
Operating losses before changes in working capital	(517,599)	(594,069)
Receivables and other debit balances	(56,128)	(22,226)
Finance receivables	(105,929)	47,337
Payables and other credit balances	(63,960)	115,797
Net cash used in operating activities	(743,616)	(453,161)
Cash flows from investing activities		
Paid for purchase of investments	(671,133)	(1,985,155)
Proceeds from sale of investments	349,800	870,947
Paid for purchase of additional shares in an associate	(26,786)	(104,722)
Dividends received from an associate	690,761	687,599
Paid for purchase of investment properties	(541,809)	(703,430)
Paid for purchase of property and equipment	(31,635)	(29,400)
Dividends received	274,861	232,223
Interest income received	294,225	357,046
Net cash generated/(used in) from investing activities	338,284	(674,892)
Cash Flow from financing activities		
Due to banks	387,200	(588,200)
Paid for purchase of treasury shares	-	(268)
Finance cost paid	(118,959)	(73,532)
Net cash generated from / (used in) financing activities	268,241	(662,000)
Decrease in cash and cash equivalents	(137,091)	(1,790,053)
Cash and cash equivalents at the beginning of the period	543,006	2,454,547
Cash and cash equivalents at the end of the period	405,915	664,494

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2020 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

1. Incorporation and activities

Kuwait Pillars for Financial Investment-KSCC, the "Parent Company" is a Kuwaiti Shareholding Company incorporated in Kuwait in 1998 and is regulated by the Central Bank of Kuwait and Capital Markets Authority. The Parent Company was listed in the Kuwait Stock Exchange on 3 December 2008. On 8 July 2015 based on the shareholders extraordinary General Assembly meeting, the Company has voluntarily elected to delist from Kuwait stock exchange effective from 1 March 2016. The Company has obtained the approval from CMA to delist on 31 August 2015.

The objectives of the Parent Company are:

Financial investment operations in all economic sectors by all legal means deemed appropriate for the Parent Company to achieve its objectives inside and outside Kuwait for its benefit or others, including:

- Sale and purchase of financial securities for the Company and others with no violation to provisions of law.
- Lending or borrowing and issuing bonds as per Law and financing the foreign trade operations.
- Carrying out financial brokerage operations and managing investments for others.
- Providing and preparing studies and technical, economic and revaluation consultancies, as well as studying the related investment projects and preparing the necessary studies for those institutions and companies (provided the necessary conditions should be met).
- Establishing or participating in the establishing of companies of all types, objectives and nationalities and deal in selling and purchasing of shares, bonds and financial rights of those companies.
- Managing financial and real estate portfolios for the company and for others and investing and developing its customers' funds through placing them in all aspects of local and global investment.
- Investing in real estate, industrial, agricultural and other economic sectors either directly or by contributing in the establishment of specialized companies or purchasing shares or bonds of those companies in different sectors.
- Establishing, managing and marketing investment funds of all types as per Law.
- Carrying out the function of bonds issuing manager, which are issued by companies and authorities, and investment custodian's functions.
- Dealing and trading in the foreign exchange market and precious metals market inside and outside Kuwait for the company's benefit only.
- Providing all services that assist developing and supporting the ability of the financial and monetary market in Kuwait within limits of Law and as per CBK's instructions and procedures through offering new trading financial instruments or providing consulting services to Kuwait Stock Exchange's management and other services.
- Executing the activities of investment controller.

The Parent Company may have an interest or participate in any way in any entity that conducts similar business or which may assist it to achieve its objectives inside and outside Kuwait and it may also purchase such entities or affiliate thereof to it.

The Parent Company's registered office is at Qibla Tower, Al-Qibla Area- Block 13, P.O. Box 1346 Kuwait.

The interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiaries, which are fully owned and mentioned below together referred to as "the Group".

Company Name	Country of incorporation	Principal activity	Equity interest (%)
Strategia Investors Inc.	United States	Investment manager and advisor	100
Strategia Investors Service Limited	Antigua and Barbuda	Investment manager and advisor to real estate funds	100
Strategia Private Equity Limited	Cayman Islands	Investments	100

On 05 May 2020, the General Assembly for Shareholders of the Parent Company approved the Financial Statement for the year ended 31 December 2019 and also approved the Board of Director's recommendation not to distribute dividends.

The interim condensed consolidated financial information for the nine-months ended 30 September 2020 was authorized for issuance by the Parent Company Board of Directors on 18 November 2020.

Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2020 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

2. Basis of presentation and significant accounting policies

2.1 Basis of presentation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards.

The annual consolidated financial statements for the year ended 31 December 2019 were prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait ("CBK") and the Capital market Authority "CMA" in the State of Kuwait. These regulations require expected credit loss ("ECL") to be measured at the higher of the ECL on credit facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). (Collectively referred to as IFRS, as adopted for use by the State of Kuwait).

