

ESTERAD INVESTMENT COMPANY BSC

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

**FOR THE THREE MONTHS ENDED
31 MARCH 2021**

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2021

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Independent auditors' report on review of condensed consolidated interim financial information

The Board of Directors
Esterad Investment Company BSC
PO Box 1080
Seef District
Kingdom of Bahrain

3 May 2021

Introduction

We have reviewed the accompanying 31 March 2021 condensed consolidated interim financial information of Esterad Investment Company BSC (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2021;
- the condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2021;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2021; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 31 March 2021 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

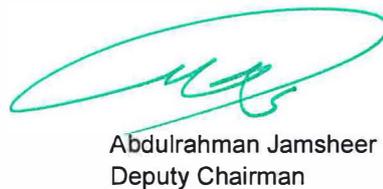
Bahraini Dinars

	Note	31 March 2021 (reviewed)	31 December 2020 (audited)
Assets			
Cash and bank balances		4,655,159	8,396,601
Investment securities	7	22,576,517	20,707,890
Development properties		17,451,886	17,343,920
Other assets		732,534	429,895
Total assets		45,416,096	46,878,306
Liabilities			
Bank borrowings		5,481,563	5,619,340
Other liabilities	8	5,920,725	6,909,208
Total liabilities		11,402,288	12,528,548
Total net assets		34,013,808	34,349,758
Equity			
Shareholders' equity			
Share capital		14,000,000	14,000,000
Share premium		7,966,301	7,966,301
Treasury shares		(93,961)	(93,961)
Statutory reserve		7,556,291	7,556,291
General reserve		460,241	460,241
Hedging reserve		(84,605)	(246,619)
Retained earnings		3,722,928	4,220,791
Total equity attributable to shareholders of the parent company		33,527,195	33,863,044
Non-controlling interest		486,613	486,714
Total equity		34,013,808	34,349,758

The condensed consolidated interim financial information was approved by the Board of Directors on 3 May 2021 and signed on its behalf by:



Hesham Alrayes
Chairman



Abdulrahman Jamsheer
Deputy Chairman



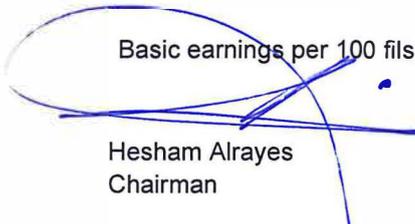
Ahmed Abdulrahman
Chief Executive Officer

The accompanying notes 1 to 16 are an integral part of this condensed consolidated financial interim information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2021

Bahraini Dinars

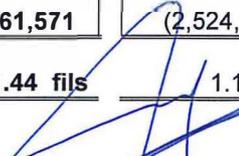
	Note	Three months ended 31 March 2021 (reviewed)	Three months ended 31 March 2020 (reviewed)
Investment income	12	601,324	458,404
Other income		-	8,186
Total income		601,324	466,590
General and administrative expenses		293,948	266,131
Interest expense		106,768	34,862
Total expenses		400,716	300,993
Profit for the period		200,608	165,597
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net changes in fair value of equity investments classified as fair value through other comprehensive income		111,748	(363,890)
Items that are or may be reclassified subsequently to profit or loss			
Net change in fair value of debt securities at FVTOCI		45,849	(1,803,121)
Fair value gain on debt securities at FVTOCI reclassified to profit or loss on sale		(171,121)	(178,213)
Transfer to profit or loss on impairment of debt securities		12,473	55,128
Cash flow hedges – effective portion of change in fair value		162,014	(400,227)
Total other comprehensive income for the period		160,963	(2,690,323)
Total comprehensive income for the period		361,571	(2,524,726)
Profit for the period attributable to:			
Shareholders of the parent company		200,709	161,824
Non-controlling interest		(101)	3,773
		200,608	165,597
Total comprehensive income for the period attributable to:			
Shareholders of the parent company		361,672	(2,528,499)
Non-controlling interest		(101)	3,773
		361,571	(2,524,726)
Basic earnings per 100 fils share		1.44 fils	1.16 fils



Hesham Alrayes
Chairman



Abdulrahman Jamsheer
Deputy Chairman



Ahmed Abdulrahman
Chief-Executive Officer

The accompanying notes 1 to 16 are an integral part of this condensed consolidated financial interim information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2021

