



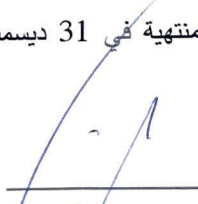
**KUWAITI INDIAN  
Holding Company K.S.C.C**

الشركة الكويتية الهندية القابضة  
شركة مساهمة كويتية (مقفلة)

# Annual General Meeting for the year end 31/12/2019

**جدول أعمال الجمعية العامة العادية  
للشركة الكويتية الهندية القابضة ش.م.ك (مقفلتة)**

1. سماع تقرير مجلس الإدارة عن السنة المالية المنتهية في 31 ديسمبر 2019 والمصادقة عليه.
2. سماع تقرير مراقب حسابات الشركة عن السنة المالية المنتهية في 31 ديسمبر 2019 والمصادقة عليه.
3. سماع تقرير هيئة الفتوى والرقابة الشرعية عن أعمال الشركة للسنة المالية المنتهية في 31 ديسمبر 2019 والمصادقة عليه.
4. مناقشة البيانات المالية المنتهية في 31 ديسمبر 2019 وإعتمادها.
5. سماع تقرير المخالفات الجزاءات الصادرة من الجهات الرقابية.
6. سماع تقرير التعاملات التي تمت أو ستتم مع الأطراف ذات الصلة.
7. مناقشة إقتراح مجلس الإدارة باستقطاع 10% من أرباح السنة الصافية لحساب الاحتياطي القانوني بمبلغ 20,010 دينار كويتي. بالإضافة إلى تحويل مبلغ 113,297 د.ك من حساب الأرباح إلى حساب الاحتياطي القانوني لتغطية المبالغ المستخدمة من الرصيد في توزيع أرباح نقدية على المساهمين عن السنوات المنتهية في 31/12/2017 و 31/12/2018.
8. مناقشة مكافأة السادة أعضاء مجلس الإدارة بمبلغ إجمالي 23,000 دينار كويتي عن السنة المالية المنتهية في 31 ديسمبر 2019.
9. مناقشة اقتراح مجلس الإدارة بتوزيع أرباح نقدية بنسبة 5% أي ما يعادل 5 فلس عن كل سهم مبلغ 105,000 دينار كويتي للمساهمين المقيدين بسجلات الشركة وقت إنعقاد الجمعية العمومية.
10. مناقشة إخلاء طرف السادة أعضاء مجلس الإدارة وإبراء ذمتهم عن كل ما يتعلق بتصرفاتهم القانونية والمالية والإدارية عن السنة المالية المنتهية في 31 ديسمبر 2019.
11. مناقشة تعيين أو إعادة تعيين السادة هيئة الفتوى والرقابة الشرعية للسنة المالية المنتهية في 31 ديسمبر 2020 وتفويض مجلس الإدارة بتحديد أتعابهم.
12. مناقشة تعيين أو إعادة تعيين مدقق حسابات الشركة للسنة المالية المنتهية في 31 ديسمبر 2020 وتفويض مجلس الإدارة بتحديد أتعابه.

  
فهد بدر  
رئيس مجلس الإدارة

## تقرير مجلس الإدارة

## عن السنة المالية المنتهية في 31 ديسمبر 2019 م

السادة المساهمين الكرام ...

يسر مجلس إدارة الشركة الكويتية الهندية القابضة ش.م.ك (مقفلة) أن يضع بين أيديكم التقرير السنوي والميزانية العمومية للشركة عن السنة المالية المنتهية في 2019/12/31.

تأسست الشركة الكويتية الهندية القابضة ش.م.ك (مقفلة) من أجل تحقيق الأغراض الأساسية التي أسست من أجلها الشركة وهو تملك أسهم شركات مساهمة كويتية أو أجنبية ، وكذلك تملك أسهم أو حصص في شركات ذات مسؤولية محدودة، كويتية أو أجنبية أو الإشتراك في تأسيس هذه الشركات بنوعيتها وإدارتها وإقرانها وكفالتها لدى الغير، إستغلال الفوائض المالية المتوفرة لدى الشركة عن طريق إستثمارها في محافظ مالية تدار من قبل شركات وجهات متخصصة .

وقد حققت الشركة خلال السنة المالية المنتهية في 2019/12/31 ربح بمبلغ 173,436 د.ك. مقارنة ارباح بلغت 82,521 د.ك. عن السنة المالية المنتهية في عام 2018 .


