

Interim condensed consolidated financial information and review report

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

**Kuwait**

30 September 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 September 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 nine-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 nine-month period ended 30 September 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 believe, 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 nine-month period ended 30 September 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  
1 November 2021

## Interim condensed consolidated statement of profit or loss

	Notes	Three months ended		Nine months ended	
		30 Sept. 2021 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD	30 Sept. 2021 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD
<b>Income</b>					
Revenue from hotel operations and IT Services		3,727,435	2,817,818	9,652,980	9,751,881
Gain/(loss) on sale of investments at fair value through profit or loss		35,355	(10,116)	103,100	(48,381)
Change in fair value of investments at fair value through profit or loss		457,415	447,066	1,624,856	(429,819)
Dividend income		51,445	288,624	441,836	794,551
Change in fair value of investments properties		-	-	-	(881,788)
Loss on sale of investment properties		-	-	(18,000)	-
Share of results of associates	10	4,394,001	4,528,527	12,792,200	12,085,438
Rental Income		194,931	53,131	544,591	321,414
Management fee		12,382	-	22,395	9,861
		8,872,964	8,125,050	25,163,958	21,603,157
Cost of sales and services from hotel operations and IT services		(2,811,260)	(2,234,022)	(7,613,285)	(8,079,374)
General, administrative and other expenses		(1,295,916)	(1,141,916)	(3,493,679)	(3,260,617)
<b>Operating profit</b>		4,765,788	4,749,112	14,056,994	10,263,166
Interest and other income	21.b	270,715	176,020	718,653	607,626
Foreign exchange gain/(loss)		12,773	(13,787)	(1,613)	63,386
Finance costs		(222,453)	(250,000)	(711,331)	(834,970)
Impairment of receivables		-	(84,258)	-	(526,719)
<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>		4,826,823	4,577,087	14,062,703	9,572,489
Provisions for KFAS, Zakat and NLST		(66,027)	(44,267)	(163,045)	(94,093)
<b>Profit for the period</b>		4,760,796	4,532,820	13,899,658	9,478,396
<b>Attributable to:</b>					
Owners of the Parent Company		4,717,426	4,307,967	13,535,907	9,298,333
Non-controlling interests		43,370	224,853	363,751	180,063
<b>Profit for the period</b>		4,760,796	4,532,820	13,899,658	9,478,396
<b>Basic and diluted earnings per share attributable to the owners of the Parent Company (Fils)</b>	5	11.91	10.91	34.24	23.54

