

**National International Holding Company K.S.C.P.
And its subsidiaries
State of Kuwait**

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

National International Holding Company K.S.C.P.
And its subsidiaries
State of Kuwait

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National International Holding Company K.S.C.P.

State of Kuwait

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National International Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2020, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. (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 No. (34) "Interim Financial Reporting".

Report on Other Legal and Regulatory Requirements

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

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



Talal Yousef Al-Muzaini

Licence No. 209 A

Deloitte & Touche, Al-Wazzan & Co.

Kuwait, 12 November 2020

National International Holding Company K.S.C.P.
And its subsidiaries
State of Kuwait


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

(All amounts are in Kuwaiti Dinar)

| | Notes | 30 September 2020 | 31 December 2019 (Audited) | 30 September 2019 |
|--|-------|----------------------|----------------------------------|----------------------|
| Assets | | | | |
| Cash and cash equivalents | 5 | 436,953 | 1,079,539 | 442,442 |
| Accounts receivable and other assets | | 1,698,243 | 2,022,618 | 2,163,642 |
| Inventories | | 745,221 | 725,710 | 882,641 |
| Investments at fair value through profit or loss | 6 | 3,003,190 | 3,004,091 | 3,321,729 |
| Investments at fair value through OCI | 7 | 14,126,890 | 13,992,845 | 13,721,249 |
| Investments in debt instruments at amortized cost | 8 | 8,550,656 | 8,550,656 | 8,650,558 |
| Investment in associates | 9 | 14,360,020 | 15,056,194 | 13,812,522 |
| Investment properties | | 3,815,732 | 4,042,191 | 4,613,130 |
| Other assets | | 4,465,065 | 4,282,686 | 4,042,611 |
| Total assets | | 51,201,970 | 52,756,530 | 51,650,524 |
| Liabilities and equity | | | | |
| Liabilities | | | | |
| Bank facilities | 10 | 2,678,169 | 3,192,481 | 3,168,226 |
| Accounts payable and other liabilities | | 3,556,851 | 3,894,429 | 3,632,162 |
| Total liabilities | | 6,235,020 | 7,086,910 | 6,800,388 |
| Equity | | | | |
| Share capital | 11 | 22,772,138 | 21,687,750 | 21,687,750 |
| Share premium | | 2,813,184 | 2,813,184 | 2,813,184 |
| Statutory reserve | | 1,136,639 | 1,136,639 | 950,889 |
| Fair value reserve | | 11,369,527 | 11,260,990 | 11,073,676 |
| Treasury shares | 12 | (1,906,792) | (1,906,792) | (1,906,792) |
| Treasury shares reserve | | 318,561 | 318,561 | 318,561 |
| Group's share in associates' reserves | | (102,356) | (476,497) | (244,522) |
| Retained earnings | | 2,902,821 | 5,209,334 | 5,012,342 |
| Equity attributable to the shareholders of the Parent Company | | 39,303,722 | 40,043,169 | 39,705,088 |
| Non-controlling interests | | 5,663,228 | 5,626,451 | 5,145,048 |
| Total equity | | 44,966,950 | 45,669,620 | 44,850,136 |
| Total liabilities and equity | | 51,201,970 | 52,756,530 | 51,650,524 |

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


Abdul Wahab Mohamed Al-Wazzan
Chairman


Mamdouh Abdul Ghani El Sherbiny
Chief Executive Officer

National International Holding Company K.S.C.P.
And its subsidiaries
State of Kuwait