Bahraini Dinars

	Attributable to the shareholders of the parent company							Non-controlling interest	Total equity	
	Share Capital	Share premium	Treasury Shares	Statutory reserve	General reserve	Hedging reserve	Retained earnings			Total
2021 (reviewed)										
Balance as at 1 January 2021	14,000,000	7,966,301	(93,961)	7,556,291	460,241	(246,619)	4,220,791	33,863,044	486,714	34,349,758
Comprehensive income for the period:										
Profit for the year	-	-	-	-	-	-	200,709	200,709	(101)	200,608
Other comprehensive income	-	-	-	-	-	162,014	(1,051)	160,963	-	160,963
Total comprehensive income for the period	-	-	-	-	-	162,014	199,658	361,672	(101)	361,571
Dividends declared for 2020	-	-	-	-	-	-	(697,521)	(697,521)	-	(697,521)
At 31 March 2021	14,000,000	7,966,301	(93,961)	7,556,291	460,241	(84,605)	3,722,928	33,527,195	486,613	34,013,808

The accompanying notes 1 to 16 are an integral part of this condensed consolidated financial interim information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2021 *(continued)*

Bahraini Dinars

2020 (reviewed)	Attributable to the shareholders of the parent company							Non-controlling interest	Total equity	
	Share Capital	Share premium	Treasury Shares	Statutory reserve	General reserve	Hedging reserve	Retained earnings			Total
Balance as at 1 January 2020	14,000,000	7,966,301	(93,961)	7,556,291	460,241	-	6,220,984	36,109,856	487,627	36,597,483
Comprehensive income for the period:										
Profit for the year	-	-	-	-	-	-	161,824	161,824	3,773	165,597
Other comprehensive income	-	-	-	-	-	(400,227)	(2,290,096)	(2,690,323)	-	(2,690,323)
Total comprehensive income for the period	-	-	-	-	-	(400,227)	(2,128,272)	(2,528,499)	3,773	(2,524,726)
Dividends declared for 2019	-	-	-	-	-	-	(1,395,042)	(1,395,042)	-	(1,395,042)
Transfer for charities	-	-	-	-	-	-	(50,000)	(50,000)	-	(50,000)
At 31 March 2020	14,000,000	7,966,301	(93,961)	7,556,291	460,241	(400,227)	2,647,670	32,136,315	491,400	32,627,715

The accompanying notes 1 to 16 are an integral part of this condensed consolidated financial interim information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2021

Bahraini Dinars

	Three months ended 31 March 2021 (reviewed)	Three months ended 31 March 2020 (reviewed)
Operating activities		
Dividends received	2,625	-
Interest received	171,530	61,194
Proceeds from sale of equity securities	1,367,406	7,563,983
Purchase of equity securities	(2,508,077)	(6,540,558)
Sale of investment property	-	267,883
Purchase of debt securities	(1,446,053)	-
Purchase of development property	(1,576,000)	-
Deposit with bank	-	(2,612,251)
Custody fees and investment related expenses paid	(1,466)	(1,470)
Salaries and benefits paid	(218,649)	(345,380)
Payments for general and administrative expenses	(230,261)	(472,417)
Charitable donation	(1,812)	-
Net cash used in operating activities	(4,440,757)	(2,079,016)
Investing activities		
Acquisition of equipment	(1,889)	-
Net cash used in investing activities	(1,889)	-
Financing activities		
Funds borrowed, net	731,380	1,513,734
Interest paid	(29,661)	(44,176)
Dividends paid	(515)	(14,740)
Net cash generated from financing activities	701,204	1,454,818
Net decrease in cash and cash equivalents during the period	(3,741,442)	(624,198)
Cash and cash equivalents as at 1 January	8,401,903	5,378,354
Cash and cash equivalents at 31 March*	4,660,461	4,754,156

*Cash and cash equivalents at 31 March 2021 is gross of the expected credit loss of BD 5,302 (31 March 2020 BD 3,240).

The accompanying notes 1 to 16 are an integral part of this condensed consolidated financial interim information.

1. Reporting entity

Esterad Investment Company BSC ('the Company') registered under CR No. 1545-1 and registered date 02/03/1974 is a Bahraini public joint stock company, established in 1973 by Amiri Decree 9/1973 and the shares are listed in Bahrain Bourse. The principal activity of the Company is to invest in a wide-ranging variety of investment assets in both local and international markets.

Significant subsidiaries

The Company has a 100% interest in Esterad Amwaj Partnership, whose results have been consolidated in these condensed consolidated interim financial information. The subsidiary is primarily involved in development in the real estate sector.

2. Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting), which allows the condensed consolidated interim financial information to be prepared in condensed form. The condensed consolidated interim financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2020. There are some amendments to existing standards and framework, which are effective from 1 January 2021, but these do not have a significant impact on the Group's condensed consolidated interim financial information. The Company did not early adopt any new standards during the period.