In the management's opinion, all necessary adjustments, including recurring accruals have been included in the interim condensed consolidated financial information for fair presentation. The operating results for the period ended 30 September 2020 are not necessarily indicative of results that may be expected for the year ending 31 December 2020. For further information, it is possible to refer to the consolidated financial statements and its related notes for the year ended 31 December 2019.

2.2 Significant accounting policies

The accounting policies used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2019, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

2.1.1 New and amended standards adopted by the Group

Effective for annual periods beginning on or after January 1, 2020

New and amended IFRSs standards

Effective for annual periods beginning on or after

Definition of Material - Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

January 1, 2020

The new definition states that, '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'.

Definition of a Business – Amendments to IFRS 3 *Business Combinations*

January 1, 2020

The amendments clarify 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. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.

Amendments to References to the Conceptual Framework in IFRS Standards

January 1, 2020

Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

IFRS 7 Financial Instruments: Disclosures and IFRS 9 – Financial Instruments

January 1, 2020

Amendments regarding pre-replacement issues in the context of the IBOR reform

Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2020 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

New and amended IFRSs standards

Effective for annual periods beginning on or after June 1, 2020

During the period, IASB board have amended IFRS 16 in order to be in line with Covid-19 related rent concession, the amendments are as follows:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2020 did not have any material impact on the accounting policies, financial position or performance of the Group.

3. Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical assets or liabilities.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that is not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: valuation techniques that are not based on observable market data.

The table below gives information about how the fair values of the significant financial assets and liabilities are determined:

Financial assets	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30/9/2020	31/12/2019	30/9/2019				
Equity instruments designated as FVTPL							
Quoted Shares	2,195,476	2,654,002	1,661,350	1	Last bid price	-	-
Equity instruments designated as FVTOCI							
Quoted Shares	2,432,609	2,389,361	2,421,013	1	Last bid price	-	-
Unquoted shares	1,296,711	1,290,569	1,288,235	3	Net book value	Book value adjusted with market risk	The higher market risk the lower the fair value

The fair values of other financial assets and financial liabilities which are not measured at fair value on ongoing basis equal approximately their carrying values.

4. Estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019, except for the following:

Fair value of non-financial assets

To determine the fair value of non-financial assets, the management is required to perform internal studies in order to determine the fair valuation, by using the proper valuation techniques and the group did not notice any effect on the fair valuation based on the study prepared.

Fair value measurements and valuation techniques

To determine the fair value of unquoted investments and private equity, the management is required to perform estimates regarding to cash flow projections, growth rate, discount rate, etc.

Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2020
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

5. Cash and cash equivalents

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Cash on hand and at banks	405,472	542,068	664,054
Time deposits (<i>less than 3 months</i>)	-	500	-
Cash in investment portfolio	443	438	440
	<u>405,915</u>	<u>543,006</u>	<u>664,494</u>

6. Investments

Financial assets at fair value through profit or loss

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Quoted shares	2,195,476	2,654,002	1,661,349

The Group has pledged quoted through FVTPL securities with carrying amount of KD 804,000 against the credit facilities.

Financial assets at fair value through OCI

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Quoted shares	2,432,609	2,389,361	2,421,013
Unquoted shares	1,296,711	1,290,569	1,288,235
	<u>3,729,320</u>	<u>3,679,930</u>	<u>3,709,248</u>

The Group has pledged quoted through OCI securities with carrying amount of KD 2,195,860 against the credit facilities.

7. Investments at amortized costs

The effective interest rate on these bonds is 5.4% (5.85% - 31 December 2019, 5.85% - 30 September 2019). The bonds have maturity dates ranging between 4 to 9 years as of period ended 30 September 2020.

8. Finance receivables

This represents commercial loans granted to related parties.

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Gross balance of commercial loans	6,298,011	6,246,041	6,204,736
Less: deferred revenue	(53,937)	(109,177)	(99,515)
	6,244,074	6,136,864	6,105,221
Less: provision for credit losses - general	(67,448)	(66,167)	(66,167)
Balance as at the end of period/ year	<u>6,176,626</u>	<u>6,070,697</u>	<u>6,039,054</u>

The effective interest rates on these finance receivables is 5.42% during the period ended 30 September 2020 (6.63% - 31 December 2019, 6.41% - 30 September 2019). The fair value of the collaterals held against finance receivables is KD 8,117,209 as at 30 September 2020 (KD 9,203,446 - 31 December 2019, KD 9,243,908 - 30 September 2019).

Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2020 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

9. Investment in an associate and Joint Venture

This represents the Group's investment in Kuwait Financial Center K.S.C.P by 28.97% as at 30 September 2020.

This also includes investment in a joint venture amounted to KD 25,783 as at 30 September 2020 (KD 25,783 as at 30 September 2019).

The Group's share of the associate's results and reserves has been computed based on the reviewed financial information for the period ended 30 September 2020.