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

(All amounts are in Kuwaiti Dinar)

| | Notes | Three months ended | | Nine months ended | |
|--|-------|--------------------|------------------|--------------------|--------------------|
| | | 30 September | | 30 September | |
| | | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | | |
| Net investment income | 13 | 17,672 | 139,494 | 386,519 | 1,294,098 |
| Share of results from associates | | 330,007 | (39,994) | (1,070,315) | 142,097 |
| Profit from operating activities | | 317,664 | 417,605 | 597,923 | 1,220,136 |
| Change in fair value of investment properties | | (158,116) | - | (158,116) | - |
| Other income | | 43,582 | 72,986 | 77,032 | 289,797 |
| | | <u>550,809</u> | <u>590,091</u> | <u>(166,957)</u> | <u>2,946,128</u> |
| Expenses | | | | | |
| Other expenses | | (315,005) | (364,461) | (921,981) | (1,111,806) |
| Finance costs | | (15,512) | (77,002) | (121,918) | (179,306) |
| | | <u>(330,517)</u> | <u>(441,463)</u> | <u>(1,043,899)</u> | <u>(1,291,112)</u> |
| Profit/ (loss) for the period before deductions | | | | | |
| | | 220,292 | 148,628 | (1,210,856) | 1,655,016 |
| Contribution to KFAS | | - | (1,338) | - | (14,895) |
| National Labour Support Tax | | - | (519) | - | (39,587) |
| Zakat | | - | 8 | - | (12,679) |
| Profit/ (loss) for the period | | <u>220,292</u> | <u>146,779</u> | <u>(1,210,856)</u> | <u>1,587,855</u> |
| Attributable to: | | | | | |
| Shareholders of the Parent Company | | 165,243 | 91,067 | (1,222,125) | 1,359,338 |
| Non-controlling interests | | 55,049 | 55,712 | 11,269 | 228,517 |
| | | <u>220,292</u> | <u>146,779</u> | <u>(1,210,856)</u> | <u>1,587,855</u> |
| Basic and diluted earnings/ (losses) per share (fils) | 14 | <u>0.79</u> | <u>0.43</u> | <u>(5.81)</u> | <u>6.46</u> |

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

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

(All amounts are in Kuwaiti Dinar)

| | Three months ended | | Nine months ended | |
|--|--------------------|------------------|--------------------|------------------|
| | 30 September | | 30 September | |
| | 2020 | 2019 | 2020 | 2019 |
| Profit/ (loss) for the period | <u>220,292</u> | <u>146,779</u> | <u>(1,210,856)</u> | <u>1,587,855</u> |
| Other comprehensive income items: | | | | |
| <i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of income:</i> | | | | |
| Group's share in associates' reserves | <u>207,213</u> | <u>(72,392)</u> | <u>419,365</u> | <u>(244,522)</u> |
| <i>Items that will not be reclassified subsequently to interim condensed consolidated statement of income:</i> | | | | |
| Change in fair value of equity investments at fair value through other comprehensive income | <u>(42,963)</u> | <u>(501,048)</u> | <u>134,045</u> | <u>(723,380)</u> |
| Group's share in associates' reserves | <u>6,032</u> | <u>-</u> | <u>(45,224)</u> | <u>-</u> |
| | <u>(36,931)</u> | <u>(501,048)</u> | <u>88,821</u> | <u>(723,380)</u> |
| Total other comprehensive income items | <u>170,282</u> | <u>(573,440)</u> | <u>508,186</u> | <u>(967,902)</u> |
| Total comprehensive income/ (loss) for the period | <u>390,574</u> | <u>(426,661)</u> | <u>(702,670)</u> | <u>619,953</u> |
| Attributable to: | | | | |
| Shareholders of the Parent Company | <u>399,859</u> | <u>(482,373)</u> | <u>(739,447)</u> | <u>391,436</u> |
| Non-controlling interests | <u>(9,285)</u> | <u>55,712</u> | <u>36,777</u> | <u>228,517</u> |
| | <u>390,574</u> | <u>(426,661)</u> | <u>(702,670)</u> | <u>619,953</u> |

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

National International Holding Company K.S.C.P.
And its subsidiaries
State of Kuwait

