

Interim condensed consolidated financial information and review report

**Gulf Cable and Electrical Industries Company – KPSC
and Subsidiaries**

Kuwait

30 September 2021 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
Gulf Cable and Electrical Industries Company – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Cable and Electrical Industries Company – KPSC (“Parent Company”) and its subsidiaries (“the Group”) as of 30 September 2021 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. 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 International Accounting Standard 34, “Interim Financial Reporting”.

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the nine-month period ended 30 September 2021 that might have had a material effect on the business or financial position of the Parent Company.

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 material 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 2021 that might have had a material effect on the business or financial position of the Parent Company.



Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
8 November 2021

Interim condensed consolidated statement of profit or loss

| | Notes | Three months ended (Unaudited) | | Nine months ended (Unaudited) | |
|---|-------|-----------------------------------|------------------------|----------------------------------|------------------------|
| | | 30 Sept. 2021 KD | 30 Sept. 2020 KD | 30 Sept. 2021 KD | 30 Sept. 2020 KD |
| | | | | | |
| Revenue | | | | | |
| Revenue from sales and contracts with customers | | 18,177,608 | 22,274,675 | 45,979,060 | 57,383,582 |
| Cost of sales and contracts with customers | | (14,554,012) | (19,841,334) | (36,131,668) | (50,823,522) |
| Gross profit | | 3,623,596 | 2,433,341 | 9,847,392 | 6,560,060 |
| Investment income/(loss) | 5 | 86,843 | (47,362) | 1,371,261 | 3,098,871 |
| Share of results of associate | 8 | 11,723 | 80,107 | 58,991 | 23,380 |
| Interest income | | 1,652 | 1,467 | 10,366 | 4,906 |
| Other (loss)/income | | (787) | 43,602 | 1,176 | 50,926 |
| Foreign currency exchange gain | | 41,624 | 144,285 | 167,247 | 316,773 |
| | | 3,764,651 | 2,655,440 | 11,456,433 | 10,054,916 |
| Expenses and other charges | | | | | |
| General and administrative expenses | | (1,354,010) | (893,353) | (3,446,424) | (2,606,090) |
| Commercial expenses | | (385,364) | (439,526) | (1,142,416) | (1,114,557) |
| Reversal/(charge) of provision for slow moving and obsolete inventories - net | | 5,027 | 71,522 | (24,844) | 12,866 |
| Provision for doubtful debts – net | | (169,423) | (42,558) | (121,657) | (173,056) |
| Finance costs | | (114,966) | (105,744) | (122,282) | (251,761) |
| | | (2,018,736) | (1,409,659) | (4,857,623) | (4,132,598) |
| Profit before tax | | 1,745,915 | 1,245,781 | 6,598,810 | 5,922,318 |
| Taxes relating to overseas subsidiary | | (106,996) | - | (190,050) | - |
| Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration | | 1,638,919 | 1,245,781 | 6,408,760 | 5,922,318 |
| Provision for contribution to KFAS | | (15,965) | (12,165) | (62,995) | (59,043) |
| Provision for NLST | | (45,705) | (31,889) | (143,299) | (106,204) |
| Provision for Zakat | | (17,365) | (12,523) | (54,899) | (42,249) |
| Provision for board of directors' remuneration | | (77,500) | (77,500) | (232,500) | (232,500) |
| Profit for the period | | 1,482,384 | 1,111,704 | 5,915,067 | 5,482,322 |
| Attributable to: | | | | | |
| Owners of the Parent Company | | 1,451,697 | 1,105,689 | 5,864,801 | 5,487,631 |
| Non-controlling interests | | 30,687 | 6,015 | 50,266 | (5,309) |
| | | 1,482,384 | 1,111,704 | 5,915,067 | 5,482,322 |
| Basic and diluted earnings per share attributable to the owners of the Parent Company | 6 | 7 Fils | 5 Fils | 28 Fils | 26 Fils |

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income

| | Three months ended (Unaudited) | | Nine months ended (Unaudited) | |
|---|-----------------------------------|------------------------|----------------------------------|------------------------|
| | 30 Sept. 2021 KD | 30 Sept. 2020 KD | 30 Sept. 2021 KD | 30 Sept. 2020 KD |
| Profit for the period | 1,482,384 | 1,111,704 | 5,915,067 | 5,482,322 |
| Other comprehensive income: | | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | |
| Exchange differences arising on translation of foreign operations | 6,330 | (44,385) | (59,312) | 86,401 |
| | 6,330 | (44,385) | (59,312) | 86,401 |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | | |
| Net change in fair value of investments at FVTOCI arising during the period | 19,472,921 | 22,551,996 | 26,073,563 | 14,515,239 |
| | 19,472,921 | 22,551,996 | 26,073,563 | 14,515,239 |
| Total other comprehensive income | 19,479,251 | 22,507,611 | 26,014,251 | 14,601,640 |
| Total comprehensive income for the period | 20,961,635 | 23,619,315 | 31,929,318 | 20,083,962 |
| Attributable to: | | | | |
| Owners of the Parent Company | 20,930,600 | 23,615,741 | 31,882,314 | 20,084,519 |
| Non-controlling interests | 31,035 | 3,574 | 47,004 | (557) |
| | 20,961,635 | 23,619,315 | 31,929,318 | 20,083,962 |

