

Interim condensed consolidated financial information and review report

**Noor Financial Investment Company – KPSC and Subsidiaries**

**Kuwait**

30 June 2021 (Unaudited)

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## Report on review of interim condensed consolidated financial information

To the board of directors of  
Noor Financial Investment Company – KPSC  
Kuwait

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Noor Financial Investment Company KPSC (the “Parent Company”) and its subsidiaries (together “the Group”) as of 30 June 2021 and the related interim condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

### **Report on review of other legal and regulatory requirements**

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

We further report that, to the best of our knowledge and belief, no violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of law No. 7 of 2010 regarding the Capital Markets Authority and its relevant regulations have occurred during the six-month period ended 30 June 2021 that might have had a material effect on the business or financial position of the Parent Company.

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

Kuwait  
12 August 2021

## Interim condensed consolidated statement of profit or loss

	Notes	Three months ended		Six months ended	
		30 June 2021 (Unaudited) KD	30 June 2020 (Unaudited) KD	30 June 2021 (Unaudited) KD	30 June 2020 (Unaudited) KD
<b>Income</b>					
Revenue from hotel operations and IT Services		2,951,671	2,801,322	5,925,545	6,934,063
Gain/(loss) on sale of investments at fair value through profit or loss		27,036	(57,308)	67,745	(38,265)
Change in fair value of investments at fair value through profit or loss		511,120	751,262	1,167,441	(876,885)
Dividend income		315,641	424,391	390,391	505,927
Change in the fair value of investment properties		-	(881,788)	-	(881,788)
Loss on sale of investment properties		(18,000)	-	(18,000)	-
Share of results of associate	10	4,350,305	4,724,542	8,398,199	7,556,911
Rental Income		184,346	52,332	349,660	268,283
Management fees		6,850	4,879	10,013	10,152
		8,328,969	7,819,632	16,290,994	13,478,398
Cost of sales and services from hotel operations and IT services		(2,372,318)	(2,551,124)	(4,802,025)	(5,845,352)
General, administrative and other expenses		(1,127,880)	(1,135,406)	(2,197,763)	(2,118,701)
<b>Operating profit</b>		4,828,771	4,133,102	9,291,206	5,514,345
Interest and other income	21.b	228,594	220,457	447,938	431,315
Foreign exchange (loss)/gain		(8,749)	37,304	(14,386)	77,173
Finance costs		(238,108)	(272,972)	(488,878)	(584,970)
Impairment of receivables		-	(259,911)	-	(442,461)
<b>Profit for the period before provisions for contribution for Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat</b>		4,810,508	3,857,980	9,235,880	4,995,402
Provisions for KFAS, Zakat and NLST		(46,376)	(37,500)	(97,018)	(49,826)
<b>Profit for the period</b>		4,764,132	3,820,480	9,138,862	4,945,576
<b>Attributable to:</b>					
Owners of the Parent Company		4,579,972	3,895,931	8,818,481	4,990,366
Non-controlling interests		184,160	(75,451)	320,381	(44,790)
<b>Profit for the period</b>		4,764,132	3,820,480	9,138,862	4,945,576
<b>Basic and diluted earnings per share attributable to the owners of the Parent Company (Fils)</b>	5	11.60	9.86	22.33	12.63

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

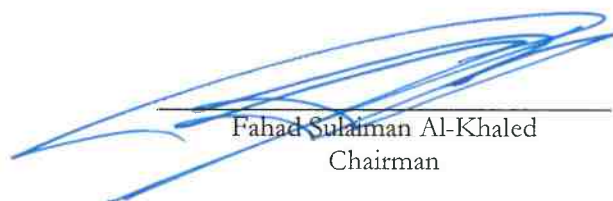
## Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended		Six months ended	
	30 June 2021 (Unaudited) KD	30 June 2020 (Unaudited) KD	30 June 2021 (Unaudited) KD	30 June 2020 (Unaudited) KD
Profit for the period	4,764,132	3,820,480	9,138,862	4,945,576
<b>Other comprehensive income:</b>				
<i>Items that will be reclassified subsequently to consolidated statement of profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(2,646,950)	(632,973)	130,501	(2,688,008)
Share of other comprehensive income/(loss) of associate	8,861	(1,873,435)	327,991	(3,289,668)
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of profit or loss:</i>				
Net changes in fair value of investments at FVTOCI	4,754,809	314,959	5,278,994	(3,250,021)
<b>Total other comprehensive income/(loss) for the period</b>	<b>2,116,720</b>	<b>(2,191,449)</b>	<b>5,737,486</b>	<b>(9,227,697)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>6,880,852</b>	<b>1,629,031</b>	<b>14,876,348</b>	<b>(4,282,121)</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Parent Company	5,464,446	1,716,189	13,199,585	(4,139,579)
Non-controlling interests	1,416,406	(87,158)	1,676,763	(142,542)
<b>Total comprehensive income/(loss) for the period</b>	<b>6,880,852</b>	<b>1,629,031</b>	<b>14,876,348</b>	<b>(4,282,121)</b>