ولتسليط الضوء على بيانات المركز المالي للسنة المالية المنتهية في 2019/12/31 ، فقد بلغ إجمالي الأرصدة النقدية وشبه النقدية مبلغ 151,842 د.ك. في 2019 (540,584 د.ك. في عام 2018) ، كما بلغ مجموع أصول الشركة مبلغ 2,879,673 د.ك. (2,805,941 د.ك. في عام 2018) . كما بلغ إجمالي خصوم الشركة مبلغ 62,512 د.ك. (57,216 د.ك. في عام 2018) ، وقد بلغ إجمالي حقوق الملكية مبلغ 2,817,161 د.ك. (2,748,725 د.ك. في عام 2018) .

## الرؤية المستقبلية للشركة:

تسعى إدارة الشركة حالياً للتوسع في أعمالها وأنشطتها وتحاول إغتنام وإقتناص كافة الفرص الإستثمارية المتاحة و تسخير كافة الجهود من أجل تحقيق المزيد من الإنجازات والنمو في أنشطة وأرباح الشركة، وسوف نعمل بكل جهد على البحث عن استثمارات جديدة في كافة الأسواق على المستوى المحلي والأجنبي ، والدخول في شراكات دولية، والبحث عن الفرص ذات العائد السنوي الجيد والمستمر .

وفي الختام يسرني أن أتقدم بالشكر الجزيل لمساهميننا الكرام لتقنتهم في شركتنا.

وتفضلوا بقبول فائق الاحترام والتقدير،،،

  
فهد بدر البدر  
رئيس مجلس الإدارة

Financial statements and independent auditor's report

**Kuwaiti Indian Holding Company – KSC (Closed)**

**Kuwait**

31 December 2019

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# Independent auditor's report

To the Shareholders of  
Kuwaiti Indian Holding Company – KSC (Closed)  
Kuwait

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Kuwaiti Indian Holding Company – Kuwaiti Closed Shareholding Company (“the Company”), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (IASs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the report of the Company's board of directors, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Independent auditor's report to the Shareholders of Kuwaiti Indian Holding Company – KSC (Closed) (continued)**

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## **Independent auditor's report to the Shareholders of Kuwaiti Indian Holding Company – KSC (Closed) (continued)**

### **Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion, proper books of account have been kept by the Company and the financial statements, together with the contents of the report of the Company's board of directors relating to these financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law, the Executive Regulations, or of the Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2019 that might have had a material effect on the business or financial position of the Company.

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

Kuwait  
20 April 2020

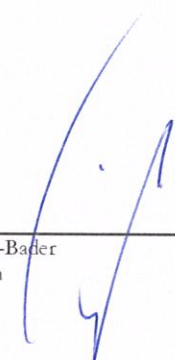
## Statement of profit or loss and other comprehensive income

	Note	Year ended 31 Dec. 2019 KD	Year ended 31 Dec. 2018 KD
<b>Income</b>			
Unrealised gain on investments at fair value through profit or loss		193,343	56,828
Income from murabaha and wakala investments		29,361	25,297
Dividend income		15,115	4,008
Realised gain on sale of investments at fair value through profit or loss		277	56,216
		<b>238,096</b>	<b>142,349</b>
<b>Expenses</b>			
General and administrative expenses	7	(60,994)	(58,262)
		<b>177,102</b>	<b>84,087</b>
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(1,803)	(757)
Zakat provision		(1,863)	(809)
		<b>173,436</b>	<b>82,521</b>
Total other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>173,436</b>	<b>82,521</b>

*The notes set out on pages 8 to 24 form an integral part of these financial statements.*

## Statement of financial position

	Note	31 Dec. 2019 KD	31 Dec. 2018 KD
<b>Assets</b>			
Cash and cash equivalents	13	151,842	540,584
Wakala investment	8	1,000,000	1,000,000
Investments at fair value through profit or loss	9	1,147,282	694,082
Accrued income and other receivables		30,257	20,683
Due from related party – Parent company	14	550,292	550,592
<b>Total assets</b>		<b>2,879,673</b>	<b>2,805,941</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Accrued expenses and other liabilities		56,719	52,937
Provision for end of service indemnity		5,793	4,279
<b>Total liabilities</b>		<b>62,512</b>	<b>57,216</b>
<b>Equity</b>			
Share capital	10	2,100,000	2,100,000
Statutory reserve	11	677,032	645,350
Retained earnings		40,129	3,375
<b>Total equity</b>		<b>2,817,161</b>	<b>2,748,725</b>
<b>Total liabilities and equity</b>		<b>2,879,673</b>	<b>2,805,941</b>