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

| | Notes | 30 Sept. 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 30 Sept. 2020 (Unaudited) KD |
|--|-------|---------------------------------------|------------------------------------|---------------------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Goodwill | 7 | 3,603,180 | - | - |
| Property, plant and equipment | | 9,948,541 | 7,160,670 | 7,213,928 |
| Right-of-use asset | | 648,935 | - | - |
| Investment in associate | 8 | 1,162,920 | 1,103,929 | 1,087,731 |
| Investments at fair value through other comprehensive income | 9 | 122,094,542 | 96,671,328 | 132,780,298 |
| | | 137,458,118 | 104,935,927 | 141,081,957 |
| Current assets | | | | |
| Inventories | 10 | 42,501,246 | 41,319,685 | 45,095,283 |
| Trade accounts receivable | 11 | 31,500,839 | 29,606,122 | 28,881,746 |
| Other receivables and prepayments | 12 | 1,333,915 | 657,532 | 683,247 |
| Cash and bank balances | 13 | 10,848,848 | 26,257,513 | 5,460,782 |
| | | 86,184,848 | 97,840,852 | 80,121,058 |
| Total assets | | 223,642,966 | 202,776,779 | 221,203,015 |
| Equity and liabilities | | | | |
| Equity | | | | |
| Share capital | | 20,993,131 | 20,993,131 | 20,993,131 |
| Share premium | | 29,160,075 | 29,160,075 | 29,160,075 |
| Treasury shares | 14 | (575,724) | (454,480) | (649,799) |
| Treasury shares reserve | | 77,888 | 77,888 | - |
| Statutory reserve | | 20,993,131 | 20,993,131 | 20,993,131 |
| Voluntary reserve | | 20,993,131 | 20,993,131 | 20,993,131 |
| General reserve | | 26,754,192 | 26,754,192 | 26,109,322 |
| Other components of equity | 15 | 73,580,776 | 47,904,074 | 57,859,986 |
| Retained earnings | | 15,190,206 | 19,437,247 | 10,288,196 |
| Total equity attributable to the owners of the Parent Company | | 207,166,806 | 185,858,389 | 185,747,173 |
| Non-controlling interests | | 488,802 | 441,798 | 450,965 |
| Total equity | | 207,655,608 | 186,300,187 | 186,198,138 |

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position (continued)

| | Notes | 30 Sept. 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 30 Sept. 2020 (Unaudited) KD |
|--|-------|---------------------------------------|------------------------------------|---------------------------------------|
| Non-current liabilities | | | | |
| Provision for employees' end of service benefits | | 4,177,116 | 3,929,186 | 4,074,005 |
| Term loans | 16 | 1,534,495 | - | - |
| Lease liability | | 425,327 | - | - |
| | | 6,136,938 | 3,929,186 | 4,074,005 |
| Current liabilities | | | | |
| Trade accounts payable | | 2,086,637 | 1,702,884 | 2,083,508 |
| Other payables and accruals | | 6,761,830 | 7,179,352 | 6,156,798 |
| Lease liability | | 151,416 | - | - |
| Term loans | 16 | 842,401 | 3,646,476 | 13,133,143 |
| Ijara finance payable | | - | - | 130,000 |
| Murabaha payables | 17 | - | - | 5,249,165 |
| Due to banks | 13 | 8,136 | 18,694 | 4,178,258 |
| | | 9,850,420 | 12,547,406 | 30,930,872 |
| Total liabilities | | 15,987,358 | 16,476,592 | 35,004,877 |
| Total equity and liabilities | | 223,642,966 | 202,776,779 | 221,203,015 |

Bader Naser Al-Kharafi
Chairman

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

| | Equity attributable to the owners of the Parent Company | | | | | | | | | Non-controlling interests | Total | |
|--|---|---------------------|-----------------------|-------------------------------|-------------------------|-------------------------|-----------------------|--|-------------------------|---------------------------|---------|--------------|
| | Share capital KD | Share premium KD | Treasury shares KD | Treasury shares reserve KD | Statutory reserve KD | Voluntary reserve KD | General reserve KD | Other components of equity (Note 15) KD | Retained earnings KD | Sub-total KD | KD | KD |
| Balance at 1 January 2021 (Audited) | 20,993,131 | 29,160,075 | (454,480) | 77,888 | 20,993,131 | 20,993,131 | 26,754,192 | 47,904,074 | 19,437,247 | 185,858,389 | 441,798 | 186,300,187 |
| Purchase of treasury shares | - | - | (121,244) | - | - | - | - | - | - | (121,244) | - | (121,244) |
| Cash dividend (note 18) | - | - | - | - | - | - | - | - | (10,452,653) | (10,452,653) | - | (10,452,653) |
| Transaction with owners | - | - | (121,244) | - | - | - | - | - | (10,452,653) | (10,573,897) | - | (10,573,897) |
| Profit for the period | - | - | - | - | - | - | - | - | 5,864,801 | 5,864,801 | 50,266 | 5,915,067 |
| Other comprehensive income/(loss) | - | - | - | - | - | - | - | 26,017,513 | - | 26,017,513 | (3,262) | 26,014,251 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | 26,017,513 | 5,864,801 | 31,882,314 | 47,004 | 31,929,318 |
| Gain on sale of investments at FVTOCI | - | - | - | - | - | - | - | (340,811) | 340,811 | - | - | - |
| Balance at 30 September 2021 (Unaudited) | 20,993,131 | 29,160,075 | (575,724) | 77,888 | 20,993,131 | 20,993,131 | 26,754,192 | 73,580,776 | 15,190,206 | 207,166,806 | 488,802 | 207,655,608 |