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of financial position

	Notes	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
<b>Assets</b>				
Cash and cash equivalents	6	8,696,404	11,131,432	7,243,370
Wakala investments		-	-	1,000,000
Investments at fair value through profit or loss	7	8,398,098	7,599,868	7,821,340
Accounts receivable and other assets	8	5,970,836	4,489,542	6,981,337
Inventories		586,823	589,801	586,393
Investments at fair value through other comprehensive income	9	17,472,943	13,240,681	12,980,528
Investment in associate	10	57,955,126	52,118,051	46,768,021
Investment properties	11	12,423,850	13,056,083	12,979,906
Property and equipment		1,573,219	1,677,607	1,838,737
Right of use assets		1,160,653	1,257,317	1,365,688
Goodwill and other intangible asset		2,029,278	2,029,278	2,029,278
<b>Total assets</b>		<b>116,267,230</b>	<b>107,189,660</b>	<b>101,594,598</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks	6	306,635	333,516	704,053
Accounts payable and other liabilities		8,584,188	9,272,195	8,545,295
Borrowings	12	19,921,875	22,699,375	26,526,816
Provision for employees' end of service benefits		1,391,262	1,269,027	1,218,204
<b>Total liabilities</b>		<b>30,203,960</b>	<b>33,574,113</b>	<b>36,994,368</b>
<b>Equity</b>				
Share capital	13	41,316,276	41,316,276	41,316,276
Share premium		3,410,573	3,410,573	3,410,573
Treasury shares	14	(4,138,316)	(4,138,316)	(4,138,316)
Legal reserve		6,681,356	6,681,356	5,466,869
Voluntary reserve		6,681,356	6,681,356	5,466,869
Cumulative changes in fair value		(642,738)	(4,592,987)	(5,025,784)
Foreign currency translation reserve		(24,174,063)	(24,304,564)	(25,778,075)
Retained earnings		48,577,367	41,828,327	37,390,246
<b>Equity attributable to the owners of the Parent Company</b>		<b>77,711,811</b>	<b>66,882,021</b>	<b>58,108,658</b>
Non-controlling interests		8,351,459	6,733,526	6,491,572
<b>Total equity</b>		<b>86,063,270</b>	<b>73,615,547</b>	<b>64,600,230</b>
<b>Total liabilities and equity</b>		<b>116,267,230</b>	<b>107,189,660</b>	<b>101,594,598</b>

  
Fahad Sulaiman Al-Khaled  
Chairman

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of changes in equity

	Equity attributable to owners of the Parent Company							Non- controlling interests	Total equity
	Share capital KD	Share premium KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD		
Balance as at 1 January 2021	41,316,276	3,410,573	(4,138,316)	6,681,356	6,681,356	(4,592,987)	(24,304,564)	6,733,526	73,615,547
Redemption of units by non-controlling interests	-	-	-	-	-	-	-	(13,220)	(13,220)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(45,610)	(45,610)
Cash dividends (note 20)	-	-	-	-	-	-	-	(2,369,795)	(2,369,795)
Total transactions with owners	-	-	-	-	-	-	-	(58,830)	(2,428,625)
Profit for the period	-	-	-	-	-	-	-	320,381	9,138,862
Total other comprehensive income for the period	-	-	-	-	-	4,250,603	130,501	1,356,382	5,737,486
Total comprehensive income for the period	-	-	-	-	-	4,250,603	130,501	1,676,763	14,876,348
Gain on sale of investments at FVTOCI	-	-	-	-	-	(300,354)	-	300,354	-
Balance as at 30 June 2021 (Unaudited)	41,316,276	3,410,573	(4,138,316)	6,681,356	6,681,356	(642,738)	(24,174,063)	8,351,459	86,063,270

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.



## Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to owners of the Parent Company								Non- controlling interests	Total equity	
	Share capital KD	Share premium KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD			Sub- Total KD
Balance as at 1 January 2020	41,316,276	3,410,573	(4,138,316)	5,466,869	5,466,869	1,416,153	(23,090,067)	34,769,670	64,618,027	6,635,768	71,253,795
Redemption of share capital by non- controlling interest	-	-	-	-	-	-	-	-	-	(1,654)	(1,654)
Cash dividends (note 20)	-	-	-	-	-	-	-	(2,369,790)	(2,369,790)	-	(2,369,790)
Total transactions with owners	-	-	-	-	-	-	-	(2,369,790)	(2,369,790)	(1,654)	(2,371,444)
Profit/(loss) for the period	-	-	-	-	-	-	-	4,990,366	4,990,366	(44,790)	4,945,576
Total other comprehensive loss for the period	-	-	-	-	-	(6,441,937)	(2,688,008)	-	(9,129,945)	(97,752)	(9,227,697)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(6,441,937)	(2,688,008)	4,990,366	(4,139,579)	(142,542)	(4,282,121)
Balance as at 30 June 2020 (Unaudited)	41,316,276	3,410,573	(4,138,316)	5,466,869	5,466,869	(5,025,784)	(25,778,075)	37,390,246	58,108,658	6,491,572	64,600,230

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.



## Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2021 (Unaudited) KD	Six months ended 30 June 2020 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit before taxes		9,235,880	4,995,402
Adjustments:			
Dividend income		(390,391)	(505,927)
Share of results of associate		(8,398,199)	(7,556,911)
Interest income		(25,535)	(38,873)
Loss on sale of investment properties		18,000	-
Change in the fair value of investment properties		-	881,788
Reversal of impairment on wakala investments		(441,625)	(400,000)
Depreciation and amortization		207,186	375,884
Provision for employees' end of service benefits		131,896	161,505
Finance costs		488,878	584,970
Impairment of receivables		-	442,461
		826,090	(1,059,701)
<b>Changes in operating assets and liabilities:</b>			
Investments at fair value through profit or loss		(798,230)	3,882,905
Accounts receivable and other assets		(201,396)	(2,977,902)
Accounts payable and other liabilities		(857,453)	72,580
Inventories		2,978	(59,153)
<b>Cash used in operation</b>		(1,028,011)	(141,271)
Employees' end of service paid		(9,661)	(1,402)
<b>Net cash used in operating activities</b>		(1,037,672)	(142,673)
<b>INVESTING ACTIVITIES</b>			
Net additions to property, plant and equipment		(27,281)	(51,932)
Proceeds from sale of investment at FVTOCI		1,053,690	-
Proceeds from sale of investment properties		620,000	-
Dividend received from associate		1,748,389	1,521,937
Dividend income received		390,391	505,927
Interest income received		25,535	38,873
Proceeds from settlement of Wakala investments		441,625	400,000
<b>Net cash from investing activities</b>		4,252,349	2,414,805
<b>FINANCING ACTIVITIES</b>			
Net movement of borrowings		(2,777,500)	(825,205)
Redemption of units by non-controlling interests		(13,220)	(1,655)
Paid to subsidiaries shareholders on capital reduction		(90,812)	(11,680)
Dividend paid to non-controlling interests by a subsidiary		(46,300)	-
Dividend paid		(2,206,151)	(2,109,161)
Finance costs paid		(488,841)	(585,937)
<b>Net cash used in financing activities</b>		(5,622,824)	(3,533,638)
Net decrease in cash and cash equivalents		(2,408,147)	(1,261,506)
Cash and cash equivalents at beginning of the period	6	9,541,926	6,544,833
<b>Cash and cash equivalents at end of the period</b>	6	7,133,779	5,283,327

The notes set out on pages 8 to 23 form an integral part of this interim consolidated financial information.

# Notes to the interim condensed consolidated financial information

## 1 Incorporation and activities

Noor Financial Investment Company - KPSC (“the Parent Company”) was incorporated in Kuwait on 1 February 1997 and during May 2006 its shares were listed on the Kuwait Stock Exchange (Boursa Kuwait). The Parent Company and its subsidiaries are together referred to as the Group. The Parent Company is regulated by the Central Bank of Kuwait and also by the Capital Markets Authority (CMA), as an investment company and is a subsidiary of National Industries Group Holding - KPSC (“the Ultimate Parent Company”).

The Parent Company’s shareholders in their Extra-Ordinary General Assembly meeting held on 14 June 2021 approved the amendments in certain principal objectives. The Parent Company’s principle activities include the following:

- Invest in various economic sectors through the establishment of specialized companies or purchase of shares or stakes in those companies;
- Act as investment portfolio manager;
- Fund and brokerage in international trade operations;
- Collective investment system manager;
- Act as underwriting agent;
- Carry out all the services and activities that help developing the financial and monetary market in the State of Kuwait;
- Trade, by selling and buying, in shares, bonds, Sukuks and other securities listed in Boursa Kuwait and foreign securities for the Parent Company’s account only;
- Invest in real estate, industrial and agricultural sectors of the economy in all types of instruments;
- Provide funding operations to third parties to buy or lease fixed assets and movables through contracts;
- Act as investment advisor;
- Act as custodian;
- Represent foreign companies the objectives of which are identical with the objectives of the Company in order to market their products and services in accordance with the relevant Kuwaiti legislation;
- Act as non-registered stockbroker in a stock exchange.

The Parent Company has the right to perform the above mentioned activities inside and outside the State of Kuwait directly or through an agent. The Parent Company may have an interest or participate in any aspect with the entities performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The Parent Company may also purchase these entities or affiliate with them. Further, the Parent Company may practice works similar or complementary or necessary or related to its above mentioned objectives and may utilize its surplus funds by investing same in portfolios and funds managed by specialized companies and bodies.

