



شركة التسهيلات التجارية ش.م.ك
COMMERCIAL FACILITIES CO. S.A.K.P.

**Commercial Facilities Company S.A.K.P.
and Subsidiaries
State of Kuwait**

**Consolidated Interim Financial Information
and Independent Auditors' Review Report
for the nine-month period ended 30 September 2020
(Unaudited)**



Commercial Facilities Company S.A.K.P.
and Subsidiaries
State of Kuwait

**Consolidated Interim Financial Information
and Independent Auditors' Review Report
for the nine-month period ended 30 September 2020
(Unaudited)**

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INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of Commercial Facilities Company S.A.K.P. ("the Parent Company") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2020, and the related consolidated interim 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. The Parent Company's management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with the basis of preparation as disclosed in Note (2). Our responsibility is to express a conclusion on this consolidated interim 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 consolidated 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.

Basis for Qualified Conclusion

The Group's cash and bank balances, which are carried in the statement of financial position at KD 18,604 thousands include time deposits denominated in US Dollars and Lebanese Pounds with a carrying amount of KD 9,908 thousands which are held with a bank in the Republic of Lebanon, where there is a restriction on withdrawals of US Dollar deposits and a fall in the value of the Lebanese Pound. We were unable to complete our review of the time deposits as management were unable to provide us information which supported their assertion that these amounts were recoverable. Had we been able to complete our review of the time deposits, matters might have come to our attention indicating that adjustments might be necessary to the interim financial information.

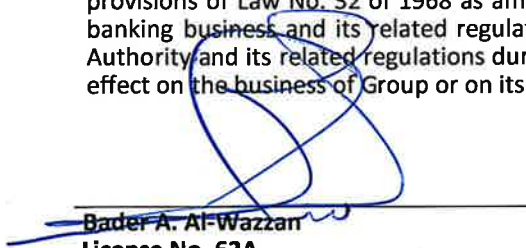
Qualified Conclusion

Except for the adjustments to the consolidated interim financial information that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note (2).

Report on Other Legal and Regulatory Requirements

Further, based on our review, the consolidated interim financial information is in agreement with the books of the Parent Company. To the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its executive regulations, as amended, or of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the nine-month period ended 30 September 2020 that might have had a material effect on the business of the Group or on its 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 regulation or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the nine-month period ended 30 September 2020, that might had a material effect on the business of Group or on its consolidated financial position.



Bader A. Al-Wazzan
License No. 62A
Deloitte & Touche - Al-Wazzan & Co.

Kuwait, 28 October 2020



Ali A. Al Hasawi
License No. 30A
Rödl Middle East
Burgin-International Accountants

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

(All amounts are in Kuwaiti Dinar Thousand)

	Notes	30 September 2020	31 December 2019 (Audited)	30 September 2019
Assets				
Cash and bank balances	5	18,604	24,221	26,590
Other receivables and prepayments		1,316	1,646	1,346
Finance receivables	6	177,980	216,609	220,719
Investments in securities	7	53,475	52,692	49,983
Investment in associates	8	14,115	14,057	13,731
Investment properties		4,244	4,244	4,854
Property and equipment		2,617	2,705	2,722
Total assets		272,351	316,174	319,945
Liabilities and equity				
Liabilities				
Trade creditors and other liabilities		6,436	5,676	6,707
Term loans	9	116,463	141,949	148,218
Provision for staff indemnity		4,421	4,559	4,226
Total liabilities		127,320	152,184	159,151
Equity				
Share capital		53,676	53,676	53,676
Share premium		1,433	1,433	1,433
Legal reserve		50,788	50,788	49,394
Voluntary reserve		48,093	48,093	48,093
Fair value reserve		2,505	2,779	2,305
Foreign currency translation reserve		912	720	511
Land revaluation reserve		965	965	915
Treasury shares	11	(11,271)	(11,271)	(11,271)
Gain on sale of treasury shares		14	14	14
(Accumulated losses)/ retained earnings		(2,119)	16,761	15,700
Equity attributable to the shareholders of the Parent Company		144,996	163,958	160,770
Non-controlling interests		35	32	24
Total equity		145,031	163,990	160,794
Total liabilities and equity		272,351	316,174	319,945