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

| | Equity attributable to the owners of the Parent Company | | | | | | | | | Non-controlling interests | Total |
|---|---|---------------------|-----------------------|-------------------------|-------------------------|-----------------------|--|-------------------------|-----------------|---------------------------|-------------|
| | Share capital KD | Share premium KD | Treasury shares KD | Statutory reserve KD | Voluntary reserve KD | General reserve KD | Other components of equity (note 15) KD | Retained earnings KD | Sub-total KD | KD | KD |
| Balance at 1 January 2020 (Audited) | 20,993,131 | 29,160,075 | - | 20,993,131 | 20,993,131 | 26,109,322 | 43,560,477 | 12,866,109 | 174,675,376 | 451,522 | 175,126,898 |
| Purchase of treasury shares | - | - | (649,799) | - | - | - | - | - | (649,799) | - | (649,799) |
| Cash dividend (Note 18) | - | - | - | - | - | - | - | (8,362,923) | (8,362,923) | - | (8,362,923) |
| Transactions with owners | - | - | (649,799) | - | - | - | - | (8,362,923) | (9,012,722) | - | (9,012,722) |
| Profit/(loss) for the period | - | - | - | - | - | - | - | 5,487,631 | 5,487,631 | (5,309) | 5,482,322 |
| Other comprehensive income | - | - | - | - | - | - | 14,596,888 | - | 14,596,888 | 4,752 | 14,601,640 |
| Total comprehensive income/(loss) for the period | - | - | - | - | - | - | 14,596,888 | 5,487,631 | 20,084,519 | (557) | 20,083,962 |
| Gain on sale of investments at FVTOCI | - | - | - | - | - | - | (297,379) | 297,379 | - | - | - |
| Balance at 30 September 2020 (Unaudited) | 20,993,131 | 29,160,075 | (649,799) | 20,993,131 | 20,993,131 | 26,109,322 | 57,859,986 | 10,288,196 | 185,747,173 | 450,965 | 186,198,138 |

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

| | Note | Nine months ended 30 Sept. 2021 (Unaudited) KD | Nine months ended 30 Sept. 2020 (Unaudited) KD |
|--|-----------|--|--|
| OPERATING ACTIVITIES | | | |
| Profit for the period | | 5,915,067 | 5,482,322 |
| Adjustments: | | | |
| Depreciation | | 1,090,327 | 683,899 |
| Provision for employees' end of service benefits | | 348,383 | 298,378 |
| Finance costs | | 122,282 | 251,761 |
| Interest income | | (10,366) | (4,906) |
| Dividend income | | (1,404,273) | (3,064,968) |
| Other investment loss | | - | 460 |
| Share of results of associate | | (58,991) | (23,380) |
| Loss/(gain) on sale of property, plant and equipment | | 11,138 | (199) |
| Provision for doubtful debts – net | | 121,657 | 173,056 |
| Charge/(reversal of) provision for slow moving and obsolete inventories - net | | 24,844 | (12,866) |
| Foreign exchange loss on non-operating liabilities | | - | 47,223 |
| | | 6,160,068 | 3,830,780 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | (1,206,405) | (10,660,229) |
| Trade accounts receivable | | 438,112 | (11,976,483) |
| Other receivables and prepayments | | 408,940 | 402,695 |
| Trade accounts payable | | 181,596 | (158,768) |
| Other payables and accruals | | (2,156,074) | (188,897) |
| Employees' end of service benefits paid | | (241,034) | (53,217) |
| Net cash from/(used in) operating activities | | 3,585,203 | (18,804,119) |
| INVESTING ACTIVITIES | | | |
| Acquisition of subsidiary, net of cash and bank balances | | (4,522,719) | - |
| Additions to property, plant and equipment | | (1,045,153) | (195,189) |
| Proceeds from sale of property, plant and equipment | | 26,000 | 200 |
| Purchase of Investments at FVTOCI | | (393,648) | (12,351,490) |
| Proceeds from sale of FVTOCI | | 1,043,996 | 2,702,583 |
| Dividend income received | | 1,404,273 | 3,064,968 |
| Other investment income received | | - | 4,895 |
| Interest income received | | 10,366 | 4,906 |
| Net cash used in investing activities | | (3,476,885) | (6,769,127) |
| FINANCING ACTIVITIES | | | |
| Payment of cash dividends | | (10,356,654) | (7,997,513) |
| Purchase of treasury shares | | (121,244) | (649,799) |
| Receipt of term loans | | - | 10,363,393 |
| Repayment of term loans | | (4,694,460) | (916,050) |
| Receipt of murabaha payables | | - | 1,761,186 |
| Lease liability paid | | (151,416) | - |
| Finance costs paid | | (129,398) | (236,135) |
| Net cash (used in)/from financing activities | | (15,453,172) | 2,325,082 |
| Decrease in cash and cash equivalents | | (15,344,854) | (23,248,164) |
| Foreign currency adjustments | | (53,253) | 64,192 |
| Cash and cash equivalents at beginning of the period | 13 | 26,238,819 | 24,466,496 |
| Cash and cash equivalents at end of the period | 13 | 10,840,712 | 1,282,524 |

The notes set out on pages 9 to 24 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Gulf Cable and Electrical Industries Company – KPSC (“the Parent Company”) is a registered Kuwaiti Public Shareholding Company, which was established on 15 March 1975. The shares of the Parent Company are listed on Boursa Kuwait.

The Group comprises the Parent Company and its subsidiaries.

Pursuant to the decision of the extraordinary general assembly held on 22 June 2020, the objectives of the Parent Company were amended, and the amendments were authenticated in the commercial register on 2 September 2020.