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		Nine months ended	
	30 Sept. 2021 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD	30 Sept. 2021 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD
Profit for the period	4,760,796	4,532,820	13,899,658	9,478,396
<b>Other comprehensive income:</b>				
<i>Items that will be reclassified subsequently to interim condensed consolidated statement of profit or loss:</i>				
Exchange differences arising from translation of foreign operations	(3,858,869)	226,535	(3,728,368)	(2,461,473)
Share of other comprehensive (loss)/income of associates	(438,761)	1,060,597	(110,770)	(2,229,071)
<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	(360,094)	294,325	4,918,900	(2,955,696)
<b>Total other comprehensive (loss)/income for the period</b>	<b>(4,657,724)</b>	<b>1,581,457</b>	<b>1,079,762</b>	<b>(7,646,240)</b>
<b>Total comprehensive income for the period</b>	<b>103,072</b>	<b>6,114,277</b>	<b>14,979,420</b>	<b>1,832,156</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Parent Company	59,702	5,974,254	13,259,287	1,834,675
Non-controlling interests	43,370	140,023	1,720,133	(2,519)
<b>Total comprehensive income for the period</b>	<b>103,072</b>	<b>6,114,277</b>	<b>14,979,420</b>	<b>1,832,156</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 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
<b>Assets</b>				
Cash and cash equivalents	6	11,317,779	11,131,432	9,855,866
Investments at fair value through profit or loss	7	8,791,987	7,599,868	8,200,779
Accounts receivable and other assets	8	6,215,722	4,489,542	3,973,370
Inventories		594,242	589,801	592,420
Investments at fair value through other comprehensive income	9	14,480,050	13,240,681	13,267,811
Investment in associate	10	56,882,295	52,118,051	52,542,838
Investment properties	11	12,399,914	13,056,083	13,010,081
Property and equipment		1,519,587	1,677,607	1,796,428
Right of use assets		1,119,106	1,257,317	1,314,068
Goodwill		2,029,278	2,029,278	2,029,278
<b>Total assets</b>		<b>115,349,960</b>	<b>107,189,660</b>	<b>106,582,939</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks	6	851,452	333,516	29,628
Accounts payable and other liabilities		8,578,393	9,272,195	8,690,250
Borrowings	12	18,421,875	22,699,375	25,943,962
Provision for employees' end of service benefits		1,437,771	1,269,027	1,253,411
<b>Total liabilities</b>		<b>29,289,491</b>	<b>33,574,113</b>	<b>35,917,251</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	(1,197,666)	(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		(3,039,280)	(4,592,987)	(3,586,032)
Foreign currency translation reserve		(28,032,932)	(24,304,564)	(25,551,540)
Retained earnings		57,921,756	41,828,327	41,698,213
<b>Equity attributable to the owners of the Parent Company</b>		<b>83,741,439</b>	<b>66,882,021</b>	<b>64,082,912</b>
Non-controlling interests		2,319,030	6,733,526	6,582,776
<b>Total equity</b>		<b>86,060,469</b>	<b>73,615,547</b>	<b>70,665,688</b>
<b>Total liabilities and equity</b>		<b>115,349,960</b>	<b>107,189,660</b>	<b>106,582,939</b>

Fahad Sulaiman Al-Khaled  
Chairman

Abdulghani M.S. Behbehani  
Vice 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			Retained earnings KD	Sub- Total 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)	41,828,327	66,882,021	6,733,526	73,615,547
Redemption of units by non-controlling interests	-	-	-	-	-	-	-	-	-	(27,161)	(27,161)
Cancellation of treasury shares (note 13)	(1,333,550)	-	3,032,582	-	-	-	-	(1,699,032)	-	-	-
Increase of share capital (note 13 and 22)	1,333,550	-	-	-	-	(787,639)	-	5,515,947	6,061,858	(6,061,858)	-
Treasury shares arising on merger	-	-	(91,932)	-	-	-	-	-	(91,932)	-	(91,932)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(45,610)	(45,610)
Dividends paid (note 20)	-	-	-	-	-	-	-	(2,369,795)	(2,369,795)	-	(2,369,795)
Total transactions with owners	-	-	2,940,650	-	-	(787,639)	-	1,447,120	3,600,131	(6,134,629)	(2,534,498)
Profit for the period	-	-	-	-	-	-	-	13,535,907	13,535,907	363,751	13,899,658
Total other comprehensive income/(loss) for the period	-	-	-	-	-	3,451,748	(3,728,368)	-	(276,620)	1,356,382	1,079,762
Total comprehensive income/(loss) for the period	-	-	-	-	-	3,451,748	(3,728,368)	13,535,907	13,259,287	1,720,133	14,979,420
Gain on sale of investments at FVTOCI	-	-	-	-	-	(1,110,402)	-	1,110,402	-	-	-
Balance as at 30 September 2021 (Unaudited)	41,316,276	3,410,573	(1,197,666)	6,681,356	6,681,356	(3,039,280)	(28,032,932)	57,921,756	83,741,439	2,319,030	86,060,469