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

Ali Ibrahim Marafi
Chairman



Abdallah Saud Abdulaziz Al-Humaidhi
Vice Chairman and Chief Executive Officer

Consolidated Interim Statement of Profit or Loss for the nine-month period ended 30 September 2020
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand)

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2020	2019	2020	2019
Financing income		4,168	4,558	10,981	13,391
Share of results of associates	8	145	182	261	529
Other income		182	247	616	768
Net gain from investments	12	1,277	183	148	3,243
Rental income from investment property		80	69	162	171
Net Foreign Exchange (loss)/ gains		(56)	(1)	42	(6)
Total other income		1,628	680	1,229	4,705
Finance costs		(786)	(1,455)	(2,765)	(4,382)
Staff costs and related expenses		(552)	(672)	(1,683)	(2,002)
General and administrative expenses		(320)	(240)	(936)	(765)
Loss on deferment of finance receivables	17	-	-	(3,207)	-
Total expenses		(1,658)	(2,367)	(8,591)	(7,149)
Profit before provision for credit losses and impairment losses		4,138	2,871	3,619	10,947
(Provide)/ reverse expected credit loss	17	(1,133)	(495)	(13,463)	390
Profit/ (loss) before taxation and Directors' remuneration		3,005	2,376	(9,844)	11,337
Provision for KFAS		-	(24)	-	(114)
Provision for NLST and Zakat		-	(81)	-	(380)
Provision for Directors' remuneration		-	(30)	-	(90)
Profit/ (loss) for the period		3,005	2,241	(9,844)	10,753
Attributable to:					
Shareholders of the Parent Company		3,005	2,241	(9,847)	10,752
Non-controlling interests		-	-	3	1
		3,005	2,241	(9,844)	10,753
Earnings/(loss) per share	13	6 Fils	4 Fils	(19 Fils)	21 Fils

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

**Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
for the nine-month period ended 30 September 2020
(Unaudited)**

(All amounts are in Kuwaiti Dinar Thousand)

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020	2019	2020	2019
Profit/ (loss) for the period	<u>3,005</u>	<u>2,241</u>	<u>(9,844)</u>	<u>10,753</u>
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign exchange translation	126	(91)	192	(146)
<i>Items that will not be reclassified subsequently to consolidated profit or loss</i>				
Change in fair value of investments at FVOCI	(239)	121	(166)	302
Other comprehensive (loss)/ income for the period	<u>(113)</u>	<u>30</u>	<u>26</u>	<u>156</u>
Total comprehensive income/ (loss) for the period	<u>2,892</u>	<u>2,271</u>	<u>(9,818)</u>	<u>10,909</u>
Attributable to:				
Shareholders of the Parent Company	2,892	2,271	(9,821)	10,908
Non-controlling interests	-	-	3	1
	<u>2,892</u>	<u>2,271</u>	<u>(9,818)</u>	<u>10,909</u>

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

Consolidated Interim Statement of Changes in Equity for the nine-month period ended 30 September 2020
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand)

	Equity attributable to shareholders of the Parent Company										Non-Controlling Interest	Total
	Share capital	Share premium	Legal reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Land revaluation reserve	Treasury shares	Retained earnings	Gain on sale of treasury shares		
Balance at 31 December 2019	53,676	1,433	50,788	48,093	2,779	720	965	(11,271)	16,761	14	32	163,990
Loss for the period	-	-	-	-	-	-	-	-	(9,847)	-	3	(9,844)
Foreign exchange translation adjustments	-	-	-	-	-	192	-	-	-	-	-	192
Change in fair value	-	-	-	-	(166)	-	-	-	-	-	-	(166)
Profit on sale of investments	-	-	-	-	(108)	-	-	-	108	-	-	-
Total comprehensive (loss)/ income for the period	-	-	-	-	(274)	192	-	-	(9,739)	-	3	(9,818)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (Note 16)	-	-	-	-	-	-	-	-	(9,141)	-	-	(9,141)
Balance at 30 September 2020	53,676	1,433	50,788	48,093	2,505	912	965	(11,271)	(2,119)	14	35	145,031
Restated balance at 1 January 2019	53,676	1,433	49,394	48,093	2,164	657	915	(11,232)	13,423	14	23	158,560
Profit for the period	-	-	-	-	-	-	-	-	10,752	-	1	10,753
Foreign exchange translation adjustments	-	-	-	-	-	(146)	-	-	-	-	-	(146)
Change in fair value	-	-	-	-	302	-	-	-	-	-	-	302
Profit on sale of investments	-	-	-	-	(161)	-	-	-	161	-	-	-
Total comprehensive income for the period	-	-	-	-	141	(146)	-	-	10,913	-	1	10,909
Purchase of treasury shares	-	-	-	-	-	-	-	(39)	-	-	-	(39)
Dividends (Note 16)	-	-	-	-	-	-	-	-	(8,636)	-	-	(8,636)
Balance at 30 September 2019	53,676	1,433	49,394	48,093	2,305	511	915	(11,271)	15,700	14	24	160,794