  
 Fahad Al-Bader  
 Chairman

  
 Abdullah Alhouli  
 Vice Chairman

*The notes set out on pages 8 to 24 form an integral part of these financial statements.*

## Statement of changes in equity

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Cumulative Change in fair Value KD	Retained Earnings KD	Total KD
<b>Balance at 1 January 2019</b>	2,100,000	645,350	-	-	3,375	2,748,725
Dividend paid during the year (note 12)	-	(101,625)	-	-	(3,375)	(105,000)
<b>Transaction with owners</b>	-	(101,625)	-	-	(3,375)	(105,000)
Profit for the year	-	-	-	-	173,436	173,436
<b>Total comprehensive income for the year</b>	-	-	-	-	173,436	173,436
Transfer to reserves	-	133,307	-	-	(133,307)	-
<b>Balance as at 31 December 2019</b>	2,100,000	677,032	-	-	40,129	2,817,161
<b>Balance at 1 January 2018</b>	2,100,000	657,022	3,606	3,375	7,201	2,771,204
Adjustment arising on adoption of IFRS 9 on 1 January 2019	-	-	-	(3,375)	3,375	-
<b>Balance as of 1 Jan 2018 (Restated)</b>	2,100,000	657,022	3,606	-	10,576	2,771,204
Dividend paid during the year (note 12)	-	(94,193)	(3,606)	-	(7,201)	(105,000)
<b>Transaction with owners</b>	-	(94,193)	(3,606)	-	(7,201)	(105,000)
Profit for the year	-	-	-	-	82,521	82,521
<b>Total comprehensive income for the year</b>	-	-	-	-	82,521	82,521
Transfer to reserves	-	82,521	-	-	(82,521)	-
<b>Balance as at 31 December 2018</b>	2,100,000	645,350	-	-	3,375	2,748,725

The notes set out on pages 8 to 24 form an integral part of these financial statements.

## Statement of cash flows

	Note	Year ended 31 Dec. 2019 KD	Year ended 31 Dec. 2018 KD
<b>OPERATING ACTIVITIES</b>			
Profit before KFAS and Zakat		177,102	84,087
Adjustments for:			
Income from wakala investments		(29,361)	(25,297)
Provision for end of service indemnity		1,514	892
Dividend income		(15,115)	(4,008)
		134,140	55,674
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		(453,200)	(201,408)
Due from related party		300	2,950
Accrued income and other receivable		(1,762)	-
Accrued expenses and other liabilities		658	23,034
<b>Net cash used in operation</b>		<b>(319,864)</b>	<b>(119,750)</b>
Directors' remuneration paid	12	-	(23,000)
KFAS paid		(757)	(90)
Zakat paid		(808)	(91)
<b>Net cash used in operating activities</b>		<b>(321,429)</b>	<b>(142,931)</b>
<b>INVESTING ACTIVITIES</b>			
Net change in wakala investments		-	370,005
Dividend received		15,115	4,008
Income received from wakala investment		21,612	13,373
<b>Net cash from investing activities</b>		<b>36,727</b>	<b>387,386</b>
<b>FINANCING ACTIVITIES</b>			
Payments to the shareholders on account of decrease in share capital		(2,228)	(9,487)
Dividend payment		(101,812)	(47,799)
<b>Net cash used in financing activities</b>		<b>(104,040)</b>	<b>(57,286)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(388,742)</b>	<b>187,169</b>
Cash and cash equivalents at beginning of the year		540,584	353,415
<b>Cash and cash equivalents at end of the year</b>	13	<b>151,842</b>	<b>540,584</b>
<b>Non-cash transactions</b>			
Dividend payment adjusted against amount due from related party		-	59,364
Decrease in due from related party – Parent Company		-	(59,364)

*The notes set out on pages 8 to 24 form an integral part of these financial statements.*

# Notes to the financial statements

## 1 Incorporation and activities

Kuwaiti Indian Holding Company was incorporated as a Kuwaiti Closed Shareholding Company on 22 February 2006 and the first incorporation General Assembly of the Company was held on 28 March 2006. The Company is a subsidiary of Noor Financial Investment Company – KPSC (“the Parent Company”) which in turn is a subsidiary of National Industries Group Holding – KPSC (“the Ultimate Parent Company”). The principal objectives of the Company are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, in addition to acting as a guarantor on behalf of these companies.
- Owning industrial intangible assets such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.
- Owning moveable property to conduct its operations within the limits stipulated by law.
- Employing excess funds available with the Company by investing them in investment portfolios managed by specialised companies.