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		
<b>Balance as at 1 January 2020</b>	41,316,276	3,410,573	(4,138,316)	5,466,869	5,466,869	1,416,153	(23,090,067)	6,635,768	71,253,795
Redemption of units by non controlling interest	-	-	-	-	-	-	-	(4,837)	(4,837)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(45,636)	(45,636)
Dividends paid (Note 20)	-	-	-	-	-	-	-	(2,369,790)	(2,369,790)
Total transactions with owners	-	-	-	-	-	-	-	(50,473)	(2,420,263)
Profit for the period	-	-	-	-	-	-	-	180,063	9,478,396
Total other comprehensive loss for the period	-	-	-	-	-	(5,002,185)	(2,461,473)	(182,582)	(7,646,240)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(5,002,185)	(2,461,473)	(2,519)	1,832,156
<b>Balance as at 30 September 2020 (unaudited)</b>	41,316,276	3,410,573	(4,138,316)	5,466,869	5,466,869	(3,586,032)	(25,551,540)	6,582,776	70,665,688

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	Nine months ended 30 Sept. 2021 (Unaudited) KD	Nine months ended 30 Sept. 2020 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit before taxes		14,062,703	9,572,489
Adjustments:			
Dividend income		(441,836)	(794,551)
Share of results of associate		(12,792,200)	(12,085,438)
Interest income		(54,608)	(50,044)
Loss on sale of investment properties		18,000	-
Change in the fair value of investment properties		-	881,788
Reversal of impairment on Wakala investments		(683,250)	(600,000)
Depreciation and amortization		315,157	489,538
Provision for end of service indemnity		187,315	221,717
Finance costs		711,331	834,970
Impairment of receivables		-	526,719
		1,322,612	(1,002,812)
<b>Changes in operating assets and liabilities:</b>			
Investments at fair value through profit or loss		(1,192,119)	3,503,466
Accounts receivable and other assets		(446,281)	(54,192)
Accounts payable and other liabilities		(862,630)	343,936
Inventories		(4,441)	(65,180)
<b>Cash (used in)/ from operations</b>		<b>(1,182,859)</b>	<b>2,725,218</b>
Employees' end of service paid		(18,571)	(26,407)
<b>Net cash (used in)/from operating activities</b>		<b>(1,201,430)</b>	<b>2,698,811</b>
<b>INVESTING ACTIVITIES</b>			
Net additions to property and equipment		(40,072)	(71,657)
Change in short term deposits maturing after 3 months		609,915	627,157
Change in Wakala investments		-	1,000,000
Purchase of FVTOCI investments		(3,722)	-
Proceeds from sale of investments at FVTOCI		3,683,252	-
Proceeds from sale of investment properties		620,000	-
Dividend received from associate		2,940,639	1,521,937
Dividend income received		441,836	794,551
Interest income received		54,608	50,044
Proceeds from settlement of Wakala investments		683,250	600,000
<b>Net cash from investing activities</b>		<b>8,989,706</b>	<b>4,522,032</b>
<b>FINANCING ACTIVITIES</b>			
Net movement in borrowings		(4,277,502)	(1,408,059)
Redemption of units by non-controlling interests		(27,161)	(4,837)
Paid to subsidiaries shareholders on capital reduction		(86,940)	(18,308)
Dividend paid to non-controlling interests		(45,610)	(32,823)
Dividend paid		(2,361,443)	(2,303,211)
Finance costs paid		(711,294)	(801,033)
<b>Net cash used in financing activities</b>		<b>(7,509,950)</b>	<b>(4,568,271)</b>
Net increase in cash and cash equivalents		278,326	2,652,572
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	<b>9,820,252</b>	<b>9,197,405</b>

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 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 1 November 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 nine-month period ended 30 September 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 nine-month period ended 30 September 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 September 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)

*Standard or Interpretation*

*Effective for annual periods beginning*

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		Nine months ended	
	30 Sept. 2021 (Unaudited)	30 Sept. 2020 (Unaudited)	30 Sept. 2021 (Unaudited)	30 Sept. 2020 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	4,717,426	4,307,967	13,535,907	9,298,333
Weighted average number of shares outstanding during the period (excluding treasury shares)	396,056,428	394,964,896	395,330,078	394,964,896
Basic and diluted earnings per share (Fils)	11.91	10.91	34.24	23.54