Objectives for which the Parent Company was incorporated are as follows:

- 1- Produce all kinds of electrical and telephone cables of various sizes and varieties;
- 2- Produce all kinds of electric and telephone wires of various sizes and varieties;
- 3- Produce the wires necessary for the production of light bulbs;
- 4- Produce light bulbs of all varieties and sizes after obtaining the necessary license from the Public Authority for Industry;
- 5- Manufacture electrical transformers, switches and distribution panels after obtaining the necessary license from the Public Authority for Industry;
- 6- Various manufacturing relating to power equipment and tools for industrial or household purposes after obtaining the necessary license from the Public Authority for Industry;
- 7- Produce all kinds of aluminum chips and nylon covering rolls of various sizes and varieties after obtaining the necessary license from the Public Authority for Industry;
- 8- Produce copper bars which are used in the production of electrical and telephone cables after obtaining the necessary license from the Public Authority for Industry;
- 9- Trade in all kinds of these products;
- 10- Import machinery, plant, equipment and tools necessary to achieve the Parent Company’s objectives;
- 11- Import the raw materials for this industry;
- 12- Invest the surplus funds in investment portfolios in order to serve the Parent Company’s objectives;
13. Owning real estate and movables for the benefit of the Parent Company.

The Parent Company may have interest or participate in any aspect in the entities which practice similar activities or which may assist it in the achievement of its objectives in Kuwait and abroad. The Parent Company may also purchase these entities or affiliate them therewith.

The address of the Parent Company’s registered office is PO Box 1196, Safat 13012, State of Kuwait.

This interim condensed consolidated financial information for the nine-month period ended 30 September 2021 was authorised for issue by the Parent Company’s board of directors on 8 November 2021.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the nine-month period ended 30 September 2021 has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2020, except for the changes described in note 3.

The annual consolidated financial statements for the year ended 31 December 2020 were prepared in accordance with the International Financial Reporting Standards (“IFRS”) promulgated by the International Accounting Standards Board (“IASB”), and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB

This interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”) which is the functional and presentation currency of the Parent Company.

This interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the Parent Company’s management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the nine-month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021. For further details, refer to the consolidated financial statements and their disclosures for the year ended 31 December 2020.

The Group has consolidated its subsidiaries using management accounts for the period ended 30 September 2021.

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

No new amendments or standards were effective for the current period.

However, the IFRS 16 Leases amendment relating to Covid19 Rent Related Concessions has been extended until 30 September 2022. The practical expedient allows lessees to elect to not carry out an assessment to decide whether a COVID-19-related rent concession received is a lease modification. The lessee is permitted to account for the rent concession as if the change is not a lease modification.

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group’s accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group’s interim condensed consolidated financial information is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group’s interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

| <i>Standard or Interpretation</i> | <i>Effective for annual periods beginning</i> |
|---|---|
| IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments | No stated date |
| IAS 1 Amendments- Classification of current and non-current | 1 January 2023 |
| IAS 1 Amendments- Disclosure of accounting policies | 1 January 2023 |
| IAS 8 Amendments- Definition of accounting estimates | 1 January 2023 |
| IAS 16 – Amendments – Proceeds before intended use | 1 January 2022 |
| IAS 37 – Amendments – Onerous contracts -Cost of fulfilling a contract | 1 January 2022 |
| Annual Improvements 2018-2020 Cycle | 1 January 2022 |

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management anticipates that the application of these amendments may have an impact on the Group's interim condensed consolidated financial information in future should such transactions arise.

IAS 1 Amendments - Classification of current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IAS 1 Amendments – Disclosure of accounting policies

The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

IAS 8 Amendments – Definition of accounting estimates

The amendments to IAS 8 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

IAS 16 Amendments - Proceeds before intended use

The amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

Management does not anticipate that the adoption of the amendment in the future will have a significant impact on the Group's interim condensed consolidated financial information.

IAS 37 Amendments – Onerous contracts - Cost of fulfilling a contract

The amendments specify which costs an entity includes when assessing whether a contract will be loss-making.

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The amendments are only to be applied to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual period in which it first applies the amendments.

Management does not anticipate that the adoption of the amendment in the future will have a significant impact on the Group's interim condensed consolidated financial information.

Annual Improvements 2018-2020 Cycle

Amendment to IAS 1 simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. Subsidiary that is a first-time adopter later than its parent might have been required to keep two parallel sets of accounting records for cumulative translation differences based on different dates of transition to IFRSs. However, the amendment extends the exemption to cumulative translation differences to reduce costs for first-time adopters.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

Annual Improvements 2018-2020 Cycle (continued)

Amendment to IFRS 9 relates to the ‘10 per cent’ Test for Derecognition of Financial Liabilities – In determining whether to derecognise a financial liability that has been modified or exchanged, an entity assesses whether the terms are substantially different. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Lease Incentives – amendment to illustrative examples – The IASB was informed about the potential for confusion in applying IFRS 16 Leases because of how Illustrative Example 13 accompanying IFRS 16 had illustrated the requirements for lease incentives. Before the amendment, Illustrative Example 13 had included as part of the fact pattern a reimbursement relating to leasehold improvements; the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16. The IASB decided to remove the potential for confusion by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements.

Taxation in fair value measurements – Before this amendment, when an entity used a discounted cash flow technique to determine the fair value applying IAS 41, IAS 41.22 required the entity to exclude taxation cash flows from the calculation. The amendment to IAS 41 removed from this requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group’s interim condensed consolidated financial information.

4 Judgment and estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, 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 judgements 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 annual audited consolidated financial statements as at and for the year ended 31 December 2020.