The address of the Parent Company’s registered office is NIG Building, Ground Floor, Shuwaikh, Kuwait (PO Box 3311, Safat 13034, State of Kuwait).

The Board of Directors of the Parent Company approved this interim condensed consolidated financial information for issue on 12 August 2021.

# Notes to the interim condensed consolidated financial information (continued)

## 2 Basis of preparation

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

The annual consolidated financial statements for the year ended 31 December 2020 were prepared in accordance with the International Financial Reporting Standards (“IFRS”) promulgated by the International Accounting Standards Board (“IASB”), and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB, as modified for use by the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (“CBK”). The modification requires adoption of all IFRSs for such institutions except for the IFRS 9 requirement for measurement of expected credit losses (“ECL”) for credit facilities. The CBK requires to measure the provision for credit losses at the higher of provision calculated under IFRS 9 in accordance with the CBK guidelines, and the provision required by the prudential regulations of the CBK.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional and presentation currency of the Parent Company.

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

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

## 3 Changes in accounting policies

### 3.1 New and amended standards adopted by the Group

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

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

### 3.2 IASB Standards issued but not yet effective

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

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

## Notes to the interim condensed consolidated financial information (continued)

### 3 Changes in accounting policies (continued)

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

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

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

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

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

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

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

#### ***IAS 1 Amendments - Classification of current or non-current***

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

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



## Notes to the interim condensed consolidated financial information (continued)

### 3 Changes in accounting policies (continued)

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

##### *IAS 1 Amendments – Disclosure of accounting policies*

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

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

##### *IAS 8 Amendments – Definition of accounting estimates*

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

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

##### *IAS 16 Amendments – Proceeds before intended use*

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

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

##### *Annual Improvements 2018-2020 Cycle*

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

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

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

## Notes to the interim condensed consolidated financial information (continued)

### 3 Changes in accounting policies (continued)

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

##### *Annual Improvements 2018-2020 Cycle (continued)*

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

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

### 4 Judgement and estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2020.

### 5 Basic & diluted earnings per share attributable to the owners of the Parent Company

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

	Three months ended		Six months ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	4,579,972	3,895,931	8,818,481	4,990,366
Weighted average number of shares outstanding during the period (excluding treasury shares)	394,964,896	394,964,896	394,964,896	394,964,896
Basic and diluted earnings per share (Fils)	11.60	9.86	22.33	12.63

## Notes to the interim condensed consolidated financial information (continued)

### 6 Cash and cash equivalents

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Cash and bank balances	5,473,561	4,133,589	3,904,927
Short-term deposits	3,222,843	6,997,843	3,338,443
<b>Cash and cash equivalents</b>	<b>8,696,404</b>	<b>11,131,432</b>	<b>7,243,370</b>
Less:			
Due to banks	(306,635)	(333,516)	(704,053)
Blocked balances	(5,990)	(5,990)	(5,990)
Short-term deposits maturing after three months	(1,250,000)	(1,250,000)	(1,250,000)
<b>Cash and cash equivalents for statement of cash flows</b>	<b>7,133,779</b>	<b>9,541,926</b>	<b>5,283,327</b>

Due to banks represent bank overdraft facilities utilised by a subsidiary and is secured by pledge of short term deposits of KD622,843 (31 December 2020: KD622,843 and 30 June 2020: KD622,843).

Deposits amounting to KD Nil (31 December 2020: KD1,390,000 and 30 June 2020: KD1,600,000) are secured against borrowing (note 12).

### 7 Investments at fair value through profit or loss

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Local quoted shares	3,901,513	3,607,799	4,368,601
Foreign quoted shares	4,373,382	3,824,784	3,286,363
Unquoted foreign funds and shares	123,203	167,285	166,376
	<b>8,398,098</b>	<b>7,599,868</b>	<b>7,821,340</b>

Quoted shares with a fair value of KD1,072,187 (31 December 2020: KD869,694 and 30 June 2020: KD1,774,232) are secured against borrowings (note 12).