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

### 6 Cash and cash equivalents

	30 Sept 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Cash and bank balances	7,897,694	4,133,589	5,578,023
Short-term deposits	3,420,085	6,997,843	4,277,843
<b>Cash and cash equivalents</b>	<b>11,317,779</b>	<b>11,131,432</b>	<b>9,855,866</b>
Less:			
Due to banks	(851,452)	(333,516)	(29,628)
Blocked balances	(5,990)	(5,990)	(5,990)
Short-term deposits maturing after three months	(640,085)	(1,250,000)	(622,843)
<b>Cash and cash equivalents for statement of cash flows</b>	<b>9,820,252</b>	<b>9,541,926</b>	<b>9,197,405</b>

Due to banks represent bank overdraft facilities utilised by a subsidiary and is secured by pledge of short-term deposits of KD640,085 (31 December 2020: KD622,843 and 30 September 2020: KD622,843).

Deposits amounting to KD1,280,000 (31 December 2020: KD1,390,000 and 30 September 2020: KD1,600,000) are secured against borrowing (note 12).

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

	30 Sept 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Local quoted shares	4,137,439	3,607,799	4,522,746
Foreign quoted shares	4,498,970	3,824,784	3,507,748
Unquoted foreign funds	155,578	167,285	170,285
	<b>8,791,987</b>	<b>7,599,868</b>	<b>8,200,779</b>

Quoted shares with a fair value of KD1,160,541 (31 December 2020: KD869,694 and 30 September 2020: KD2,039,007) are secured against borrowings (note 12).

### 8 Accounts receivable and other assets

	30 Sept 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
<b>Financial assets:</b>			
Accounts receivable - net	3,226,899	3,059,283	2,377,125
Due from the Ultimate Parent Company	-	-	2,909
Due from other related parties	-	9,382	49,557
Dividend receivable from associate	1,192,250	-	-
Due from investment brokerage companies	632,079	375,010	418,798
Accrued income	226,916	407,449	639,360
Other financial assets	385,749	267,659	204,616
	<b>5,663,893</b>	<b>4,118,783</b>	<b>3,692,365</b>
<b>Non-financial assets</b>			
Other assets	551,829	370,759	281,005
	<b>6,215,722</b>	<b>4,489,542</b>	<b>3,973,370</b>

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

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

	30 Sept 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Local quoted shares	7,291,398	6,617,373	6,330,866
Foreign quoted shares	1,580	282,185	257,341
Local unquoted shares	1,499,675	1,442,640	1,368,378
Foreign unquoted shares	5,167,915	4,399,458	4,659,839
Foreign funds	519,482	499,025	651,387
	<b>14,480,050</b>	<b>13,240,681</b>	<b>13,267,811</b>

Quoted and unquoted shares with an aggregate fair value of KD7,560,819 (31 December 2020: KD6,854,872 and 30 September 2020: KD6,406,010) are secured against borrowings (note 12).

### 10 Investment in associate

The movement of investment in associate is as follows:

	30 Sept 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Balance at the beginning of the period/year	52,118,051	46,722,338	46,722,338
Share of results	12,792,200	14,845,557	12,085,438
Share of other comprehensive loss	(110,770)	(3,190,730)	(2,229,071)
Share of dividends	(4,220,538)	(4,980,065)	(1,521,937)
Foreign currency translation adjustments	(3,696,648)	(1,279,049)	(2,513,930)
<b>Balance at the end of the period/year</b>	<b>56,882,295</b>	<b>52,118,051</b>	<b>52,542,838</b>

### 11 Investment properties

The movement of investment properties is as follows:

	30 Sept 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 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	(18,169)	33,550	(3,341)
<b>Balance at the end of the period/year</b>	<b>12,399,914</b>	<b>13,056,083</b>	<b>13,010,081</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 Sept 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Kuwait	9,878,000	10,516,000	10,516,000
Outside Kuwait	2,521,914	2,540,083	2,494,081
	12,399,914	13,056,083	13,010,081

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

### 12 Borrowings

			30 Sept 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
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	-	2,500,000	4,000,000
Ijara financing			-	-	484,587
Total			18,421,875	22,699,375	25,943,962

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 September 2020: 3.32% per annum) and repayable in one instalment on 31 December 2023. These loans are fully secured by short term deposits, certain investments at fair value through profit or loss, investments at fair value through other comprehensive income, investment properties and Group's ownership of an unlisted subsidiary (notes 6, 7, 9 and 11).

12.2 Term loan obtained from the Ultimate Parent Company carried effective interest rate of 3.5% per annum (31 December 2020 and 30 September 2020: 3.5% per annum). The term loan has been fully settled during the period.

12.3 The borrowings are due for repayment as follows:

	30 Sept 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Within one year	-	2,500,000	1,679,587
Over one year	18,421,875	20,199,375	24,264,375
	18,421,875	22,699,375	25,943,962

## 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 September 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 by cancellation of 13,335,499 treasury shares with a cost of KD3,032,582 to become the issued and paid up share capital of KD39,982,726 divided into 399,827,262 shares of 100 Fils each. This resulted in the reduction of treasury shares by KD3,032,582, and retained earnings by KD1,699,032.
- 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 as per share swap on merger of the Parent Company (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.

As of the reporting date, the decrease and increase of the share capital have been documented in commercial register of the Ministry of Commerce Industry.

### 14 Treasury shares

	30 Sept 2021 (Unaudited)	31 Dec. 2020 (Audited)	30 Sept. 2020 (Unaudited)
Number of shares	5,781,683	18,197,865	18,197,865
Percentage of issued shares	1.40%	4.40%	4.40%
Market value (KD)	1,988,899	3,075,439	2,857,065
Cost (KD)	1,197,666	4,138,316	4,138,316

The Extraordinary General Assembly held on 14 June 2021 approved to 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 with a cost of KD3,032,582 results in a loss of KD1,699,032 which has been recognised in the retained earnings.