The Company can perform all the activities mentioned above in or outside the State of Kuwait, either directly or through an agent. The Company has the right to participate and subscribe in any way, with other firms which operate in the same field or those which would assist in achieving its objectives in or outside Kuwait. Further, the Company can establish, fund, purchase or acquire majority interests in companies performing similar activities.

The Company shall adhere to conduct all of its activities to Islamic Sharia instructions and provisions, the foregoing objectives may not have interpreted in any event to allow the Company directly or indirectly to conduct any riba activities either in the form of interest or in any specific form relating to the Company’s dealing in financing, bonds, and financial securities.

The address of the Company’s registered office is Noor Financial Investment Company Complex, Building 2, Block – 13, Basement Office No. 4, Qibla, Kuwait (PO Box 3311, Safat 13034, State of Kuwait).

The board of directors of the Company approved these financial statements for issuance on 20 April 2020. The General Assembly of the Company’s shareholders has the power to amend these financial statements after issuance.

## 2 Basis of preparation

The financial statements of the Company are prepared under historical cost convention modified to include the measurement at fair value of investments at fair value through profit or loss financial assets.

The financial statements have been presented in Kuwaiti Dinars (“KD”).

The Company has elected to present the “statement of profit or loss and other comprehensive income” in a single statement.

## 3 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) promulgated by the International Accounting Standards Board (“IASB”), and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB.

## Notes to the financial statements (continued)

### 4 Changes to accounting policies

#### 4.1 New and amended standards adopted by the Company

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2019 which have been adopted by the Company. Information on these new standards which are considered to be relevant to the Company is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 16 Leases	1 January 2019
Annual Improvements to IFRSs 2015-2017 Cycle	1 January 2019

#### *IFRS 16 Leases*

IFRS 16 replaced IAS 17 and three related Interpretations. IFRS 16 introduced new and amended requirements with respect to accounting for leases. As a result, lessee accounting is now significantly different and removes distinction between finance and operating leases. It now requires recognition of a right-of-use asset and lease liability at commencement date for all leases, except for short term leases and low value leases. However, the accounting by lessor has largely remained unchanged.

The adoption of IFRS 16 did not have a material effect on the Company's financial statements.

#### *Annual Improvements to IFRSs 2015-2017 Cycle*

*Amendments to IFRS 3 and IFRS 11* - Clarify that when an entity obtains control of a business that is a joint operation it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

*IAS 12* - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

*IAS 23* - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalisation rate on general borrowings

The adoption of these amendments did not result in any significant impact on the Company's financial statements.

Several other amendments and interpretations apply for the first time in 2019, but are not relevant and/or do not have a material impact on the financial statement of the Company.

#### 4.2 IASB Standards issued but not yet effective

At the date of authorisation of the financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

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

## Notes to the financial statements (continued)

### 4 Changes to accounting policies (continued)

#### 4.2 IASB Standards issued but not yet effective (continued)

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 and IAS 8 – Amendments	1 January 2020

##### *IAS 1 and IAS 8 – Amendments*

The amendments to IAS 1 and IAS 8 clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards. The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’.

Management does not anticipate that the application of the amendments in the future will have a significant impact on the Company’s financial statements.

### 5 Summary of significant accounting policies

The significant accounting policies and measurements bases adopted in the preparation of the financial statements are summarised below:

#### 5.1 Revenue

The Company recognises revenue from the following major sources:

- Dividend income
- Income from murabaha and wakala investments

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer. The Company follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The Company often enters into transactions involving a range of the Company’s products and services.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

##### *5.1.1 Dividend income*

Dividend income is recognised when the Company’s right to receive payment is established.

##### *5.1.2 Income from murabaha and wakala investments*

Income from murabaha and wakala investments is recognised on a time proportion basis so as to yield a constant periodic rate of return based on the balance outstanding.