### 8 Accounts receivable and other assets

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
<b>Financial assets:</b>			
Accounts receivable - net	2,599,002	3,059,283	3,515,153
Due from the Ultimate Parent Company	-	-	2,679
Due from other related parties	9,301	9,382	73,664
Dividend receivable from associate	1,279,899	-	-
Due from investment brokerage companies	692,905	375,010	2,225,996
Accrued income	235,904	407,449	671,404
Other financial assets	362,970	267,659	282,578
	<b>5,179,981</b>	<b>4,118,783</b>	<b>6,771,474</b>
<b>Non-financial assets</b>			
Other assets	790,855	370,759	209,863
	<b>5,970,836</b>	<b>4,489,542</b>	<b>6,981,337</b>



## Notes to the interim condensed consolidated financial information (continued)

### 9 Investments at fair value through other comprehensive income

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Local quoted shares	8,198,293	6,617,373	6,275,323
Foreign quoted shares	38,559	282,185	270,572
Local unquoted shares	1,485,595	1,442,640	1,286,213
Foreign unquoted shares	7,235,769	4,399,458	4,521,723
Foreign funds	514,727	499,025	626,697
	<b>17,472,943</b>	<b>13,240,681</b>	<b>12,980,528</b>

Quoted and unquoted shares with an aggregate fair value of KD8,466,891 (31 December 2020: KD6,854,872 and 30 June 2020: KD6,287,108) are secured against borrowings (note 12).

### 10 Investment in associate

The movement of investment in associate is as follows:

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Balance at the beginning of the period/year	52,118,051	46,722,338	46,722,338
Share of results	8,398,199	14,845,557	7,556,911
Share of other comprehensive income/(loss)	327,991	(3,190,730)	(3,289,668)
Dividends	(3,028,288)	(4,980,065)	(1,521,937)
Foreign currency translation adjustments	139,173	(1,279,049)	(2,699,623)
<b>Balance at the end of the period/year</b>	<b>57,955,126</b>	<b>52,118,051</b>	<b>46,768,021</b>

### 11 Investment properties

The movement of investment properties is as follows:

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Balance at the beginning of the period/year	13,056,083	13,895,210	13,895,210
Disposals	(638,000)	-	-
Changes in fair value	-	(872,677)	(881,788)
Foreign currency translation adjustments	5,767	33,550	(33,516)
<b>Balance at the end of the period/year</b>	<b>12,423,850</b>	<b>13,056,083</b>	<b>12,979,906</b>

## Notes to the interim condensed consolidated financial information (continued)

### 11 Investment properties (continued)

Investment properties comprise land and buildings in the following countries:

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Kuwait	9,878,000	10,516,000	10,516,000
Outside Kuwait	2,545,850	2,540,083	2,463,906
	<b>12,423,850</b>	<b>13,056,083</b>	<b>12,979,906</b>

Investments properties with carrying value of KD8,481,000 (31 December 2020: KD8,481,000 and 30 June 2020: KD9,878,000) are secured against borrowings (note 12).

### 12 Borrowings

			30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Tawaruq payables			-	-	407,288
Term loans from banks	12.1	Secured	18,421,875	20,199,375	21,459,375
Term loan from Ultimate Parent Company	12.2	Secured	1,500,000	2,500,000	4,000,000
Ijara financing			-	-	660,153
Total			<b>19,921,875</b>	<b>22,699,375</b>	<b>26,526,816</b>

12.1 Term loans obtained in Kuwaiti Dinar from local banks carry effective interest rate of 3.5% per annum (31 December 2020: 3.31% and 30 June 2020: 3.32% per annum) and repayable in one instalment on 31 December 2023. These loans are fully secured by certain investments at fair value through profit or loss, investments at fair value through other comprehensive income, investment properties and Group's ownership of two unlisted subsidiaries (notes 7, 9 and 11).

12.2 Term loan obtained from the Ultimate Parent Company carries effective interest rate of 3.5% per annum (31 December 2020: 3.5% and 30 June 2020: 3.5% per annum) and repayable on 31 December 2021.

12.3 The borrowings are due for repayment as follows:

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Within one year	1,500,000	2,500,000	5,197,441
Over one year	18,421,875	20,199,375	21,329,375
	<b>19,921,875</b>	<b>22,699,375</b>	<b>26,526,816</b>

## Notes to the interim condensed consolidated financial information (continued)

### 13 Share capital

The authorised, issued and paid up share capital of the Parent Company comprises of 413,162,761 shares of 100 Fils each (31 December 2020 and 30 June 2020: 413,162,761 of 100 Fils each), fully paid in cash.

The Extraordinary General Assembly of the shareholders of the Parent Company held on 14 June 2021 approved the followings:

- Decrease the authorised, issued and paid up share capital of the Parent Company by KD1,333,550 through cancellation of 13,335,499 treasury shares to become the issued and paid up share capital of KD39,982,726 divided into 399,827,262 shares of 100 Fils each.
- Increase the issued and paid up share capital of the Parent Company by KD1,333,550 through issuing new shares at fils 100 per share in kind to the non-controlling interest holders of the merged entity (note 22) to become the issued and paid up share capital of KD41,316,276 divided into 413,162,761 shares of 100 Fils each.

On 5 August 2021, the decrease of the share capital has been documented in commercial register of the Ministry of Commerce Industry. Up to the date of issuing of this interim condensed consolidated financial information, the Parent Company is currently in process to complete the documentation of the increase of share capital in commercial register of the Ministry of Commerce and Industry.