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

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

(All amounts are in Kuwaiti Dinar Thousand)

	Note	Nine-month period ended 30 September	
		2020	2019
Operating activities			
(loss)/profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration		(9,844)	11,337
Adjustments for:			
Depreciation		88	92
Decrease/(increase) in fair value of financial assets at FVTPL		1,548	(1,952)
Realised loss on financial assets at FVTPL		-	541
Interest income		(550)	(737)
Dividend income		(1,696)	(1,832)
Share of results of associates		(261)	(529)
Borrowing Cost		2,765	4,382
Provision for staff indemnity		149	148
Provision for credit loss expense		13,463	(390)
		5,662	11,060
Finance receivables		25,241	8,638
Other receivables and prepayments		330	561
Trade creditors and other liabilities		150	472
Cash from operations		31,383	20,731
Staff indemnity paid		(287)	(95)
Interest received		550	1,655
Dividends received		1,696	737
Net cash from operating activities		33,342	23,028
Investing activities			
Increase in deposits		65	4,765
Purchase of financial assets at FVTPL		(422)	(281)
Purchase of financial assets at FVOCI		(2,866)	(5,054)
Additional purchase of associate		-	(207)
Purchase of property and equipment		-	(181)
Purchase of investment property		-	(648)
Proceeds from sale of financial assets at FVTPL		-	625
Proceeds from sale of financial assets at FVOCI		977	1,926
Dividends from associate		203	490
Net cash (used in)/ generated from investing activities		(2,043)	1,435
Financing activities			
Repayment of term loans		(25,486)	(8,741)
Dividends paid		(8,484)	(8,521)
Borrowing cost paid		(2,811)	(4,382)
Purchase of treasury shares		-	(39)
Net cash used in financing activities		(36,781)	(21,683)
Net (decrease)/increase in cash and cash equivalents		(5,482)	2,780
Cash and cash equivalents at beginning of the period		14,178	14,027
Cash and cash equivalents at end of the period	5	8,696	16,807

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

**Notes to the Consolidated interim Financial Information for the nine-month period ended 30 September 2020
(Unaudited)**

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

1. Incorporation and principal activities

Commercial Facilities Company S.A.K.P. ("the Parent Company") was incorporated on 16 January 1977 in accordance with the Commercial Companies Law in the State of Kuwait. The Parent Company's shares were listed on the Kuwait Stock Exchange on 29 September 1984.

The main activities of the Group represents in financing activities, investments and brokerage.

The address of the Parent Company's registered office is P.O. Box 24284, Safat 13103, State of Kuwait.

This consolidated interim financial information was approved for issue by the Board of Directors on 28 October 2020.

2. Basis of preparation and significant accounting policies

2.1 Basis of presentation

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

Revised Standards

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

**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'.

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

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

**Effective for annual
periods beginning
on or after**

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	
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:	June 1, 2020
a) 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.	
b) Any reduction in lease payments affects only payments originally due on or before 30 September 2021.	
c) There is no substantive change to other terms and conditions of the lease.	

The above revised standards that became effective during the current period has no impact on the current consolidated interim financial information.