5 Investment income/(loss)

| | Three months ended (Unaudited) | | Nine months ended (Unaudited) | |
|--|-----------------------------------|------------------------|----------------------------------|------------------------|
| | 30 Sept. 2021 KD | 30 Sept. 2020 KD | 30 Sept. 2021 KD | 30 Sept. 2020 KD |
| Dividend income on investments at FVTOCI held at the end of the period | 80,020 | 7,392 | 1,404,273 | 3,064,968 |
| Other investment loss | - | (1,404) | - | (460) |
| Foreign currency exchange gain/(loss) | 6,823 | (53,350) | (33,012) | 34,363 |
| | 86,843 | (47,362) | 1,371,261 | 3,098,871 |

Notes to the interim condensed consolidated financial information (continued)

6 Basic and diluted earnings per share attributable to the owners of the Parent Company

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period after excluding treasury shares as follows:

| | Three months ended (Unaudited) | | Nine months ended (Unaudited) | |
|---|-----------------------------------|------------------|----------------------------------|------------------|
| | 30 Sept. 2021 | 30 Sept. 2020 | 30 Sept. 2021 | 30 Sept. 2020 |
| Profit for the period attributable to the owners of the Parent Company (KD) | 1,451,697 | 1,105,689 | 5,864,801 | 5,487,631 |
| Weighted average number of shares outstanding during the period (excluding treasury shares) - share | 209,016,526 | 209,053,363 | 209,066,108 | 209,374,470 |
| Basic and diluted earnings per share attributable to the owners of the Parent Company | 7 Fils | 5 Fils | 28 Fils | 26 Fils |

7 Acquisition of a subsidiary

On 27 June 2021, the Parent Company signed an agreement to acquire 99% equity stake in Al Reaya Company for Buildings and Cities Cleaning Contracting - WLL "Al Reaya" and the remaining 1% acquired by one of the Group's subsidiaries. Effective from 1 January 2021. The provisional assets and liabilities of Al Reaya as of 31 December 2020 were as follows:

| | 31 Dec. 2020 KD |
|---|-----------------------|
| Fair value of consideration paid | 4,600,000 |
| Recognised amounts of identifiable net assets: | |
| Property, plant and equipment | 2,804,139 |
| Cash and bank balances | 77,281 |
| Trade accounts receivable | 2,454,486 |
| Other receivables and prepayments | 885,322 |
| Total assets | 6,221,228 |
| Term loans | 3,224,880 |
| Provision for employees' end of service benefits | 140,581 |
| Trade accounts payable | 202,157 |
| Other payables and accruals | 252,728 |
| Due to banks | 78,594 |
| Due to related parties | 1,325,468 |
| Total liabilities | 5,224,408 |
| Total identifiable net assets | 996,820 |
| Goodwill | 3,603,180 |

Notes to the interim condensed consolidated financial information (continued)

7 Acquisition of a subsidiary (continued)

The initial accounting for the business combination is provisional due to its complexity, and will be adjusted retrospectively (if required) when the final purchase price allocation is completed during the one-year measurement period from the acquisition date.

8 Investment in associate

Details of the investment in associate are given below:

| Name | Country of incorporation | Ownership percentage | | | Principal activities |
|---|--------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------|
| | | 30 Sept. 2021 (Unaudited) % | 31 Dec. 2020 (Audited) % | 30 Sept. 2020 (Unaudited) % | |
| Team Holding Company – KSC (Closed) - (Unquoted) | Kuwait | 47.5 | 47.5 | 47.5 | Financing and investment |

Movement in the carrying amount of the investment in associate is as follows:

| | 30 Sept. 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 30 Sept. 2020 (Unaudited) KD |
|---|------------------------------------|---------------------------------|------------------------------------|
| Carrying amount at the beginning of the period/year | 1,103,929 | 1,064,351 | 1,064,351 |
| Share of results for the period/year | 58,991 | 39,578 | 23,380 |
| Carrying amount at the end of period/year | 1,162,920 | 1,103,929 | 1,087,731 |

The Group's share of result of associate has been accounted for using equity method based on management accounts as at and for the period ended 30 September 2021.

9 Investments at fair value through other comprehensive income

The components of investments at fair value through other comprehensive income ("FVTOCI") are as follows:

| | 30 Sept. 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 30 Sept. 2020 (Unaudited) KD |
|---|------------------------------------|---------------------------------|------------------------------------|
| Local quoted securities held through managed portfolios | 58,867,813 | 36,610,973 | 75,357,647 |
| Local unquoted securities held through managed portfolios | 4,701,034 | 4,135,390 | 4,126,993 |
| Foreign quoted securities held through managed portfolios | 15,964,171 | 14,696,038 | 15,100,979 |
| Foreign unquoted securities held through managed portfolios | 2,698,145 | 2,952,755 | 2,952,755 |
| Foreign managed unquoted securities | 3,533,308 | 2,900,238 | - |
| Foreign unquoted securities | 31,254,412 | 31,234,529 | 31,234,529 |
| Local unquoted securities | - | - | 5,250 |
| Local managed funds | 5,075,659 | 4,141,405 | 4,002,145 |
| | 122,094,542 | 96,671,328 | 132,780,298 |

Notes to the interim condensed consolidated financial information (continued)

9 Investments at fair value through other comprehensive income (continued)

These investments are held in equity instruments for medium to long term strategic objectives. Accordingly, management has chosen to identify these investments in equity instruments as investments at fair value through other comprehensive income where it is believed that the recognition of short-term fluctuations in the fair value of these investments in the statement of profit or loss will not be consistent with the Group's strategy to hold such investments for long-term purposes and realizing their performance potential in the long term.

Local managed funds include investments in units of equity investments. Fair value of these investments is determined using net asset values reported by the investment managers and the management believes that this represent the best estimate of fair value available for these investments.