### 14 Treasury shares

	30 June 2021 (Unaudited)	31 Dec. 2020 (Audited)	30 June 2020 (Unaudited)
Number of shares	18,197,865	18,197,865	18,197,865
Percentage of issued shares	4.40%	4.40%	4.40%
Market value (KD)	4,112,717	3,075,439	2,511,305
Cost (KD)	4,138,316	4,138,316	4,138,316

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

### 15 Segment analysis

The Group's activities are concentrated in four main segments: Investments, Real Estate, IT services and Hotel operations. These segments are identified based on internal management reporting information and regularly reviewed by the Chief Operating Decision Maker (CODM) for resource allocation and performance assessment. The Group's principal activities, significant assets and liabilities are carried out and located mainly in Kuwait, Pakistan, Middle East and Europe.

## Notes to the interim condensed consolidated financial information (continued)

### 15 Segment analysis (continued)

The segmental analysis of total revenues, profit for the period, total assets and total liabilities for the business segments are as follows:

	Investments		Real Estate		IT services		Hotel operations		Total
	30 June 2021 KD	30 June 2020 KD	30 June 2021 KD	30 June 2020 KD	30 June 2021 KD	30 June 2020 KD	30 June 2021 KD	30 June 2020 KD	
Revenue from hotel operations and IT services	-	-	-	-	5,435,559	6,129,329	489,986	804,734	5,925,545
Investments related income (realised, unrealised and dividend income)	1,625,577	(409,223)	-	-	-	-	-	-	1,625,577
Rental income	-	-	349,660	268,283	-	-	-	-	349,660
Loss on sale of investment properties	-	-	(18,000)	-	-	-	-	-	(18,000)
Change in the fair value of investments properties	-	-	-	(881,788)	-	-	-	-	(881,788)
Management and placement fee	10,013	10,152	-	-	-	-	-	-	10,013
Share of results of associates	8,398,199	7,556,911	-	-	-	-	-	-	8,398,199
Total income	10,033,789	7,157,840	331,660	(613,505)	5,435,559	6,129,329	489,986	804,734	16,290,994
Cost of sales and services	-	-	-	-	(4,638,736)	(5,522,805)	(163,289)	(322,547)	(4,802,025)
General and administrative expenses	(1,214,602)	(1,092,755)	(70,414)	(8,909)	(511,160)	(476,844)	(401,587)	(540,193)	(2,197,763)
Operating profit/(loss)	8,819,187	6,065,085	261,246	(622,414)	285,663	129,680	(74,890)	(58,006)	9,291,206
Interest income, other income and foreign exchange gain	433,552	508,488	-	-	-	-	-	-	433,552
Impairment	-	(530,967)	-	-	-	94,606	-	(6,100)	(442,461)
Finance costs	(395,914)	(490,038)	-	-	(32,029)	(32,631)	(60,935)	(62,301)	(488,878)
Segment profit/ (loss)	8,856,825	5,552,568	261,246	(622,414)	253,634	191,655	(135,825)	(126,407)	4,995,402
<b>30 June 2021 (Unaudited)</b>									
Investments	Assets	Net assets	Assets	Net assets	Assets	Net assets	Assets	Net assets	Net assets
	KD	KD	KD	KD	KD	KD	KD	KD	
Real Estate	92,227,448	(24,793,703)	67,433,745	55,934,102	74,940,474	(29,299,613)	45,640,861	12,380,444	45,640,861
IT services	12,464,363	(15,029)	12,449,334	13,083,719	13,052,984	(672,540)	12,380,444	4,685,869	12,380,444
Hotel operations	7,962,927	(3,119,905)	4,843,022	7,169,772	3,284,624	(4,754,488)	1,893,056	1,893,056	1,893,056
	3,612,492	(2,275,323)	1,337,169	3,538,952	4,160,783	(2,267,727)	1,893,056	1,893,056	1,893,056
Total	116,267,230	(30,203,960)	86,063,270	73,615,547	101,594,598	(36,994,368)	64,600,230	64,600,230	64,600,230
<b>31 December 2020 (Audited)</b>									
Investments	Assets	Net assets	Assets	Net assets	Assets	Net assets	Assets	Net assets	Net assets
	KD	KD	KD	KD	KD	KD	KD	KD	
Real Estate	92,227,448	(24,793,703)	67,433,745	55,934,102	74,940,474	(29,299,613)	45,640,861	12,380,444	45,640,861
IT services	12,464,363	(15,029)	12,449,334	13,083,719	13,052,984	(672,540)	12,380,444	4,685,869	12,380,444
Hotel operations	7,962,927	(3,119,905)	4,843,022	7,169,772	3,284,624	(4,754,488)	1,893,056	1,893,056	1,893,056
	3,612,492	(2,275,323)	1,337,169	3,538,952	4,160,783	(2,267,727)	1,893,056	1,893,056	1,893,056
Total	116,267,230	(30,203,960)	86,063,270	73,615,547	101,594,598	(36,994,368)	64,600,230	64,600,230	64,600,230