3. Financial risk management

3.1 Fair value estimation

Fair value is 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. The Group's financial assets are measured at fair value at the end of each reporting period. The following tables gives information about how the fair values of these financial assets are determined.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined 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: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

Financial assets	Fair value as at			Fair value Hierarchy	Sector
	30 September 2020	31 December 2019 (Audited)	30 September 2019		
Financial assets at FVTPL - Quoted securities	10,902	12,018	10,599	Level 1	Financial Institutions
	10,902	12,018	10,599		
Financial assets at FVTPL - Debt securities	1,156	1,167	1,179	Level 2	Financial Institutions
Financial assets at FVOCI - Unquoted funds	5,126	5,634	5,447	Level 2	Financial Institutions
Financial assets at FVOCI - Unquoted debt	5,830	5,835	7,106	Level 2	Financial Institutions
	1,250	-	-	Level 2	Conglomerate
	2,500	3,750	3,000	Level 2	Real estate
	15,862	16,386	16,732		
Financial assets at FVOCI - Unquoted securities	22,073	19,946	19,623	Level 3	Real Estate
	1,774	-	-	Level 3	Conglomerate
	1,672	1,379	2,282	Level 3	Financial Institutions
	-	725	-	Level 3	Financial Institutions
	733	1,783	747	Level 3	Services
Financial assets at FVOCI - Unquoted debt	459	455	-	Level 3	Financial Institutions
	26,711	24,288	22,652		
	53,475	52,692	49,983		

Movement in level 3 is as follows:

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Opening balance	24,288	19,904	19,905
Change in fair value	502	604	74
Purchases/ transfers	2,866	6,499	4,595
Sales	(945)	(2,719)	(1,855)
ECL	-	-	(67)
Closing balance	26,711	24,288	22,652

The fair values of equity investments are obtained from quoted market prices and other models.

Valuation techniques include observable market information of comparable companies and net asset values. Significant unobservable inputs used in valuation techniques mainly include market multiples such as price to book and price to earnings. The most significant unobservable inputs used is the illiquidity discount in the level 3 hierarchy. A sensitivity analysis on fair value estimations, by varying input assumptions by a reasonable margin, did not indicate any material impact on the consolidated statement of financial position or consolidated statement of profit or loss.

3.2 Financial Risk

The Group has exposure to credit risk, market risk, liquidity risk and operational risk related to its activities. The Consolidated interim Financial Statements do not include all financial risk management information and disclosures required in the Annual Consolidated Financial Statements, and should be read in conjunction with the Group's Annual Consolidated Financial Statements as at 31 December 2019 except for the following:

a) Modified Financial Assets

The board of directors deferred repayment of instalment due in April, May, and September resulting in extension of the maturity of the finance receivable by three months. In the judgment of management, the payment will most likely continue post the relief period.

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

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

The following table provides information on financial assets that were modified / derecognized and the modification loss on the date of the aforementioned

Financial assets modified during the period – at amortised cost	219,209
Present value of modified cash flows at original effective interest rate]	216,002
Modification loss *	3,207

* This modification loss is presented in “Loss on deferral of loans instalments” in the Consolidated Interim Statement of Income.

b) Significant increase in credit risk

The Group continues to use both quantitative changes in PDs as well as qualitative as an identifier for significant increase in credit risk. Accordingly, the extensions granted do not automatically indicate that a significant increase in credit risk has occurred.

c) Incorporation of forward-looking information

The methodologies and assumptions involved for incorporating forward looking information, including any forecasts of future economic conditions, has been reviewed and updated by the Group in considerations of the COVID-19 and decline in oil price with their corresponding negative impact on the economy.

d) Probability of default

PD is an estimate of likelihood of default over a given time horizon, the calculation include historical data, assumptions and expectations of future conditions

e) Loss Given Default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

4. Critical judgments and key sources of estimation uncertainty

Changes in judgements and estimation uncertainty

The critical judgements and estimates used in the preparation of these consolidated interim financial information are consistent with those used in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019 except for the changes highlighted below:

Expected credit losses and modification of financial assets

The Group has reassessed its significant judgements and estimates in respect of expected credit losses (including probability of default, loss given default and incorporation of forward looking information) and modification of financial assets as examined in detail in note 3.1.

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 company 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. as disclosed in note 3.