#### 5.2 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

## Notes to the financial statements (continued)

### 5 Summary of significant accounting policies (continued)

#### 5.3 Financial instruments

##### *5.3.1 Recognition, initial measurement and derecognition*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

All ‘regular way’ purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of financial asset or part of group of similar financial assets) is derecognised when:

- rights to receive cash flows from the assets have expired;
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass through’ arrangement and either
  - (a) the Company has transferred substantially all the risks and rewards of the asset or
  - (b) the Company has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of profit or loss and other comprehensive income.

##### *5.3.2 Classification of financial assets*

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVTPL)

## Notes to the financial statements (continued)

### 5 Summary of significant accounting policies (continued)

#### 5.3 Financial instruments (continued)

##### 5.3.2 Classification of financial assets (continued)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

The Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. In the period presented no such designation has been made.

##### 5.3.3 Subsequent measurement of financial assets

- **Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Company's financial assets at amortised cost comprise of the following:

- *Wakala investments*

Wakala is an agreement whereby the Company provides a sum of money to a financial institution under an agency arrangement, who invests it according to specific conditions in return for a fee. The agent is obliged to return the amount in case of default, negligence or violation of any terms and conditions of the Wakala.

- *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

## Notes to the financial statements (continued)

### 5 Summary of significant accounting policies (continued)

#### 5.3 Financial instruments (continued)

##### 5.3.3 Subsequent measurement of financial assets (continued)

- *Due from related parties*

Amount due from transaction with related parties and cash advances to related parties are included under due from related parties.

Financial assets at amortised cost which are not categorised under any of the above are classified as “Other receivables/Other financial assets”

- *Financial assets at FVTPL*

Financial assets that do not meet the criteria for measurement at amortised cost or FVOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains investments in equity shares.

Assets in this category are measured at fair value with gains or losses recognised in statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Company’s financial assets at FVTPL comprise of the following:

- *Local quoted shares*
- *Local fund investing in listed securities*
- *Unquoted foreign fund*

##### 5.3.4 Impairment of financial assets

All financial assets of the Company except those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

The Company recognises a loss allowance for expected credit losses (“ECL”) on financial assets at amortised cost.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

## Notes to the financial statements (continued)

### 5 Summary of significant accounting policies (continued)

#### 5.3 Financial instruments (continued)

##### 5.3.4 Impairment of financial assets (continued)

The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Company's policy is to recognise lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Company does not have any trade receivable as of the reporting date.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognises an impairment gain or loss in the statement of profit or loss and other comprehensive income for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

##### 5.3.5 Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include other liabilities.

The subsequent measurement of financial liabilities depends on their classification as follows:

- **Financial liabilities at amortised cost**

These are stated using effective interest rate method. Accrued expenses and other liabilities are classified as financial liabilities other than at FVTPL.

##### *Accrued expenses and other liabilities*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as trade payables.

##### 5.3.6 Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

## Notes to the financial statements (continued)

### 5 Summary of significant accounting policies (continued)

#### 5.3 Financial instruments (continued)

##### 5.3.7 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### 5.3.8 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 15.

#### 5.4 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued and paid up.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the Companies' Law and the Company's Articles of Association.

Other components of equity include the following:

- Cumulative changes in fair value reserve – comprises of gains and losses relating to fair value through other comprehensive income financial assets

Retained earnings includes all current and prior period retained profits. All transactions with owners are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a General Assembly Meeting.

#### 5.5 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets are not recognised in the financial statements, but are disclosed when an inflow of economic benefits is probable.

## Notes to the financial statements (continued)

### 5 Summary of significant accounting policies (continued)

#### 5.6 Foreign currency translation

##### 5.6.1 Functional and presentation currency

The financial statements are presented in currency Kuwait Dinar (KD), which is also the functional currency of the Company.

##### 5.6.2 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

#### 5.7 End of service indemnity

The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

#### 5.8 Taxation

##### 5.8.1 Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from Kuwaiti shareholding associates and subsidiaries and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

##### 5.8.2 Zakat

Contribution to Zakat is calculated at 1% of the profit of the Company in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

#### 5.9 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances.

### 6 Significant management judgements and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### 6.1 Significant management judgments

In the process of applying the Company's accounting policies, management has made the following significant judgments and estimations, which have the most significant effect on the amounts recognised in the financial statements.