## 16 Related party transactions

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

	Three months ended		Six months ended	
	30 June 2021 (Unaudited) KD	30 June 2020 (Unaudited) KD	30 June 2021 (Unaudited) KD	30 June 2020 (Unaudited) KD
<b>Interim condensed consolidated statement of profit or loss</b>				
Management and placement fees	875	868	1,713	1,675
Finance costs - Ultimate Parent company	20,761	34,904	42,336	80,670
<b>Key management compensation:</b>				
Salaries and short term employee benefits	90,867	147,378	177,626	255,844
End of service benefits	5,539	6,806	10,395	13,619
	96,406	154,184	188,021	269,463

## Notes to the interim condensed consolidated financial information (continued)

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

#### 17.1 Categories of financial assets and liabilities

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

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
<b>Financial assets</b>			
<b>At amortised cost:</b>			
Cash and cash equivalents	8,696,404	11,131,432	7,243,370
Wakala investments	-	-	1,000,000
Accounts receivable and other assets (note 8)	5,179,981	4,118,783	6,771,474
<b>At fair value:</b>			
Investments at fair value through profit or loss	8,398,098	7,599,868	7,821,340
Investments at fair value through other comprehensive income	17,472,943	13,240,681	12,980,528
	<b>39,747,426</b>	<b>36,090,764</b>	<b>35,816,712</b>
<b>Financial liabilities</b>			
<b>At amortised cost:</b>			
Due to banks	306,635	333,516	704,053
Accounts payable and other liabilities	8,584,188	9,272,195	8,545,295
Borrowings	19,921,875	22,699,375	26,526,816
	<b>28,812,698</b>	<b>32,305,086</b>	<b>35,776,164</b>

Management considers that the carrying amounts of financial assets and all financial liabilities, which are stated at amortized cost, approximate their fair values.

#### 17.2 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy Groups financial assets and liabilities 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 assets or liabilities 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.



## Notes to the interim condensed consolidated financial information (continued)

### 17 Summary of financial assets and liabilities by category (continued)

#### 17.2 Fair value hierarchy for financial instruments measured at fair value (continued)

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

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>30 June 2021</b>				
<b>Financial assets:</b>				
<b>Investments at fair value through profit or loss</b>				
Quoted shares	8,274,895	-	-	8,274,895
Foreign fund	-	123,203	-	123,203
<b>Investments at fair value through other comprehensive income</b>				
Quoted shares	8,236,852	-	-	8,236,852
Unquoted shares	-	6,018,034	2,703,330	8,721,364
Foreign funds	-	514,727	-	514,727
	<b>16,511,747</b>	<b>6,655,964</b>	<b>2,703,330</b>	<b>25,871,041</b>
<b>31 December 2020</b>				
<b>Financial assets:</b>				
<b>Investments at fair value through profit or loss</b>				
Quoted shares	7,432,583	-	-	7,432,583
Foreign fund	-	167,285	-	167,285
<b>Investments at fair value through other comprehensive income</b>				
Quoted shares	6,899,558	-	-	6,899,558
Unquoted shares	-	4,395,553	1,446,545	5,842,098
Foreign funds	-	499,025	-	499,025
	<b>14,332,141</b>	<b>5,061,863</b>	<b>1,446,545</b>	<b>20,840,549</b>
<b>30 June 2020</b>				
<b>Financial assets:</b>				
<b>Investments at fair value through profit or loss</b>				
Quoted shares	7,654,964	-	-	7,654,964
Foreign fund	-	166,376	-	166,376
<b>Investments at fair value through other comprehensive income</b>				
Quoted shares	6,545,895	-	-	6,545,895
Unquoted shares	-	4,517,695	1,290,241	5,807,936
Foreign funds	-	626,697	-	626,697
	<b>14,200,859</b>	<b>5,310,768</b>	<b>1,290,241</b>	<b>20,801,868</b>



## Notes to the interim condensed consolidated financial information (continued)

### 17 Summary of financial assets and liabilities by category (continued)

#### 17.2 Fair value hierarchy for financial instruments measured at fair value (continued)

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

##### Level 3 Fair value measurements

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

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Balance at the beginning of the period/year	1,446,545	1,353,964	1,353,964
Change in fair value	1,256,785	92,581	(63,723)
Balance at the end of the period/year	2,703,330	1,446,545	1,290,241

### 18 Contingencies and Capital commitments

#### Contingencies

On 1 December 2011, the Parent Company's Jordanian subsidiary, Noor Jordanian Kuwaiti Financial Investment Company Limited ("the Seller") disposed of its entire equity interest in one of its Jordanian subsidiary (Noor Jordan Kuwait Transport Company JSCC) to three individual buyers ("the Buyers"). Subsequent to the transfer of shares and control to the Buyers, they filed a case against the Seller claiming misrepresentation in valuing the subsidiary assets at JD4,500,000 (KD 1,910,754). The subsidiary's management and legal advisor believe that the favorable decision of the court is probable. Therefore, no provision for any effects that may result has been made in the interim condensed consolidated financial information.