10 Inventories

| | 30 Sept. 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 30 Sept. 2020 (Unaudited) KD |
|--|---------------------------------------|------------------------------------|---------------------------------------|
| Raw materials | 20,393,776 | 20,202,130 | 21,947,349 |
| Finished goods | 13,952,648 | 11,754,109 | 13,064,421 |
| Work-in-progress | 6,094,693 | 5,873,624 | 6,397,349 |
| Spare parts | 2,834,898 | 2,604,487 | 2,525,947 |
| | 43,276,015 | 40,434,350 | 43,935,066 |
| Less: provision for obsolete and slow-moving inventories | (1,091,312) | (1,067,407) | (1,197,968) |
| | 42,184,703 | 39,366,943 | 42,737,098 |
| Goods in transit and prepaid letters of credit | 316,543 | 1,952,742 | 2,358,185 |
| | 42,501,246 | 41,319,685 | 45,095,283 |

11 Trade accounts receivable

| | 30 Sept. 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 30 Sept. 2020 (Unaudited) KD |
|------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| Trade accounts receivable | 38,051,362 | 35,823,165 | 34,913,644 |
| Less: provision for doubtful debts | (6,550,523) | (6,217,043) | (6,031,898) |
| | 31,500,839 | 29,606,122 | 28,881,746 |

12 Other receivables and prepayments

| | 30 Sept. 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 30 Sept. 2020 (Unaudited) KD |
|------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| Financial assets: | | | |
| Staff receivable | 75,876 | 52,972 | 108,320 |
| Other receivables | 620,257 | 286,477 | 229,494 |
| | 696,133 | 339,449 | 337,814 |
| Non-financial assets: | | | |
| Prepaid expenses | 637,782 | 318,083 | 345,433 |
| | 1,333,915 | 657,532 | 683,247 |

Notes to the interim condensed consolidated financial information (continued)

13 Cash and cash equivalents

Cash and cash equivalents in the interim condensed consolidated statement of cash flows comprise of the following accounts:

| | 30 Sept. 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 30 Sept. 2020 (Unaudited) KD |
|--|---------------------------------------|------------------------------------|---------------------------------------|
| Cash in hand | 23,408 | 104,604 | 63,264 |
| Cash held in managed portfolios | 363,043 | 293,688 | 3,374,159 |
| Bank balances | 10,462,397 | 25,859,221 | 2,023,359 |
| Total cash and bank balances | 10,848,848 | 26,257,513 | 5,460,782 |
| Less: due to banks | (8,136) | (18,694) | (4,178,258) |
| Cash and cash equivalents as per interim condensed consolidated statement of cash flows | 10,840,712 | 26,238,819 | 1,282,524 |

Due to banks represent overdraft facilities which carry an interest rate of 1.25% per annum above Central Bank of Kuwait discount rate and are payable on demand.

14 Treasury shares

The Group holds treasury shares as follows:

| | 30 Sept. 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 30 Sept. 2020 (Unaudited) KD |
|-----------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| Number of shares | 1,000,000 | 840,000 | 1,201,000 |
| Percentage of issued shares | 0.48% | 0.40% | 0.57% |
| Market value (KD) | 830,000 | 625,800 | 820,283 |
| Cost (KD) | 575,724 | 454,480 | 649,799 |

Reserves of the Parent Company equivalent to the cost of treasury shares have been classified as non-distributable.

15 Other components of equity

| | Fair value reserve KD | Foreign currency translation reserve KD | Total KD |
|---|-----------------------------|---|-------------------|
| Balance at 1 January 2021 (Audited) | 47,398,434 | 505,640 | 47,904,074 |
| Exchange differences arising on translation of foreign operations | - | (56,050) | (56,050) |
| Net change in fair value of investments at FVTOCI arising during the period | 26,073,563 | - | 26,073,563 |
| Total other comprehensive income/(loss) for the period | 26,073,563 | (56,050) | 26,017,513 |
| Gain on sale of investments at FVTOCI | (340,811) | - | (340,811) |
| Balance at 30 September 2021 (Unaudited) | 73,131,186 | 449,590 | 73,580,776 |

Notes to the interim condensed consolidated financial information (continued)

15 Other components of equity (continued)

| | Fair value reserve KD | Foreign currency translation reserve KD | Total KD |
|---|-----------------------------|---|-------------------|
| Balance at 1 January 2020 (Audited) | 43,064,932 | 495,545 | 43,560,477 |
| Exchange differences arising on translation of foreign operations | - | 81,649 | 81,649 |
| Net change in fair value of investments at FVTOCI arising during the period | 14,515,239 | - | 14,515,239 |
| Total other comprehensive income for the period | 14,515,239 | 81,649 | 14,596,888 |
| Gain on sale of investments at FVTOCI | (297,379) | - | (297,379) |
| Balance at 30 September 2020 (Unaudited) | 57,282,792 | 577,194 | 57,859,986 |

16 Term loans

| | 30 Sept. 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 30 Sept. 2020 (Unaudited) KD |
|-------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| Kuwaiti Dinar facilities (a) | - | 3,646,476 | 10,363,393 |
| Loans against contracts (b) | 2,376,896 | - | - |
| USD facilities | - | - | 2,769,750 |
| | 2,376,896 | 3,646,476 | 13,133,143 |
| Less: the non-current portion | (1,534,495) | - | - |
| | 842,401 | 3,646,476 | 13,133,143 |

a- Short-term loans denominated in Kuwaiti Dinar were unsecured and carried interest rate of 0.75% to 1.25% per annum above Central Bank of Kuwait discount rate. The loans were fully settled during the period.

b- Loans against contracts have been obtained by one of the Group's subsidiaries "Al Reaya" from a local bank and carry interest rate of 2% per annum above Central Bank of Kuwait discount rate. The loans mature on various dates between 30 June 2022 and 31 December 2023.

17 Murabaha payables

| | 30 Sept. 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 30 Sept. 2020 (Unaudited) KD |
|-------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| USD murabaha facilities | - | - | 5,249,165 |
| | - | - | 5,249,165 |

Murabaha facilities were obtained by the Group from a local Islamic bank and carried a profit rate of 1.98% per annum. The Group settled the entire balance of these USD murabaha facilities during the prior year.