## Notes to the consolidated financial statements (continued)

### 6 Critical accounting judgements and key sources of estimation uncertainty (continued)

#### 6.1 Significant management judgments (continued)

##### 6.1.1 Business model assessment

The Company classifies financial assets after performing the business model test. This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

#### 6.2. Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### 6.2.1 Impairment of financial assets

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The calculation of which includes historical data, assumptions and expectations of future conditions. The Company based these estimates using reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

### 7 General and administrative expenses

	Year ended 31 Dec. 2019 KD	Year ended 31 Dec. 2018 KD
Staff costs	16,109	12,214
Board of Director's remuneration for the year 2018 as approved by Shareholders (2018: for the year 2017) (note 12)	23,000	23,000
Others	21,885	23,048
	<b>60,994</b>	<b>58,262</b>

### 8 Wakala investments

#### Wakala investment with bank – KD1,000,000 (2018: KD1,000,000)

This represents short term wakala investments made with a local Islamic bank which matures within one month of the reporting date. The investment carries a fixed profit rate of 3% (2018: 2.125%) per annum upto maturity.

## Notes to the financial statements (continued)

### 9 Investment at fair value through profit or loss

	31 Dec. 2019 KD	31 Dec. 2018 KD
Local quoted shares	752,133	314,242
Local fund investing in listed securities (managed by Parent Company)	359,829	339,285
Unquoted foreign fund	35,320	40,555
	<u>1,147,282</u>	<u>694,082</u>

Local quoted shares with a carrying value of KD418,861 at 31 December 2019 (2018: KD77,691) are managed by the Parent Company.

### 10 Share capital

	31 Dec. 2019 KD	31 Dec. 2018 KD
Authorised and paid up share capital – 21,000,000 shares of 100 Fils each	<u>2,100,000</u>	<u>2,100,000</u>

### 11 Statutory and voluntary reserves

In accordance with the Companies Law and the Company's Articles of Association, 10% of the profit before KFAS, Zakat and director remuneration is to be transferred to statutory reserve. No transfer is required in a year in which losses are made. The shareholders of the Company may resolve to discontinue such annual transfer when the reserve totals 50% of the paid up share capital and dividend. During the year board of directors proposed to transfer an amount of KD133,307 (KD 20,010 from current year profits and 113,297 for the reserves used for dividend payments in previous years) (2018: KD82,521) to the statutory reserves.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the distribution of a dividend of that amount.

In accordance with the Company's Articles of Association, a certain % of the profit for the year before KFAS, Zakat and director remuneration, if any, is to be transferred to the voluntary reserve at the discretion of the board of directors which is to be approved at the General Assembly. For the year, 2019 board of directors propose not to transfer of the above mentioned profit to the voluntary reserve and this is subject to the approval at the General Assembly. There is no restriction on distribution of voluntary reserve.

### 12 Dividend distribution and director's remuneration

At the general assembly held on 13 June 2019 the shareholders approved the following:

- a) A cash dividend of 5 fils per share amounting to KD105,000.
- b) The financial statements for the year ended 31 December 2018 and also to pay to the board of director's remuneration of KD23,000 for the year ended 31 December 2018 (this has been recorded under general and administrative expense during year 2019).

Subject to the requisite consent of the relevant authorities and approval from the general assembly, the Company's Board of Directors propose to distribute a total amount of KD 23,000 as remuneration to the Board of Directors for the year ended 31 December 2019 and cash dividend of 5 fils per share amounting to KD105,000.

## Notes to the financial statements (continued)

### 13 Cash and cash equivalents

	31 Dec. 2019 KD	31 Dec. 2018 KD
Bank balances	75,048	507,795
Cash balance with portfolio managers: - Others (held through the Parent Company)	76,794	32,789
	<b>151,842</b>	<b>540,584</b>

Cash and cash equivalents include bank balances of KD50,989 (2018: KD109,475) which are designated for the purpose of payment on account of capital reduction and dividend.

### 14 Related party transactions

Related parties represent the Parent Company, the Ultimate Parent Company, other major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Company's management.

Details of significant related party transactions and balances are as follows:

	31 Dec. 2019 KD	31 Dec. 2018 KD
<b>Balances and transactions included in statement of financial position</b>		
Cash balances with the portfolio managers (held through Parent Company)	76,794	32,789
Local fund investing in listed securities (managed by Parent Company)	359,829	339,285
Local quoted shares (managed by Parent Company)	113,620	77,691
Due from related party – Parent Company	550,292	550,592
Due to key management personnel (included in accrued expenses and other liabilities)	2,000	2,000
<b>Transactions included in statement of profit or loss and other comprehensive income</b>		
Income from murabaha investments – from Parent Company	-	4,227
Management fee expenses – Parent Company	2,573	385
Rent expenses – Parent Company	3,000	3,000
<b>Compensation of key management personnel of the company</b>		
Board of directors' remuneration for the year 2018 (2018: for the year 2017) (refer note 7 and 12)	23,000	23,000