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

(All amounts are in Kuwaiti Dinar)

| | Equity attributable to the shareholders of the Parent Company | | | | | | | | | | Non-controlling interests | Total equity |
|---|---|---------------|-------------------|--------------------|-----------------|-------------------------|-----------------|---------------------------------------|-------------------|-----------|---------------------------|--------------|
| | Share capital | Share premium | Statutory reserve | Fair value reserve | Treasury shares | Treasury shares reserve | Treasury shares | Group's share in associates' reserves | Retained earnings | Total | | |
| Balance as at 1 January 2020 | 21,687,750 | 2,813,184 | 1,136,639 | 11,260,990 | (1,906,792) | 318,561 | (476,497) | 5,209,334 | 40,043,169 | 5,626,451 | 45,669,620 | |
| Loss for the period | - | - | - | - | - | - | - | (1,222,125) | (1,222,125) | 11,269 | (1,210,856) | |
| Other comprehensive income items for the period | - | - | - | 108,537 | - | - | 374,141 | - | 482,678 | 25,508 | 508,186 | |
| Bonus shares (note 11) | 1,084,388 | - | - | - | - | - | - | (1,084,388) | - | - | - | |
| Balance as at 30 September 2020 | 22,772,138 | 2,813,184 | 1,136,639 | 11,369,527 | (1,906,792) | 318,561 | (102,356) | 2,902,821 | 39,303,722 | 5,663,228 | 44,966,950 | |
| Balance as at 1 January 2019 | 21,687,750 | 2,813,184 | 950,889 | 11,797,056 | (1,906,792) | 318,561 | - | 4,654,440 | 40,315,088 | 4,916,531 | 45,231,619 | |
| Profit for the period | - | - | - | - | - | - | - | 1,359,338 | 1,359,338 | 228,517 | 1,587,855 | |
| Other comprehensive income items for the period | - | - | - | (723,380) | - | - | (244,522) | - | (967,902) | - | (967,902) | |
| Cash dividends | - | - | - | - | - | - | - | (1,001,436) | (1,001,436) | - | (1,001,436) | |
| Balance as at 30 September 2019 | 21,687,750 | 2,813,184 | 950,889 | 11,073,676 | (1,906,792) | 318,561 | (244,522) | 5,012,342 | 39,705,088 | 5,145,048 | 44,850,136 | |

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

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

(All amounts are in Kuwaiti Dinar)

| | Notes | Nine months ended | |
|---|-------|-------------------|-------------|
| | | 30 September | |
| | | 2020 | 2019 |
| Cash flow from operating activities | | | |
| (Loss)/ profit for the period | | (1,210,856) | 1,587,855 |
| <i>Adjustments:</i> | | | |
| Share of results from associates | | 1,070,315 | (142,097) |
| Change in fair value of investment properties | | 158,116 | - |
| Depreciation and amortization | | 187,962 | 108,466 |
| Profits from sale of property and equipment | | - | (497) |
| Provision for employees' end of service benefits | | 86,929 | 94,393 |
| Finance costs | | 121,918 | 179,306 |
| Operating profits before changes in working capital | | 414,384 | 1,827,426 |
| Accounts receivable and other assets | | 324,375 | (699,347) |
| Investments at fair value through profit or loss | | 901 | (46,432) |
| Inventories | | (19,511) | (116,048) |
| Accounts payable and other liabilities | | (311,760) | (836,583) |
| Employees' end of service benefits- Paid | | (7,424) | - |
| Net cash generated from operating activities | | 400,965 | 129,016 |
| Cash flow from investing activities | | | |
| Paid for acquisition of associate | | - | (6,302,652) |
| Proceeds from sale of property and equipment | | - | 68,987 |
| Purchase of property and equipment | | (370,341) | (47,027) |
| Net cash used in investing activities | | (370,341) | (6,280,692) |
| Cash flow from financing activities | | | |
| Net changes in bank facilities | | (514,312) | (336,795) |
| Finance costs paid | | (149,511) | (179,306) |
| Cash dividends paid | | (9,387) | (368,836) |
| Net cash used in financing activities | | (673,210) | (884,937) |
| Decrease in cash and cash equivalents | | (642,586) | (7,036,613) |
| Cash and cash equivalents at the beginning of the period | | 1,079,539 | 7,479,055 |
| Cash and cash equivalents at the end of the period | 5 | 436,953 | 442,442 |

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

National International Holding Company K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2020 (Unaudited)*(All amounts are in Kuwaiti Dinar unless otherwise stated)***1. Incorporation and activities**

The Parent Company is a Kuwaiti Public Shareholding Company registered and incorporated in Kuwait on 14 January 1979 whose shares are listed on the Kuwait Stock Exchange and the Dubai Financial Market. The Parent Company is engaged in investing activities in both local and international markets as set forth in Article No. 5 of the Parent Company's Articles of Association. The Parent Company is regulated by the Capital Market Authority ("CMA").