Movement of the investment in an associate during the period / year is as follows:

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Balance as at 1 January	23,972,825	22,651,044	22,651,044
Additions during the period/ year	26,786	112,539	104,722
Cash dividends	(690,761)	(687,599)	(687,599)
Group's share of associate's results	(1,735,890)	2,000,446	1,004,897
Effect of change in ownership percentage of subsidiaries in associate	31,575	-	-
Group's share of associate's reserves	175,600	(103,605)	19,755
	<u>21,780,135</u>	<u>23,972,825</u>	<u>23,092,819</u>
Group ownership (%)	<u>28.97</u>	<u>28.89</u>	<u>28.87</u>

The Group has pledged 115 Million shares (95 Million shares – 2019) of its associate as of 30 September 2020 with carrying amount of KD 9,671,500 (KD 8,170,000 - 2019) against the credit facilities.

10. Due to banks

The average interest rate on the credit facilities is 2.75% and will mature during 2020. The following assets are pledged against bank facilities as at 30 September 2020;

- 115,000,000 shares investments in associate for the Group.
- 5,215,199 shares of quoted investments through OCI for the Group.
- 3,717,136 shares of quoted investments through FVTPL for the Group

11. Investments (loss) / income

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Cash dividends	3,832	10,445	275,702	232,223
Change in fair value	(25,398)	(71,072)	(780,700)	(69,496)
	<u>(21,566)</u>	<u>(60,627)</u>	<u>(504,998)</u>	<u>162,727</u>

12. Related party transactions

In the ordinary course of business, the Company has carried some transactions with related parties (i.e. shareholders, Board of Directors and key management personnel). The Company carried out transaction with related parties on term approved by management and are subject to approval of Annual General Meeting for shareholders. The balances and transactions with related parties are as follows:

Transactions	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Salaries and other benefits	76,644	79,108	282,253	246,947
End of service indemnity	11,264	11,252	33,570	43,410
Interest income	80,939	103,687	254,320	305,715

Kuwait Pillars for Financial Investment K.S.C.C

And its subsidiaries

State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2020 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Balances	30 September 2020	31 December 2019 (Audited)	30 September 2019
Investments at amortized costs	839,753	839,753	839,753
Finance receivables	6,176,626	6,070,697	6,039,055
Payables and other credit balances	470,599	641,913	425,599

Related parties transactions are subject to approval of shareholders' general assembly.

13. Segment information

In the purpose of management, the Group organizes its operations in main two sectors of business. The following are the main activities and services that are underlined in such two sectors:

Investment activities:

Investing in securities, funds, properties lending to corporate and individual customers and managing the Group's liquidity requirements.

Asset management and advisory services:

Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related financial services.

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

The following table presents segment revenues, profits, assets and liabilities regarding the Group's business:

	30 September 2020		
	Investment activities	Asset management and advisory services	Total
Segment revenue	(1,794,078)	20,602	(1,773,476)
Net profit	(2,662,158)	20,602	(2,641,556)
Segment assets	40,549,889	82,291	40,632,180
Segment liabilities	6,772,048	55,083	6,827,131
	30 September 2019		
	Investment activities	Asset management and advisory services	Total
Segment revenue	1,581,452	33,265	1,614,717
Net profit	792,573	33,265	825,838
Segment assets	40,630,796	108,973	40,739,769
Segment liabilities	5,069,274	89,185	5,158,459

14. Fiduciary assets

The Group manages portfolios on behalf of customers and maintains cash balances and securities in fiduciary accounts, which are not reflected in the Group's interim condensed consolidated financial information.

The aggregate net asset value held in a fiduciary capacity by the Group amounted to KD 19,870,460 as at 30 September 2020 (KD 21,770,501 - 31 December 2019 and KD 21,822,211 - 30 September 2019).

**Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2020
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

15. Impact of COVID-19

The COVID-19 pandemic spread rapidly across global geographies causing significant disruption to business and economic activities and bringing unprecedented uncertainty to the global economic environment. Fiscal and monetary authorities worldwide have launched extensive responses designed to mitigate the severe consequences of the pandemic.

Expected Credit Losses

The Group has reassessed the inputs and assumptions used for the determination of expected credit losses as of 30 September 2020. The Group has updated forward-looking information based on the best estimates and judgement and considering the current economic climate of the respective market in which it operates and its impact on counterparties in various segments.

Other impacts

The Group considered the potential impact of the current economic volatility on the reported amounts of the Group's financial and non-financial assets. The reported amounts best represent management's assessment based on observable information. Markets however remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental and the Group will accordingly continue to reassess its position and the related impact on a regular basis. Further information on the relation to fair value measurements is disclosed in Notes 3.

Commitments and contingent liabilities

The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group and customers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, these interim condensed consolidated financial information have been appropriately prepared on a going concern basis.