## Notes to the financial statements (continued)

### 15 Summary of financial assets and liabilities by category and fair value measurement

#### 15.1 Categories of financial assets and liabilities

The carrying amounts of the Company's financial assets and liabilities as stated in the statement of financial position may also be categorized as follows:

	31 Dec. 2019 KD	31 Dec. 2018 KD
Financial assets at amortised cost		
• Cash and cash equivalents	151,842	540,584
• Wakala investment	1,000,000	1,000,000
• Accrued income and other receivable	30,257	20,683
• Due from related parties	550,292	550,592
Investments at fair value through profit or loss	1,147,282	694,082
	<b>2,879,673</b>	<b>2,805,941</b>
Financial liabilities at amortised cost		
• Accrued expenses and other liabilities	56,719	52,937
	<b>56,719</b>	<b>52,937</b>

#### 15.2 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the opinion of the Company's management, the carrying value of all financial assets and liabilities noted above is considered a reasonable approximation of their fair values.

#### 15.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statement are grouped into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

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

#### 15.4 Fair value measurement of financial instruments

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2019		Level 1 KD	Level 2 KD	Level 3 KD	Total Balance KD
<b>Assets at fair value</b>					
Investments at fair value through profit or loss					
- Quoted shares	a	752,133	-	-	752,133
- Local funds	b	-	359,829	-	359,829
- Foreign fund	c	-	35,320	-	35,320
<b>Total</b>		<b>752,133</b>	<b>395,149</b>	-	<b>1,147,282</b>

## Notes to the financial statements (continued)

### 15 Summary of financial assets and liabilities by category and fair value measurement (continued)

#### 15.4 Fair value measurement of financial instruments (continued)

31 December 2018		Level 1	Level 2	Level 3	Total Balance
	Note	KD	KD	KD	KD
Investments at fair value through profit or loss					
- Quoted shares	a	314,242	-	-	314,242
- Local funds	b	-	339,285	-	339,285
- Foreign fund	c	-	40,555	-	40,555
<b>Total</b>		<b>314,242</b>	<b>379,840</b>	<b>-</b>	<b>694,082</b>

There have been no significant transfers between level 1 and level 2 during the reporting period.

#### Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are as follows:

##### a) Quoted shares (level 1)

Quoted shares represent all listed securities which are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid price at the reporting date.

##### b) Local funds (level 2)

The underlying investments of local funds primarily comprises of foreign and local quoted securities. The fair values of the funds have been valued based on net asset value reported by the fund manager.

##### c) Foreign funds (level 2)

The underlying investments of foreign funds primarily comprise of foreign quoted and unquoted securities. Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

### 16 Risk management objectives and policies

The Company's principal financial liabilities comprise accrued expenses and other liabilities. The Company has various financial assets such as accrued income and other receivable, wakala investments, cash and cash equivalents, due from related parties, and investment securities which arise directly from operations.

The Company's activities expose it to variety of financial risks: market risk, credit risk and liquidity risk.

The Company's board of directors sets out policies for reducing each of the risks discussed below.

The Company does not use derivative financial instruments.

The most significant financial risks to which the Company is exposed to are described below.

## Notes to the financial statements (continued)

### 16 Risk management objectives and policies (continued)

#### 16.1 Market risk

##### a) Foreign currency risk

Foreign currency risk is the risk that the value of monetary financial instruments will fluctuate due to changes in foreign exchange rates. As at the reporting date the Company does not have any significant exposure to foreign currency denominated monetary assets or monetary liabilities and therefore, the Company is not exposed to any significant foreign currency risks.

##### b) Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Company's wakala investments are not exposed to profit rate risk as they earn profit at fixed rates until maturity.

##### c) Price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Company is exposed to equity price risk with respect to its listed equity investment which are primarily located in Kuwait, classified as investment at fair value through profit or loss.

The equity price risk sensitivity is determined on the exposure to equity price risks at the reporting date. If equity prices had been 10% higher/lower, the effect on the profit for the year ended 31 December 2019 would have been as follows:

A positive number below indicates an increase in the profit where the equity prices increase by 10%. All other variables are held constant.