Notes to the interim condensed consolidated financial information (continued)

18 General Assembly of the Shareholders and dividend distribution

The Annual General Assembly of the shareholders held on 4 May 2021 approved the consolidated financial statements of the Group for the year ended 31 December 2020 and cash dividend of 50% (2019: 40%) equivalent to 50 Fils (2019: 40 Fils) per share of the paid-up share capital amounting to KD10,452,653 for the year ended 31 December 2020 (2019: KD8,362,923).

Further, the shareholders approved the board of directors' remuneration of KD310,000 for the year ended 31 December 2020 (2019: KD310,000).

19 Segmental information

Operating segments are identified based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and is reconciled to the Group's profit or loss.

The Group's reportable segments are cable manufacture, investment and services. The information relating to these segments are as follows:

| | Cable manufacture KD | Investment KD | Services KD | Total KD |
|--|----------------------------|------------------|----------------|--------------|
| For the three months ended 30 September 2021 (Unaudited): | | | | |
| Revenue | 15,879,637 | 98,566 | 2,297,971 | 18,276,174 |
| Segment results | 1,974,799 | 74,415 | (303,299) | 1,745,915 |
| Unallocated expenses | | | | (263,531) |
| Profit for the period | | | | 1,482,384 |
| Additions to property, plant and equipment | 632,570 | - | 26,439 | 659,009 |
| Depreciation | (289,005) | - | (358,829) | (647,834) |
| Finance costs | (7,120) | - | (107,846) | (114,966) |
| Dividend income | - | 80,020 | - | 80,020 |
| For the nine months ended 30 September 2021 (Unaudited): | | | | |
| Revenue | 43,681,089 | 1,430,252 | 2,297,971 | 47,409,312 |
| Segment results | 5,535,246 | 1,366,863 | (303,299) | 6,598,810 |
| Unallocated expenses | | | | (683,743) |
| Profit for the period | | | | 5,915,067 |
| Additions to property, plant and equipment | 1,018,714 | - | 26,439 | 1,045,153 |
| Depreciation | (731,498) | - | (358,829) | (1,090,327) |
| Finance costs | (14,436) | - | (107,846) | (122,282) |
| Dividend income | - | 1,404,273 | - | 1,404,273 |
| Total assets | 94,870,055 | 123,423,714 | 5,349,197 | 223,642,966 |
| Total liabilities | (13,013,291) | (36,318) | (2,937,749) | (15,987,358) |
| Net assets | 81,856,764 | 123,387,396 | 2,411,448 | 207,655,608 |

Notes to the interim condensed consolidated financial information (continued)

19 Segmental information (continued)

| | Cable manufacture KD | Investment KD | Total KD |
|--|----------------------------|------------------|--------------|
| For the three months ended 30 September 2020 (Unaudited): | | | |
| Revenue | 22,274,675 | 32,746 | 22,307,421 |
| Segment results | 1,270,449 | (24,668) | 1,245,781 |
| Unallocated expenses | | | (134,077) |
| Profit for the period | | | 1,111,704 |
| Additions to property, plant and equipment | 148,169 | - | 148,169 |
| Depreciation | (235,592) | - | (235,592) |
| Finance costs | (91,426) | (14,318) | (105,744) |
| Dividend income | - | 7,392 | 7,392 |
| For the nine months ended 30 September 2020 (Unaudited): | | | |
| Revenue | 57,383,582 | 3,122,252 | 60,505,834 |
| Segment results | 2,979,679 | 2,942,639 | 5,922,318 |
| Unallocated expenses | | | (439,996) |
| Profit for the period | | | 5,482,322 |
| Additions to property, plant and equipment | 195,189 | - | 195,189 |
| Depreciation | (683,899) | - | (683,899) |
| Finance costs | (195,250) | (56,511) | (251,761) |
| Dividend income | - | 3,064,968 | 3,064,968 |
| Total assets | 83,910,011 | 137,293,004 | 221,203,015 |
| Total liabilities | (32,198,809) | (2,806,068) | (35,004,877) |
| Net assets | 51,711,202 | 134,486,936 | 186,198,138 |

20 Related party balances and transactions

Related parties represent subsidiaries, associate, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note. Details of balances and transactions between the Group and its related parties are disclosed below.

Notes to the interim condensed consolidated financial information (continued)

20 Related party balances and transactions (continued)

| | 30 Sept. 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 30 Sept. 2020 (Unaudited) KD | |
|---|---------------------------------------|------------------------------------|---------------------------------------|------------------------|
| Balances included in the interim condensed consolidated statement of financial position: | | | | |
| Trade accounts payables | 36,035 | 15,994 | 15,192 | |
| Purchase of property, plant and equipment | 68,300 | 259,585 | 9,000 | |
| <hr/> | | | | |
| | Three months ended (Unaudited) | | Nine months ended (Unaudited) | |
| | 30 Sept. 2021 KD | 30 Sept. 2020 KD | 30 Sept. 2021 KD | 30 Sept. 2020 KD |
| Amounts included in the Interim condensed consolidated statement of profit or loss: | | | | |
| Sales | 5,583 | 8,206 | 29,870 | 35,662 |
| Expenses | 91 | (850) | 91 | (1,711) |
| <hr/> | | | | |
| Key management compensation: | | | | |
| Salaries and other short-term benefits | 182,891 | 171,272 | 495,411 | 504,699 |
| Provision for employees' end of service benefits | 37,084 | 16,857 | 94,579 | 46,146 |
| Provision for directors' remuneration | 77,500 | 77,500 | 232,500 | 232,500 |
| | 297,475 | 265,629 | 822,490 | 783,345 |

21 Contingent liabilities

Contingent liabilities as at 30 September 2021 in respect of outstanding letters of guarantee amounted to KD7,227,178 (31 December 2020: KD5,284,878 and 30 September 2020: KD5,502,481).