The registered office of the Parent Company is located at Al –Raya Tower 2, Floor 45, Abdulaziz Al-Saqer Street, P.O. Box 25825 Safat Kuwait.

The interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiaries, together referred to as "the Group" as follows:

| Company Name | Country of incorporation | Principal activity | Equity interest (%) | | |
|--|--------------------------|---------------------------------|---------------------|----------------------------|-------------------|
| | | | 30 September 2020 | 31 December 2019 (Audited) | 30 September 2019 |
| Al Oula National Real Estate Company <i>sole proprietorship</i> | Kuwait | Real estate activities | 100 | 100 | 100 |
| Al Ghad Project Management Company <i>sole proprietorship</i> | Kuwait | Real estate projects management | 100 | 100 | 100 |
| Al Ghad International General Trading W.L.L. | Kuwait | General Trading | 100 | 100 | 100 |
| Asoul Sukuk Musharaka for General Trading W.L.L. | Kuwait | General Trading | 100 | 100 | 100 |
| Smart Wood for General Trading Company W.L.L. | Kuwait | General Trading | 76 | 76 | 79 |
| Ahlia Chemicals Company K.S.C.C. (note 18) | Kuwait | Manufacturing | 62.6 | 62.6 | 62.6 |

The Group has pledged 48.46% of Ahlia Chemicals Company's shares against credit facilities granted by a local bank.

This interim condensed consolidated financial information was approved for issuance by the Board of Directors in the meeting held on 12 November 2020.

2. Basis of preparation and significant accounting policies**2.1 Basis of preparation**

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

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

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

2.2 Significant accounting policies

The accounting policies used in the preparation of this interim condensed consolidated 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, 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:

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

2.2.1 New and amended standards adopted by the Group

The Group has adopted the new and amended standards and interpretations that became effective in the current period.

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

| | Effective for annual periods beginning on or after |
|--|---|
| Definition of Material - Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> 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'. | 1 January 2020 |
| Definition of a Business – Amendments to IFRS 3 <i>Business Combinations</i> 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'. | 1 January 2020 |
| Amendments to References to the Conceptual Framework in IFRS Standards 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. | 1 January 2020 |
| IFRS 7 <i>Financial Instruments: Disclosures</i> and IFRS 9 — <i>Financial Instruments</i> Amendments regarding pre-replacement issues in the context of the IBOR reform | 1 January 2020 |
| Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2020 did not have any material impact on the accounting policies, financial position or performance of the Group. | |

3. Fair value measurement

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

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

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis, the table below gives information about how the fair value of the financial assets are determined:

| Financial assets | Fair value as at | | | Fair value hierarchy | Valuation technique(s) and Key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
|--|------------------|------------|------------|----------------------|--|---|---|
| | 30/9/20 | 31/12/19 | 30/9/19 | | | | |
| <u>Investments at fair value through profit or loss</u> | | | | | | | |
| Quoted shares | 450 | 1,351 | 367,877 | 1 | Bid prices | - | - |
| Unquoted shares | 3,002,740 | 3,002,740 | 2,953,852 | 3 | Discounted future cash flows | Discount rate and growth rate | The higher the discount rate, the lower the fair value |
| <u>Investments at fair value through OCI</u> | | | | | | | |
| Local and foreign equity securities – Unquoted | 14,126,890 | 13,992,845 | 13,721,249 | 3 | i) Peer market price to book value of similar companies in the same industry ii) Discounted future cash flows | i) Peer market price to book value factor and discount for lack of market availability ii) Discount rate and growth rate | i) Changes in market multiple and discount rate will result change in fair values ii) The higher the discount rate, the lower the fair value |