Reserves of the Parent Company equivalent to the cost of treasury shares held are not 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 Sept. 2021 KD	30 Sept. 2020 KD	30 Sept. 2021 KD	30 Sept. 2020 KD	30 Sept. 2021 KD	30 Sept. 2020 KD	30 Sept. 2021 KD	30 Sept. 2020 KD	30 Sept. 2021 KD	30 Sept. 2020 KD
Revenue from hotel operations and IT services	-	-	-	-	8,461,108	8,749,118	1,191,872	1,002,763	9,652,980	9,751,881
Investments related income (realised, unrealised and dividend income)	2,169,792	316,351	-	-	-	-	-	-	2,169,792	316,351
Rental income	-	-	544,591	321,414	-	-	-	-	544,591	321,414
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	22,395	9,861	-	-	-	-	-	-	22,395	9,861
Share of results of associates	12,792,200	12,085,438	-	-	-	-	-	-	12,792,200	12,085,438
Total income	14,984,387	12,411,650	526,591	(560,374)	8,461,108	8,749,118	1,191,872	1,002,763	25,163,958	21,603,157
Cost of sales and services	-	-	-	-	(7,250,005)	(7,625,699)	(363,280)	(453,675)	(7,613,285)	(8,079,374)
General and administrative expenses	(1,721,406)	(1,722,203)	(177,600)	(89,763)	(899,894)	(659,834)	(694,779)	(788,817)	(3,493,679)	(3,260,617)
Operating profit/(loss)	13,262,981	10,689,447	348,991	(650,137)	311,209	463,585	133,813	(239,729)	14,056,994	10,263,166
Interest income, other income and foreign exchange gain	717,040	671,012	-	-	-	-	-	-	717,040	671,012
Impairments	-	(443,386)	-	(55,595)	-	(20,000)	-	(7,738)	-	(526,719)
Finance cost	(587,717)	(704,524)	-	-	(32,029)	(37,480)	(91,585)	(92,966)	(711,331)	(834,970)
Segment profit/ (loss)	13,392,304	10,212,549	348,991	(705,732)	279,180	406,105	42,228	(340,433)	14,062,703	9,572,489
	30 September 2021 (Unaudited)		31 December 2020 (Audited)		30 September 2020 (Unaudited)		30 September 2020 (Unaudited)			
	Assets KD	Liabilities KD	Assets KD	Liabilities KD	Assets KD	Liabilities KD	Assets KD	Liabilities KD	Net assets KD	Net assets KD
Investments	92,559,936	(23,663,507)	83,397,217	(27,463,115)	83,397,217	(27,463,115)	83,513,741	(30,443,091)	53,070,650	53,070,650
Real Estate	12,455,458	(14,977)	13,083,719	(12,478)	13,083,719	(12,478)	13,087,248	(501,625)	12,585,623	12,585,623
IT services	6,669,623	(3,446,184)	7,169,772	(3,885,148)	7,169,772	(3,885,148)	6,055,143	(2,679,535)	3,375,608	3,375,608
Hotel operations	3,664,943	(2,164,823)	3,538,952	(2,213,372)	3,538,952	(2,213,372)	3,926,807	(2,293,000)	1,633,807	1,633,807
Total	115,349,960	(29,289,491)	107,189,660	(33,574,113)	107,189,660	(33,574,113)	106,582,939	(35,917,251)	70,665,688	70,665,688

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

### 16 Related party transactions

Related parties represent the associates, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note.

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

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
<b>Balances included in interim condensed consolidated statement of financial position</b>			
Due from Ultimate Parent Company	-	-	2,909
Due from other related parties (note 8)	9,137	18,462	49,557
Accrued income and management fee	458,767	462,515	466,409
Dividend receivable from associate	1,192,250	-	-
Due to Ultimate Parent Company	9,068	9,080	35,288
Due to other related parties	-	495,000	-
Term loan from Ultimate Parent Company (note 12)	-	2,500,000	4,000,000
Investments at fair value through profit or loss	1,673	1,347	1,493
Investments at FVTOCI	7,603,449	6,874,858	6,433,301

	Three months ended		Nine months ended	
	30 Sept. 2021 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD	30 Sept. 2021 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD
<b>Interim condensed consolidated statement of profit or loss</b>				
Management and placement fees	971	865	2,684	2,540
Finance cost - Ultimate Parent company	13,232	34,904	55,568	115,574
<b>Key management compensation:</b>				
Short-term employee benefits	105,883	104,454	283,509	360,298
End of service benefits	4,606	6,887	15,000	20,506
	110,489	111,341	298,509	380,804