	Effect on profit for the year ended	Effect on profit for the year ended
	31 Dec. 2019	31 Dec. 2018
	KD	KD
Investments at fair value through profit or loss	75,213	31,424

If there was a negative change in equity prices in accordance with the above mentioned equity price risk sensitivity assumptions (10%), there would be an equal and opposite impact on the profit for the year, and the balances shown above would be negative.

#### 16.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company credit policy and exposure to credit risk is monitored on an ongoing basis.

The Company's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the statement of financial position, as summarized below:

## Notes to the financial statements (continued)

### 16 Risk management objectives and policies (continued)

#### 16.2 Credit risk (continued)

	31 Dec. 2019 KD	31 Dec. 2018 KD
Bank balances	75,048	507,795
Cash balances with the portfolio managers	76,794	32,789
Wakala investment	1,000,000	1,000,000
Accrued income and other receivable	30,257	20,683
Due from related party	550,292	550,592
Investment at fair value through profit or loss	1,147,282	694,082
	<b>2,879,673</b>	<b>2,805,941</b>

The credit risk for bank balances and wakala investment with banks and amounts due from related party are considered negligible, since the counterparties are reputable financial institution / entities with high credit quality.

#### 16.3 Concentration of financial assets

As at the reporting date KD1,100,535 (38%) [2018: KD1,000,357 (36%)] of the Company's financial assets (wakala investments and accrued income, cash balances with portfolio managers, investment at fair value through profit or loss and due from related parties) are either placed with, due from or managed by the Parent Company, a Kuwaiti listed investment company.

#### 16.4 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. To limit this risk, management of the Company has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The table below summarises the maturity profile of the Company's assets and liabilities. Except for investments carried at fair value through profit or loss, the maturities of assets and liabilities have been determined on the basis of the remaining period from the reporting date to the contractual maturity date.

The maturity profile for investments carried at fair value through profit or loss is determined based on management's estimate of liquidation of those investments.

Maturity profile of assets and liabilities are as follows:

	Kuwaiti Dinars		
	1 year KD	Over 1 year KD	Total KD
<b>At 31 December 2019</b>			
<b>ASSETS</b>			
Cash and cash equivalents	151,842	-	151,842
Wakala investment	1,000,000	-	1,000,000
Investment at fair value through profit or loss	1,147,282	-	1,147,282
Accrued income and other receivables	30,257	-	30,257
Due from related parties	550,292	-	550,292
	<b>2,879,673</b>	<b>-</b>	<b>2,879,673</b>
<b>LIABILITIES</b>			
Accrued expenses and other liabilities	56,719	-	56,719
Provision for end of service benefits	-	5,793	5,793
	<b>56,719</b>	<b>5,793</b>	<b>62,512</b>

## Notes to the financial statements (continued)

### 16 Risk management objectives and policies (continued)

#### 16.4 Liquidity risk (continued)

	Kuwaiti Dinars		
	1 year KD	Over 1 year KD	Total KD
At 31 December 2018			
<b>ASSETS</b>			
Cash and cash equivalents	540,584	-	540,584
Wakala investment	1,000,000	-	1,000,000
Investment at fair value through profit or loss	694,082	-	694,082
Accrued income and other receivables	20,683	-	20,683
Due from related parties	550,592	-	550,592
	2,805,941	-	2,805,941
<b>LIABILITIES</b>			
Accrued expenses and other liabilities	52,937	-	52,937
Provision for end of service benefits	-	4,279	4,279
	52,937	4,279	57,216

The contractual maturity of financial liabilities based on discounted cash flows approximates the above.

### 17 Capital risk management

The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to provide adequate return to its shareholders through optimisation of the capital structure.

The capital of the Company consists of total equity. The Company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, buy back shares, issue new shares or sell assets to reduce debt. The management monitors the Company's return on capital.

### 18 Subsequent events

On 11 March 2020, the World Health Organization characterised Covid-19 as a pandemic, negatively impacting global markets, disrupting supply chains, and changing social behaviour. It is uncertain if Covid-19 will continue disrupting global markets and what impact it will have on the Company's operation. As the situation is fluid and rapidly evolving, the Company does not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company.

The effect of Covid-19 are also likely to impact the Company's estimates in 2020 (including IFRS 9 ECL assessments) and the Company's equity investments which are exposed to equity price risk. Equity investments are classified as investments at fair value through profit or loss. The Covid-19 outbreak has resulted in declines in the stock market indices throughout the world including Kuwait and GCC region.