#### Guarantees and capital commitments

At the reporting date, the Group had guarantees amounting to KD3,664,821 (31 December 2020: KD3,786,114 and 30 June 2020: KD3,612,081).

### 19 Fiduciary assets

The Group manages mutual funds and portfolios on behalf of its Ultimate Parent Company, other related parties and outsiders, and maintains securities in fiduciary accounts which are not reflected in the Group's interim condensed consolidated statement of financial position. Assets under management at 30 June 2021 amounted to KD26,056,467 (31 December 2020: KD25,301,493 and 30 June 2020: KD25,120,933) of which assets managed on behalf of its Ultimate Parent Company and other related parties amounted to KD19,775,388 (31 December 2020: KD19,415,735 and 30 June 2020: KD19,366,352).

### 20 Annual general assembly

The Annual General Assembly of the shareholders of the Parent Company held on 14 April 2021 approved the consolidated financial statements for the year ended 31 December 2020 and the board of directors' proposal to distribute a cash dividend to shareholders equivalent to 6 fils per share amounting to KD2,369,795 for the year ended 31 December 2020 (31 December 2019: 6 fils per share amounting to KD2,369,790) and an amount of KD165,000 (31 December 2019: KD120,000) as directors' remuneration for year ended 31 December 2020.

## Notes to the interim condensed consolidated financial information (continued)

### 21 Wakala Investments

- a) Wakala investments of KD14,324,160 placed with a local Islamic investment company matured in the last quarter of 2008. The investee company defaulted on settlement of these balances on the maturity date. However, revised maturity dates were stipulated by the court. The investment company again defaulted the payment of 2nd, 3rd, 4th and 5th instalments due in September 2014, 2015, 2016 and 2017 respectively. Full provision was made for the receivable in accordance with the Central Bank of Kuwait provision rules. The Group initiated various legal cases against the investment company, which were decided in favor of the Group. During 2019, the Parent Company signed a settlement agreement with investment company under which 50% shares of a local unlisted company (acquired company) were transferred to Parent Company.

The acquired company along with other entities are pursuing legal action in order to execute their joint rights as per previous court verdict. Management of the Parent Company is of the opinion that the financial impact of this transaction will be adjusted upon completion of the relevant legal proceedings.

- b) During the previous years, the Group assumed the financial and legal obligations on wakala investments of KD1,683,250 (in violation of the Commercial Companies Law of 1960) that the Group had placed with the above investment company as part of the total wakala investments of KD14,324,160 in a fiduciary capacity under a wakala agreement with certain related parties, despite having no such obligation under the wakala agreement. As noted (a) above, the receivable was fully provided in accordance with Central Bank of Kuwait provision rules. The Group initiated legal proceedings against the parties to recover the amount including profits thereon. During 2019, consequent to a court ruling decided in favor of the Group, the related parties entered into a settlement agreement with the Parent Company to settle the above amount of KD1,683,250. The Parent Company so far received KD1,441,625 as per the settlement agreement and the remaining amount of KD241,625 is due in the coming months. This has resulted in a reversal of provision during the current period on wakala investment amounting to KD441,625 in accordance with Central Bank of Kuwait credit provisioning rules and has been included under interest and other income.

### 22 Merger with a subsidiary

The Board of Directors of the Parent Company in a meeting held on 18 November 2019 approved, in principle, to offer one of its subsidiaries, Noor Telecommunication Holding Company - KSCC ("merged entity"), to merge by way of amalgamation with the Parent Company (merging entity), as stipulated in the CMA regulations.

On 31 December 2020, the Parent Company received approval of the Capital Markets Authority for the merger.

On 14 June 2021, the extraordinary general assembly of the shareholders of the Parent Company approved the merger transaction and to reduce share capital of the Parent Company by KD1,333,549 through cancellation of 13,335,499 treasury shares and to issue 13,335,499 new shares at Ks 100 per share to the non-controlling interests holders of the merged entity on completion of the merger. Up to the date of issuing of this interim condensed consolidated financial information, the Parent Company is in the process to complete the documentation in the commercial register.

Furthermore, on 1 July 2021, the extraordinary general assembly of the shareholders of merged entity resolved to approve the above merger, to dissolve the merged entity and to transfer its assets and financial liability to the Parent Company.

This transaction will be reflected in the interim condensed consolidated financial information of the Group for the nine months period ended 30 September 2021.

## Notes to the interim condensed consolidated financial information (continued)

### **23 Effect of COVID 19**

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

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

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