The following table shows a reconciliation of the opening and closing amount of level 3:

| | Unquoted investments | | |
|--|----------------------|----------------------------|-------------------|
| | 30 September 2020 | 31 December 2019 (Audited) | 30 September 2019 |
| Balance as at beginning period/ year | 16,995,585 | 17,362,418 | 17,362,366 |
| Change in fair value during the period/ year | 134,045 | (102,582) | (687,265) |
| Net disposal | - | (264,251) | - |
| Balance as at ending period/ year | 17,129,630 | 16,995,585 | 16,675,101 |

The fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis approximately equals their carrying value as on the date of the interim condensed consolidated financial information.

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 this interim condensed consolidated 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:

Impairment in value of financial assets

The Group performed qualitative assessment of its underlying assets of its investments in debt instruments at amortized cost considering the potential impact of COVID-19. Group management believes that there is no material impact on the underlying assets. Accordingly and based on the updated study, management believe that there is no impairment in carrying amount of the Group's investments in debt instruments at amortized cost.

Fair value measurements and valuation techniques

Subsequent to the year end, the COVID-19 pandemic and downturn in global economy has effected the fair value of the unquoted investments. Accordingly, the management has updated the fair value studies prepared as at 31 December 2019 for the unquoted shares based on the available information (note 3). There is no material impact on the interim condensed consolidated financial information.

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Impairment of associates

The Group has considered the potential impact of the current economic volatility in the determination of the reported amounts of the Group's investment in associates. Management considered the performance outlook and business operation, along with the fair value of the underlying assets of the CGU to determine whether the carrying amount does not exceed the recoverable amount. Accordingly the management believe that there are no significant uncertainties around the investment in associates and concluded that there is no material impact of COVID-19.

Revaluation of investment properties

The Group recognizes the investment properties at fair value and changes in fair value are included in the consolidated statement of income. The Group estimated the fair value as at 30 September 2020 using the external valuer.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but as on the date of issue of this interim financial information, 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 interim condensed consolidated financial information has been appropriately prepared on a going concern basis.

5. Cash and cash equivalents

| | 30 September 2020 | 31 December 2019 (Audited) | 30 September 2019 |
|------------------------------|------------------------------|---|------------------------------|
| Cash on hand | 1,243 | 3,405 | 4,362 |
| Cash at banks and portfolios | 435,710 | 1,076,134 | 438,080 |
| | <u>436,953</u> | <u>1,079,539</u> | <u>442,442</u> |

6. Investments at fair value through profit or loss

| | 30 September 2020 | 31 December 2019 (Audited) | 30 September 2019 |
|-----------------|------------------------------|---|------------------------------|
| Quoted shares | 450 | 1,351 | 367,877 |
| Unquoted shares | 3,002,740 | 3,002,740 | 2,953,852 |
| | <u>3,003,190</u> | <u>3,004,091</u> | <u>3,321,729</u> |

- Fair value hierarchy disclosures for investments are provided in Note 3.

- Investments at fair value through profit or loss include securities with fair value of KD 3,002,740 as at 30 September 2020 (KD 3,002,740 - 31 December 2019, KD 3,321,251 - 30 September 2019) pledged as collateral against credit facilities granted by a local bank (note 10).

7. Investments at fair value through OCI

| | 30 September 2020 | 31 December 2019 (Audited) | 30 September 2019 |
|-----------------------------|------------------------------|---|------------------------------|
| Unquoted Foreign securities | 12,830,133 | 12,727,678 | 12,222,722 |
| Unquoted local securities | 1,296,757 | 1,265,167 | 1,498,527 |
| | <u>14,126,890</u> | <u>13,992,845</u> | <u>13,721,249</u> |

Fair value hierarchy disclosures for investments are provided in Note 3.

National International Holding Company K.S.C.P.