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

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

5. Cash and bank balances

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Cash on hand	34	5	7
Bank balances	8,662	14,173	16,800
Deposits	9,908	10,043	9,783
	18,604	24,221	26,590
Less: Deposits with original maturity over nine months	(9,908)	(10,043)	(9,783)
Cash and cash equivalents for the purpose of consolidated statement of cash flows	8,696	14,178	16,807

The Group's deposits denominated in USD and LBP with foreign banks based in the Middle East amounting to KD 9,908 thousand (KD 10,043 thousand – 31 December 2019 and KD 9,783 thousand – 30 September 2019). These deposits yield interest is 2% to 4%, (8% to 9.5% - 31 December 2019 and 8% to 9.5% - 30 September 2019) per annum. Time deposits amounting to KD 9,908 thousand are with the bank in Lebanon, although the recent financial difficulties in Lebanon, the Group management believes that these amounts are recoverable. The Expected credit losses related to term deposits is KD 1,366 thousands (KD 1,296 thousands - 2019).

6. Finance receivables

The average interest rate earned from finance income for the nine-month period ended 30 September 2020 was 3.03% (4.85% - 31 December 2019 and 4.79% - 30 September 2019) per annum.

7. Investment securities

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Financial investments at FVTPL	12,058	13,185	11,778
Investments at FVOCI	41,417	39,507	38,205
	53,475	52,692	49,983

8. Investments in associates

	Place of incorporation and operation	Proportion of ownership interest	Principal activity
Real Estate Facilities and Investment Company K.S.C.C	Kuwait	30.21%	Investment in real estate
Priority Automobile Company K.S.C.C.	Kuwait	44.56%	Renting and leasing of luxury cars

Group's share from associates results amount to KD 261 thousand for the period ended 30 September 2020 (KD 529 thousand – 30 September 2019). These financial information have been prepared based on the financial information prepared by the associates' managements.

9. Term loans

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Loans denominated in KD	112,636	135,636	140,617
Loans denominated in USD	3,827	6,313	7,601
	116,463	141,949	148,218

During the period, the Group signed KD loan agreements amounting to KD Nil (KD 69 million - 31 December 2019 and KD 69 million - 30 September 2019).

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

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

The weighted average interest rate on KD loans outstanding at 30 September 2020 was 2.73% per annum and on USD loans was 3.34% per annum (3.91% per annum and 4.13% per annum respectively - 31 December 2019 and 3.95% per annum and 4.22% per annum respectively - 30 September 2019).

The Group's outstanding term loans at 30 September 2020 are borrowed under floating rate agreements. The interest rates were determined at normal commercial rates available from the debt market on an arm's length basis. The Group has assigned customer contracts amounting to KD 99,924 thousand (KD 182,240 thousand - 31 December 2019 and KD 200,014 thousand - 30 September 2019) as security over 15 term loans (18 term loans - 31 December 2019 and 18 term loans - 30 September 2019) with balances outstanding of KD 116,463 thousand (KD 141,949 thousand - 31 December 2019 and KD 148,218 thousand - 30 September 2019).

10. Related party transactions

Related parties comprise associated companies, major shareholders, directors and key management personnel of the Group, their families and companies of which they are the principal owners. The Group enters into transactions with related parties. Pricing policies and terms are approved by the Group's management.

The related party transactions and balances included in this consolidated interim financial information are as follows:

a) Compensation of key management personnel of the Parent Company

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020	2019	2020	2019
Salaries and other short-term benefits	135	119	404	356
Post-employment benefits	20	20	71	196
	<u>155</u>	<u>139</u>	<u>475</u>	<u>552</u>

b) Instalment debtors

Balance at 1 January	32	26	32	26
Instalment repayments received	(1)	(1)	(4)	(4)
Loans	-	-	-	10
Expenses	-	-	-	2
Balance at 30 September	<u>31</u>	<u>25</u>	<u>28</u>	<u>34</u>

11. Treasury shares

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Number of shares purchased (000's)	-	203	203
Cost of shares purchased during the period/ year (KD'000)	-	40	40
Market value of total treasury shares (KD'000)	5,296	6,223	5,962
Percentage of issued shares (%)	5.39	5.39	5.39
Total number of shares (000's)	28,942	28,942	28,942

The Parent Company is required to retain reserves and retained earnings equivalent to the cost of treasury shares throughout the period, in which they are held by the Parent Company, in accordance with the instructions of the relevant regulatory authorities.