3. Accounting policies

The condensed consolidated interim financial information for the three months ended 31 March 2021 have been prepared using the same accounting policies and methods of computation used by the Group in its audited consolidated financial statements for the year ended 31 December 2020.

4. The condensed consolidated interim financial information is reviewed, not audited. The corresponding figures for the condensed consolidated statement of financial position have been extracted from the Company's audited consolidated financial statements for the year ended 31 December 2020 and the corresponding figures for the condensed consolidated statements of comprehensive income, changes in equity and cash flows have been extracted from the Group's 31 March 2020 reviewed condensed consolidated interim financial information.

Due to the outbreak of the novel coronavirus (COVID-19) in March 2020, the Central Bank of Bahrain had exempted all public shareholding companies and locally incorporated banks from preparation and publication of their condensed consolidated interim financial information for the three-month period ended 31 March 2020. Hence, the comparative information included in the statements of profit or loss and other comprehensive income, cash flows and changes in equity were reviewed but not published.

5. Estimates and Judgement

The preparation of the condensed consolidated interim 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 these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the consolidated financial statements for the year ended 31 December 2020.

6. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2020.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2021**

Bahraini Dinars

7. Investment Securities

Investment securities comprise

	31 March 2021	31 December 2020
at FVTOCI		
Quoted debt securities	11,290,336	10,636,669
Quoted equity securities	5,796,000	5,722,400
Unquoted equity securities	1,555,345	1,517,197
	18,641,681	17,876,266
at FVTPL		
Quoted equity securities	1,846,783	728,877
Unquoted equity securities	1,711,053	1,711,053
Structured notes *	377,000	391,694
	3,934,836	2,831,624
	22,576,517	20,707,890

BD 5,796,000 of equity securities at FVTOCI are pledged against overdraft facility with credit limit of BD 2,350,000. Also, debt securities at FVTOCI are pledged against borrowings of BD 5,481,563.

*A structured note contains an embedded derivative component that adjusts the security's risk-return profile. The Company intends to hold the instrument to its maturity date.

8. Other liabilities

Other liabilities mainly include payable on purchase of investments of BD 4,466,625 (31 December 2020: BD 5,976,000) which will be paid as instalments over four years from the reporting period and has an interest cost of 6.5% p.a.

9. Commitments

At 31 March 2021, the Company had net outstanding commitments to invest in managed funds amounting to BD 582,234 (31 December 2020: BD 582,234).

The Group uses derivatives, some of them designated in a qualifying hedge relationship, to manage its exposure to market risks as follows:

	31 March 2021	31 December 2020
Interest rate swaps – nominal amount	5,481,563	5,481,563
	5,481,563	5,481,563

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging equity reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

10. Segment information

The Group divides its business activities into strategic equity holdings portfolio, fixed income portfolio, trading portfolio and yielding properties & other income producing portfolios and the revenue information of these components are reported to the Chief Operating Decision Maker (CODM). However, expenses and results are reviewed at the Group level and therefore no operating segment disclosure is provided in this condensed consolidated interim financial information.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2021**

Bahraini Dinars

11. Appropriation

Subsequent to the year end, in the annual general meeting of the shareholders held on 17 March 2021, the shareholders approved cash dividend of BD 697,521. Appropriations, if any, for the current period will be made in the next shareholders meeting and will be reflected in the financial statements on approval.

12. Investment income

	Three months ended 31 March	
	2021	2020
Income from equity securities		
Dividend income	246,956	276,000
Fair value (losses) / gains on FVTPL securities, net	(110,453)	82,341
Realised gain/ (loss) on sale of investments	72,995	(123,361)
	209,498	234,980
Income from debt securities		
Interest income	184,260	136,074
Gains on sale of debt securities	171,121	178,213
Charge for expected credit losses	(12,473)	(55,128)
	342,908	259,159
Income from derivative instruments		
Fair value gains	-	34,614
	-	34,614
Other investment income/ (expense)	48,918	(70,349)
Total investment income	601,324	458,404

Dividend income is cyclical in nature and is concentrated in the initial part of the financial year.