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

8. Investments in debt instruments at amortized cost

- During the previous years, the Group acquired credit impaired debt instruments (sukuk) for contractual amount of KD 10.5M, the Group classified sukuk as debt instruments at amortized cost.
- The Group's management expects to obtain future cash flows over the three years from the date of acquisition amounted by KD 9,590,000. The present value of expected cash flows of the acquired debt instruments is estimated based on discount rate of 6%.

9. Investment in associates

| Company's name | Country of incorporation | Ownership percentage (%) | 30 September 2020 | 31 December 2019 (Audited) | 30 September 2019 |
|--|--------------------------|--------------------------|-------------------|-------------------------------|-------------------|
| Coast Development and Investment Company | Kuwait | 31.65 | 7,519,245 | 8,510,000 | 5,898,666 |
| Specialties Group Holding Company | Kuwait | 31.54 | 6,840,775 | 6,546,194 | 7,913,856 |
| | | | <u>14,360,020</u> | <u>15,056,194</u> | <u>13,812,522</u> |

The movement over investment in associates summarized as below:

| | 30 September 2020 | 31 December 2019 (Audited) | 30 September 2019 |
|----------------------------------|-------------------|-------------------------------|-------------------|
| Opening balance | 15,056,194 | 7,612,295 | 7,612,295 |
| Addition during the period/ year | - | 8,798,022 | 6,302,652 |
| Impairment in value | - | (1,479,391) | - |
| Share of results | (1,070,315) | 601,765 | 142,097 |
| Share of reserves | 374,141 | (476,497) | (244,522) |
| | <u>14,360,020</u> | <u>15,056,194</u> | <u>13,812,522</u> |

- All investments above are accounted for using equity method in this interim condensed consolidated financial information.
- The Group's share in associates' results of KD 1,070,315 (losses) as at 30 September 2020 has been recorded based on the reviewed financial information (KD 142,097 (gains) as at 30 September 2019).
- The fair value based on quoted price (level 1) for the investment in Coast Development and Investment Company and Specialties Group Holding Company is KD 6,068,000 (KD 7,307,500 – 31 December 2019, KD 5,846,000 – 30 September 2019) and 2,700,000 (KD 3,784,500 – 31 December 2019, KD 3,217,500 – 30 September 2019) as at 30 September 2020 respectively.
- The Group stake of 94% of its owned shares of Specialties Group Holding Company are pledged against credit facilities granted by a local bank (note 10).

10. Bank facilities

| | 30 September 2020 | 31 December 2019 (Audited) | 30 September 2019 |
|----------------------------|-------------------|-------------------------------|-------------------|
| Bank overdraft | 710,464 | 735,775 | 460,685 |
| Wakala and murabha payable | 1,967,705 | 2,456,706 | 2,707,541 |
| | <u>2,678,169</u> | <u>3,192,481</u> | <u>3,168,226</u> |

- The average interest rate on Wakala and murabha payable is 4.5% as of 30 September 2020 (5.6% - 31 December 2019, 5.6% - 30 September 2019).

- The bank facilities are granted to the Group against the following assets:

| | 30 September 2020 | 31 December 2019 (Audited) | 30 September 2019 |
|---|-------------------|-------------------------------|-------------------|
| Investments in an associate (note 9) | 6,430,329 | 6,153,422 | 7,155,557 |
| Investments at fair value through profit or loss (note 6) | 3,002,740 | 3,002,740 | 3,321,251 |
| Property and equipment | 3,753,981 | 3,275,000 | 2,882,664 |
| | <u>13,187,050</u> | <u>12,431,162</u> | <u>13,359,472</u> |

- In addition to the pledge of the above assets, the Group has pledged 48.46% of the shares of Al Ahlia Chemical Company "the Subsidiary" of the Group (note 1).

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

11. Share capital

On 28 June 2020, the Extra-ordinary General Assembly of shareholders approved to increase share capital of the Parent Company by distributing bonus shares of 10,843,880 shares by an amount of KD 1,084,388 (5% of share capital), accordingly the share capital becomes KD 22,772,138 distributed over 227,721,375 shares as of 30 September 2020 (KD 21,687,750 distributed over 216,877,500 shares as of 31 December 2019 and 30 September 2019) with a nominal value of 100 fils each, and all shares are paid in cash. These amendments had been ratified in commercial register on 18 August 2020.