12. Net gains from investments

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020	2019	2020	2019
Changes in fair value	819	(314)	(1,548)	1,952
Realised gain on sale of financial investments at FVTPL	-	-	-	(541)
Dividend income	458	497	1,696	1,832
	<u>1,277</u>	<u>183</u>	<u>148</u>	<u>3,243</u>

**Notes to the Consolidated interim Financial Information for the nine-month period ended 30 September 2020
(Unaudited)**

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

13. Earnings/ (loss) per share

Earnings/ (loss)/ per share is computed by dividing profit/ (loss) for the period by the weighted average number of shares outstanding during the period as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020	2019	2020	2019
Profit/ (loss) for the period	3,005	2,241	(9,847)	10,752
	Shares			
Weighted average number of the Parent Company's issued and paid-up shares (000's)	536,764	536,764	536,764	536,764
Weighted average number of the Parent Company's treasury shares (000's)	(28,942)	(28,822)	(28,942)	(28,773)
Weighted average number of the Parent Company's outstanding shares (000's)	507,822	507,942	507,822	507,991
Earnings/ (loss) per share	6 Fils	4 Fils	(19 Fils)	21 Fils

14. Revenue and segmental analysis

The Group operates in one principal area of activity, the granting of consumer instalment credit facilities. Its consumer credit operations are carried out entirely in the domestic market in Kuwait. The Group has investments both inside and outside Kuwait.

A segmental analysis of profit from ordinary activities, total assets, total liabilities and net assets employed by geographical location is as follows:

	Kuwait	International	Total
At 30 September 2020			
Total income	10,869	1,341	12,210
(Loss)/ profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	(11,185)	1,341	(9,844)
Total assets	227,770	44,581	272,351
Total liabilities	(123,493)	(3,827)	(127,320)
Net assets employed	104,277	40,754	145,031
At 31 December 2019 (Audited)			
Total income	23,009	2,332	25,341
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	11,621	2,332	13,953
Total assets	273,255	42,919	316,174
Total liabilities	(145,871)	(6,313)	(152,184)
Net assets employed	127,384	36,606	163,990
At 30 September 2019			
Total income	16,385	1,711	18,096
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	9,626	1,711	11,337
Total assets	277,744	42,201	319,945
Total liabilities	(151,550)	(7,601)	(159,151)
Net assets employed	126,194	34,600	160,794

15. Commitments

The Group has capital commitments of Nil (KD 1,193 thousand - 31 December 2019 and KD 445 - 30 September 2019) on purchase of investments.

**Notes to the Consolidated interim Financial Information for the nine-month period ended 30 September 2020
(Unaudited)**

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

16. Annual general assembly

The shareholder's annual general assembly meeting held on 3 June 2020 approved the audited consolidated financial statements of the Group for the year ended 31 December 2019 and they approved to distribute a cash dividends of 18 fils per share (17 fils per share – 2018) amounting to KD 9,140 thousand (KD 8,636 thousand – 2018).

17. Impact of COVID-19

The World Health Organization declared on March 11, 2020 the Novel Coronavirus (COVID-19) as a global pandemic. This event has caused widespread disruptions to business, with a consequential negative impact on economic activity. The Group's operates in economies that are relatively dependent on the crude oil prices. At the reporting date, oil prices have witnessed unprecedented volatility and decline. The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption, due to COVID-19 outbreak, on its operations and financial performance.

The Group has performed an assessment of COVID-19 implications on the financial results of the Group, in light of the available guidance of CBK and IFRS, and incorporated the outcome in these consolidated interim financial statements and explained the changes below related to the expected credit loss methodology, impairment of investment properties and valuation estimates and judgements as at and for the period ended 30 September 2020:

Expected credit loss model

The Group has updated the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 30 September 2020. Revised ECLs were estimated based on a range of forecasted economic conditions at the reporting date and considering the fact that situation is fast evolving, the Group has also considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

Valuation estimates and judgements:

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.

Modification of financial assets:

The Group has delayed repayments of principal and interest due for finance receivable portfolio for a period of three months starting from 1 April 2020 (Note 3.2).

Going concern:

The Group has performed as 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 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, this consolidated interim financial information has been appropriately prepared on a going concern basis.