13. Related party transactions

Transactions with related parties are on normal commercial terms. The transactions and balances with related parties were as follows:

	31 March 2021	31 December 2020
Balances with related parties		
Receivable from non-controlling interest	173,460	173,460
Payable to director and key management personnel	-	76,000
Transactions with related parties		
Remuneration to key management personnel	48,600	27,000
Investment property income from an associate	-	8,186
Board of Directors' remuneration and sitting fees	25,500	49,000

14. Fair value hierarchy and categories

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

For all other financial instruments, the Group determines fair values using other valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. as derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted equity investments at fair value	<i>Discounted cash flows technique:</i> The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	<ul style="list-style-type: none"> • Estimated cash flow and terminal value • WACC (15%) • Non-marketability factor (30%) 	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> - The estimated cash flows were higher (lower) - WACC were lower (higher) - Non-marketability factor was lower (higher).
Structured note	Fair value of underlying reference portfolio adjusted for embedded derivatives that protect downside risk and cap upside potential over the period of the contract.	<ul style="list-style-type: none"> • Credit risk of counterparty and volatility assumptions for time to maturity 	Ability of the Company to hold the structure note to maturity and impact of the value of embedded derivatives (strike prices).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2021**

Bahraini Dinars

14 Fair value hierarchy and categories (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Debt securities	<p><i>Market comparison/discounted cash flow:</i> The fair value is estimated considering:</p> <ul style="list-style-type: none"> (i) current or recent quoted prices for identical securities in markets that are not active; and (ii) a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor. 	<ul style="list-style-type: none"> • Not applicable 	Not applicable
Interest rate Saps	<p><i>Swap models:</i> The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.</p>	<ul style="list-style-type: none"> • Not applicable 	Not applicable

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2021**

Bahraini Dinars

14 Fair value hierarchy and categories (continued)

The table below analyses financial instruments, measured at fair value as at the end of the period/ year, by level in the fair value hierarchy into which the fair value measurement is categorized:

31 March 2021	Level 1	Level 2	Level 3	Total
Investment Securities				
FVTOCI				
Debt securities:	-	11,290,336	-	11,290,336
Equity securities	5,796,000	-	1,555,345	7,351,345
FVTPL				
Equity securities	1,846,783	-	1,711,053	3,557,836
Structured notes	-	-	377,000	377,000
Derivatives financial assets	-	16,205	-	16,205
	7,642,783	11,306,541	3,643,398	22,592,722
Derivatives financial liabilities		178,040		178,040
31 December 2020	Level 1	Level 2	Level 3	Total
Investment Securities				
FVTOCI				
Debt securities:	-	10,636,669	-	10,636,669
Equity securities	5,722,400	-	1,517,197	7,239,597
FVTPL				
Equity securities	728,877	-	1,711,053	2,439,930
Structured notes	-	-	391,694	391,694
	6,451,277	10,636,669	3,619,944	20,707,890
Derivatives financial liabilities	-	323,849	-	323,849

The fair value of equity investment securities are based on quoted prices or valuation techniques. The fair value of debt securities are based on market prices. Quoted prices include prices obtained from fund manager, brokers and dealers. The Group determines fair values of investment securities that are not quoted in active markets by using well recognised valuation techniques comprising multiple-based approach, discounted cash flow techniques or other valuation methodologies.

Level 2 derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. The fair value of the derivative is the equivalent to its prevailing market rates or is based on broker quotes.

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the three months ended 31 March 2021. The table below shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	31 March 2021	31 March 2020
Balance at 1 January	3,619,944	11,745,595
Total gains or losses:		
- in profit or loss	-	(109,320)
- in other comprehensive income	38,148	(68,468)
Sales/ adjustments	(14,693)	(20,132)
Purchase	-	217,100
Transfer from level 2	-	759,005
Balance at 31 March	3,643,399	14,177,708

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2021**

Bahraini Dinars

14 Fair value hierarchy and categories (continued)

For the fair value of investment securities in the Level 3 category, changing one or more of the significant unobservable inputs used to reasonably possible alternative assumptions would have an effect on the fair value of these investment securities. These effects have been calculated by recalibrating the values from the valuation technique using alternative estimates of unobservable inputs that might reasonably have been considered by a market participant to price these investment securities at as 31 March 2021.

The potential effect of changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects:

	31 March 2021		31 March 2020	
	Profit or Loss	OCI	Profit or Loss	OCI
WACC (1% increase)	(119,815)	-	(119,815)	-
Non-marketability factor (10% increase)	(213,882)	-	(213,882)	-
Net asset value (10% increase)	-	155,535	-	161,594
Latest transaction price (10% increase)	-	-	833,000	-
Early liquidation of structure note	-	-	(112,279)	-

	31 March 2021		31 March 2020	
	Profit or Loss	OCI	Profit or Loss	OCI
WACC (1% decrease)	137,986	-	137,986	-
Non-marketability factor (10% decrease)	213,882	-	213,882	-
Net asset value (10% decrease)	-	(155,535)	-	(161,594)
Latest transaction price (10% decrease)	-	-	(833,000)	-

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values.