12. Treasury shares

| | 30 September 2020 | 31 December 2019 (Audited) | 30 September 2019 |
|---------------------------------|------------------------------|---|------------------------------|
| Number of shares | 17,419,717 | 16,590,207 | 16,590,207 |
| Percentage of issued shares (%) | 8 | 8 | 8 |
| Market value (KD) | 1,027,763 | 1,269,151 | 998,730 |

The Parent Company is committed to retain reserves and retained earnings equivalent to the treasury shares value throughout the period, in which they are held by the Parent Company, pursuant to the instructions of the relevant regulatory authorities. These shares are not pledged.

13. Net investment income

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|--|----------------|---|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| <i><u>Investments at fair value through profit or loss</u></i> | | | | |
| Dividends income | - | - | 252,027 | 315,567 |
| Change in fair value | (134) | 11,771 | (134) | 76,207 |
| Realised gain on sale | (217) | - | (217) | 1,543 |
| | <u>(351)</u> | <u>11,771</u> | <u>251,676</u> | <u>393,317</u> |
| <i><u>Investments at fair value through other comprehensive income</u></i> | | | | |
| Dividend income | 18,023 | - | 134,843 | 523,130 |
| <i><u>Investments in debt instruments at amortized cost</u></i> | | | | |
| Gain from investments in debt instruments | - | 127,723 | - | 377,651 |
| | <u>17,672</u> | <u>139,494</u> | <u>386,519</u> | <u>1,294,098</u> |

14. Basic and diluted earnings/ (losses) per share

Basic earnings/ (losses) per share are calculated by dividing the profit/ (loss) for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings/ (losses) per share is calculated by dividing the profit/ (loss) for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 30 September, the Parent Company has no outstanding dilutive potential ordinary shares.

The information necessary to calculate basic and diluted earnings/ (losses) per share for the nine months period ended 30 September is as follows:

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|--|-------------|---|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| Profit/ (loss) for the period | 165,243 | 91,067 | (1,222,125) | 1,359,338 |
| Weighted average number of outstanding ordinary shares (share) | 210,301,658 | 210,301,658 | 210,301,658 | 210,301,658 |
| Earnings/ (losses) per share (fils) | <u>0.79</u> | <u>0.43</u> | <u>(5.81)</u> | <u>6.46</u> |

Basic and diluted shares earnings/ (losses) per shares for comparative periods has been adjusted to reflect the effect of bonus shares for 2019 (note 11).

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

15. Related party transactions

These represent transactions with related parties that include major shareholders, directors, executive officers and key management personnel of the Group, close members of their families and companies of which they are principal owners or over which they are able to exercise control or significant influence entered into by the Group in the ordinary course of business. The Parent Company's management approves pricing policies and terms of these transactions.

Balances and transactions included in the interim condensed consolidated statement of financial information are as follows:

| | 30 September 2020 | 31 December 2019 (Audited) | 30 September 2019 | |
|--|------------------------------------|----------------------------------|-----------------------------------|----------------|
| Balances: | | | | |
| Due from related party | - | - | 353,512 | |
| | Three months ended 30 September | | Nine months ended 30 September | |
| | 2020 | 2019 | 2020 | 2019 |
| Key management compensation: | | | | |
| Salaries and other short term benefits | 67,560 | 70,000 | 148,160 | 176,600 |
| Employees' end of service benefits | 15,255 | 16,351 | 39,168 | 40,206 |
| | <u>82,815</u> | <u>86,351</u> | <u>187,328</u> | <u>216,806</u> |

16. Segment information

The Group is organized into business units based on their products and services, and has three reportable operating segments as follows:

- Financial investing activities comprise participation in financial and real estate funds and managing the Group's liquidity requirements;
- Real estate investing activities comprise investing and trading in real estate and construction or development of real estate for the purpose of sale in the ordinary course of business and other related real estate services; and
- Industrial activities comprise manufacturing and selling of chemical products.