22 Capital commitments

At the period end, the Group had capital commitments to purchase property, plant and equipment amounting to KD583,488 (31 December 2020: KD30,160 and 30 September 2020: KD57,402).

23 Fair value measurement

23.1 Fair value hierarchy

Fair value represents 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.

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Notes to the interim condensed consolidated financial information (continued)

23 Fair value measurement (continued)

23.1 Fair value hierarchy (continued)

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

23.2 Fair value measurement of financial instruments

The financial assets measured at fair value in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

| | Level 1 KD | Level 2 KD | Level 3 KD | Total KD |
|--|-------------------|------------------|-------------------|--------------------|
| 30 September 2021 (Unaudited): | | | | |
| Investments at fair value through other comprehensive income: | | | | |
| Local quoted securities held through managed portfolios | 58,867,813 | - | - | 58,867,813 |
| Local unquoted securities held through managed portfolios | - | - | 4,701,034 | 4,701,034 |
| Foreign quoted securities held through managed portfolios | 15,964,171 | - | - | 15,964,171 |
| Foreign unquoted securities held through managed portfolios | - | - | 2,698,145 | 2,698,145 |
| Foreign managed unquoted securities | - | - | 3,533,308 | 3,533,308 |
| Foreign unquoted securities | - | - | 31,254,412 | 31,254,412 |
| Local managed funds | - | 5,075,659 | - | 5,075,659 |
| | 74,831,984 | 5,075,659 | 42,186,899 | 122,094,542 |
| 31 December 2020 (Audited): | | | | |
| Investments at fair value through other comprehensive income: | | | | |
| Local quoted securities held through managed portfolios | 36,610,973 | - | - | 36,610,973 |
| Local unquoted securities held through managed portfolios | - | - | 4,135,390 | 4,135,390 |
| Foreign quoted securities held through managed portfolios | 14,696,038 | - | - | 14,696,038 |
| Foreign unquoted securities held through managed portfolios | - | - | 2,952,755 | 2,952,755 |
| Foreign managed unquoted securities | - | - | 2,900,238 | 2,900,238 |
| Foreign unquoted securities | - | - | 31,234,529 | 31,234,529 |
| Local managed funds | - | 4,141,405 | - | 4,141,405 |
| | 51,307,011 | 4,141,405 | 41,222,912 | 96,671,328 |

Notes to the interim condensed consolidated financial information (continued)

23 Fair value measurement (continued)

23.2 Fair value measurement of financial instruments (continued)

| | Level 1 KD | Level 2 KD | Level 3 KD | Total KD |
|--|---------------|---------------|---------------|-------------|
| 30 September 2020 (Unaudited): | | | | |
| Investments at fair value through other comprehensive income: | | | | |
| Local quoted securities held through managed portfolios | 75,357,647 | - | - | 75,357,647 |
| Local unquoted securities held through managed portfolios | - | - | 4,126,993 | 4,126,993 |
| Foreign quoted securities held through managed portfolios | 15,100,979 | - | - | 15,100,979 |
| Foreign unquoted securities held through managed portfolios | - | - | 2,952,755 | 2,952,755 |
| Foreign unquoted securities | - | - | 31,234,529 | 31,234,529 |
| Local unquoted securities | - | - | 5,250 | 5,250 |
| Local managed funds | - | 4,002,145 | - | 4,002,145 |
| | 90,458,626 | 4,002,145 | 38,319,527 | 132,780,298 |

Measurement at fair value

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

Level 3 fair value measurements

The Group's financial assets classified in level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

| | (Unquoted securities) (Investments at FVTOCI) | | |
|---|--|------------------------------------|---------------------------------------|
| | 30 Sept. 2021 (Unaudited) KD | 31 Dec. 2020 (Audited) KD | 30 Sept. 2020 (Unaudited) KD |
| Opening balance at the beginning of the period/year | 41,222,912 | 39,192,708 | 39,192,708 |
| Additions | - | 2,904,433 | - |
| Disposals | - | (24,717) | (24,717) |
| Net changes in fair value | 963,987 | (849,512) | (848,464) |
| Closing balance at the end of period/year | 42,186,899 | 41,222,912 | 38,319,527 |

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The fair value of financial instruments that are not traded in an active market (e.g unquoted securities) is determined by using valuation techniques. Fair value for the unquoted securities investments are approximately the summation of the estimated value of underlying investments as if realised on the reporting date.

Notes to the interim condensed consolidated financial information (continued)

23 Fair value measurement (continued)

23.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements (continued)

The investment managers in determining the fair value of these investments use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Investment managers used techniques such as discounted cash flow analysis, recent transactions prices and adjusted net book value to determine fair value.

The impact on interim condensed consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

24 Covid19 pandemic impact

The outbreak of Coronavirus (“COVID19”) pandemic and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global and local markets have experienced significant volatility and weakness. While governments and central banks have reacted with various financial packages and reliefs designed to stabilise economic conditions, the duration and extent of the impact of the COVID19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time.

Management has updated its assumptions with respect to judgements and estimates on various account balances which may be potentially impacted due to continued uncertainties in the volatile economic environment in which the Group conducts its operations. The assessment did not result into any significant impact on this interim condensed consolidated financial information.

Management is aware that a continued and persistent disruption could negatively impact the financial position, performance and cash flows of the Group in the future. Management continues to closely monitor the market trends, its supply-chain, industry reports and cash flows to minimise any negative impact on the Group.