	31 March 2021			Total carrying value	Fair value
	At FVTPL	At FVTOCI	At amortised cost		
Cash and bank balances	-	-	4,655,159	4,655,159	4,655,159
Investment Securities					
- Equity securities	3,557,836	7,351,345	-	10,909,181	10,909,181
- Structured notes	377,000	-	-	377,000	377,000
- Debt securities	-	11,290,336	-	11,290,336	11,290,336
Derivatives held for risk management	16,205	-	-	16,205	16,205
Other assets	-	-	666,929	666,929	666,929
Total financial assets	3,951,041	18,641,681	5,322,088	27,914,810	
Bank borrowings	-	-	5,481,563	5,481,563	5,481,563
Derivatives held for risk management	178,040	-	-	178,040	178,040
Other liabilities	-	-	5,666,539	5,666,539	5,666,539
Total financial liabilities	178,040	-	11,148,102	11,326,142	

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2021**

Bahraini Dinars

14 Fair value hierarchy and categories (continued)

31 December 2020	At FVTPL	At FVTOCI	At amortised cost	Total carrying value	Fair value
Cash and bank balances	-	-	8,396,601	8,396,601	8,396,601
Investment Securities					
- Equity securities	2,439,930	7,239,597	-	9,679,527	9,679,527
- Structured notes	391,694	-	-	391,694	391,694
- Debt securities	-	10,636,669	-	10,636,669	10,636,669
Other assets	-	-	387,051	387,051	387,051
Total financial assets	<u>2,831,624</u>	<u>17,876,266</u>	<u>8,783,652</u>	<u>29,491,542</u>	
Bank borrowings	-	-	5,619,340	5,619,340	5,619,340
Derivatives held for risk management	323,849	-	-	323,849	323,849
Other liabilities	-	-	6,340,432	6,340,432	6,340,432
Total financial liabilities	<u>323,849</u>	<u>-</u>	<u>11,959,772</u>	<u>12,283,621</u>	

*The carrying values of cash and cash equivalents, other assets, borrowings, unclaimed dividend and other liabilities are a reasonable approximation of fair value due to their short-term nature.

15. COVID-19 impact

On 11 March 2020, the Coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. COVID-19 has also brought about significant uncertainties in the global economic environment. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures.

The management and board of directors has been closely monitoring the impact of the COVID-19 developments on the Group's operations and financial position; including possible loss of revenue, impact on asset valuations, impairment, review of onerous contracts, outsourcing arrangements etc. The Company has also put in place contingency measures, which include but are not limited to enhancing and testing of business continuity plans. Based on their assessment, the management and board of directors has concluded that the Company will continue as a going concern entity for the next 12 months.

In preparing the condensed interim financial information, judgements made by management in applying the Group's accounting policies and sources of estimation are subject to uncertainty regarding the potential impacts of the current economic volatility and these are considered to represent management's best assessment based on available or observable information.

16. Comparative

Certain prior period amounts have been regrouped to conform to the presentation in the current period. Such regrouping did not affect previously reported profits, comprehensive income for the period or equity.

(The attached supplementary information does not form part of the condensed consolidated interim financial information)

Disclosure of Financial Impact of COVID-19

Further to the CBB letter dated 14 July 2020 (ref. OG/259/2020), Esterad Investment Company B.S.C discloses herewith additional information pertaining to the financial impact of COVID-19 on its condensed consolidated interim financial information.

On March 2020, the Coronavirus (COVID-19) outbreak was declared a pandemic by the world health organization (WHO) and has rapidly evolved globally. This has resulted in a global economic slowdown with an uncertainties in the economic environment, this includes disruption to capital market.

The pandemic has some financial impact on the Group with relation to specific revenue streams and expense item since beginning of the pandemic, however there is a slight improvement compared to same period of the last year, the net profit, the other comprehensive income and total income. The net profit of BD 200,608 compared to BD 165,597 in the previous year, representing an increase of 21%, total positive comprehensive income for the three months ended 31 March 2021 of BD 361,571 compared to a negative total comprehensive income BD 2,524,726 of same period of the last year and total income for the three months ended 31 March 2021 was BD 601,324 compared to BD 466,590 for the same period of the last year, representing an increase of 29%. The Group did not receive any Government Subsidies during the current period.

Our liquidity position is strong, and we have not noticed any material reduction in our cash balances.

Based on above, the management is of the view that the Company will continue as a going concern entity for the next 12 months from the date of these condensed consolidated interim financial information. This information has not been subject to a formal review by external auditors.