The segment reporting information is as follows:

| | Period ended 30 September 2020 | | | | |
|-------------------------|--------------------------------|----------------------------------|--------------------------------|------------------|--------------------|
| | Industrial activities | Real estate investing activities | Financial investing activities | Unallocated | Total |
| Segments revenues | 2,301,506 | (158,116) | (2,310,348) | - | (166,958) |
| Segments expenses | (1,703,583) | (9,504) | 669,188 | - | (1,043,899) |
| Total segments' results | <u>597,923</u> | <u>(167,620)</u> | <u>(1,641,160)</u> | <u>-</u> | <u>(1,210,857)</u> |
| Segments assets | 8,316,413 | 3,815,732 | 39,069,825 | - | 51,201,970 |
| Segment liabilities | <u>2,596,200</u> | <u>(26,369)</u> | <u>3,665,189</u> | <u>-</u> | <u>6,235,020</u> |
| | Period ended 30 September 2019 | | | | |
| | Industrial activities | Real estate investing activities | Financial investing activities | Unallocated | Total |
| Segments revenues | 1,220,136 | - | 1,436,195 | 289,797 | 2,946,128 |
| Segments expenses | (649,494) | - | (493,110) | (215,669) | (1,358,273) |
| Total segments' results | <u>570,642</u> | <u>-</u> | <u>943,085</u> | <u>74,128</u> | <u>1,587,855</u> |
| Segments assets | 6,951,344 | 4,613,130 | 39,974,155 | 111,895 | 51,650,524 |
| Segment liabilities | <u>2,187,845</u> | <u>-</u> | <u>-</u> | <u>4,612,543</u> | <u>6,800,388</u> |

National International Holding Company K.S.C.P.

And its subsidiaries

State of Kuwait

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

17. Cash dividends

On 21 June 2020, the General Assembly of shareholders of the Parent Company approved the consolidated financial statements for the year ended 31 December 2019 and approved Board of Directors' proposal of distributing bonus shares 5% (Nil – 2018), cash dividends of Nil (5% - 2018) for the year ended 31 December 2019 and Board of Directors' remuneration of KD 44,000 for the same year.

18. Commitments and contingent liabilities

| | 30 September 2020 | 31 December 2019 (Audited) | 30 September 2019 |
|----------------------------------|------------------------------|---|------------------------------|
| Letters of guarantee | 293,317 | 293,317 | 371,858 |
| Letters of credit and acceptance | 6,042 | 161,857 | - |

19. Subsequent events

During current period, a first instance court has issued a judgement nullifying a contract for acquisition of a subsidiary by the Group where it owns 62.6% as at 30 September 2020, and the capital increase during 2016. Furthermore, the judgement nullified the process to call the extraordinary general assembly meeting for the same company during 2019 and the related decisions including the capital increase.

Subsequent to the financial information date, Court of Appeal issued its judgment to annul the first instance court verdict with respect to nullifying the contract for acquisition of the subsidiary and transferred the case to the Plenary Court at Capital Markets Circle. Also, the Court ruled to reject the request to nullify the capital increase during 2016 and request to nullify the process to call the extraordinary general assembly meeting for the same company during 2019.

Based on the lawyer opinion, the request to nullify the acquisition contract is likely to have no impact since the contract has not been executed, and it is also likely that the judgment issued by the Court of Appeal will be upheld in case the appellant appeals against it to the Court of Cassation. The net carrying value of the investment in subsidiary amounted to KD 3.96 million approximately as at the date of the interim condensed consolidated financial information.

20. Impact of COVID-19

The World Health Organization declared on 11 March 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 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 IFRS, and incorporated the outcome in these interim condensed consolidated financial statements and explained the changes related to valuation estimates and judgements, and impairment of associate as at and for the period ended 30 September 2020 (note 4).

The Group considered the best available information about past events, current conditions and forecasts of economic conditions in determination of the reported amounts of the Group's financial and non-financial assets reported in this interim condensed consolidated financial information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.