## 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 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
<b>Financial assets</b>			
<b>At amortised cost:</b>			
Cash and cash equivalents	11,317,779	11,131,432	9,855,866
Accounts receivable and other assets (note 8)	5,663,893	4,118,783	3,692,365
<b>At fair value:</b>			
Investments at fair value through profit or loss	8,791,987	7,599,868	8,200,779
Investments at fair value through other comprehensive income	14,480,050	13,240,681	13,267,811
<b>Total financial assets</b>	<b>40,253,709</b>	<b>36,090,764</b>	<b>35,016,821</b>
<b>Financial liabilities</b>			
<b>At amortised cost:</b>			
Due to banks	851,452	333,516	29,628
Accounts payable and other liabilities	8,578,393	9,272,195	8,690,250
Borrowings	18,421,875	22,699,375	25,943,962
	<b>27,851,720</b>	<b>32,305,086</b>	<b>34,663,840</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 September 2021</b>				
<b>Financial assets:</b>				
<b>Investments at fair value through profit or loss</b>				
Quoted shares	8,636,409	-	-	8,636,409
Foreign fund	-	155,578	-	155,578
<b>Investments at fair value through other comprehensive income</b>				
Quoted shares	7,292,978	-	-	7,292,978
Unquoted shares	-	5,164,947	1,502,643	6,667,590
Foreign funds	-	519,482	-	519,482
	<b>15,929,387</b>	<b>5,840,007</b>	<b>1,502,643</b>	<b>23,272,037</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 September 2020</b>				
<b>Financial assets:</b>				
<b>Investments at fair value through profit or loss</b>				
Quoted shares	8,030,494	-	-	8,030,494
Foreign fund	-	170,285	-	170,285
<b>Investments at fair value through other comprehensive income</b>				
Quoted shares	6,588,207	-	-	6,588,207
Unquoted shares	-	4,655,905	1,372,312	6,028,217
Foreign funds	-	651,387	-	651,387
	<b>14,618,701</b>	<b>5,477,577</b>	<b>1,372,312</b>	<b>21,468,590</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's 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 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Balance at the beginning of the period/year	1,446,545	1,353,964	1,353,964
Change in fair value	56,098	92,581	18,348
Balance at the end of the period/year	1,502,643	1,446,545	1,372,312

### 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 (KD1,914,563). 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 KD3,800,491 (31 December 2020: KD3,786,114 and 30 September 2020: KD3,868,427).

### 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 September 2021 amounted to KD27,076,481 (31 December 2020: KD25,301,493 and 30 September 2020: KD25,584,644) of which assets managed on behalf of its Ultimate Parent Company and other related parties amounted to KD20,087,881 (31 December 2020: KD19,415,735 and 30 September 2020: KD19,505,745).

### 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 received as per the settlement agreement an amount of KD1,683,250 (31 December 2020: KD1,000,000) up to the reporting date, including KD683,250 received during the nine month period ended 30 September 2021, resulting a reversal of provision during the current period of KD683,250 which has been included under interest and other income.

### 22 Merger with Noor Telecommunication Holding Company

The Board of Directors of the Parent Company in a meeting held on 18 November 2019 approved, in principle, to offer to one of its subsidiaries, Noor Telecommunication Company - KSCC ("NoorTel"), to merge by way of amalgamation with the Parent Company, in accordance with the CMA regulations, through share swap, where the minority shareholders of NoorTel would receive shares in the Parent Company in exchange. The Parent Company would become the legal successor of NoorTel's all rights and obligations on the effective date of the merger.

On 31 December 2020, the Parent Company received approval of the Capital Markets Authority for the merger. Subsequently, on 14 June 2021, the extraordinary general assembly of the shareholders of the Parent Company approved the merger as well as issuance of 13,335,499 new shares at 100 fils per share to the non-controlling interests holders of NoorTel based on the approved swap ratio of 0.178813333703808 shares of the Parent Company for each share of NoorTel. Further, on 1 July 2021, the extraordinary general assembly of the shareholders of NoorTel resolved to approve the merger, to transfer its assets and financial liabilities to the Parent Company and to dissolve NoorTel. Consequently, the CMA issued approval on 6 September 2021 to execute the merger.



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

### **22 Merger with Noor Telecommunication Holding Company (continued)**

On 22 September 2021, the share swap was executed which lead to the cancellation of the NoorTel shareholders' register with the Kuwait Clearing Company on the same date and issuance of 13,335,499 new shares of the Parent Company to the non-controlling interest holders of NoorTel against 74,577,768 shares of NoorTel. As a result of the merger, the share capital was increased by KD1,333,550 and the difference between the non-controlling interests acquired of KD6,061,858 and the new capital issued of KD1,333,550 was recognized in the interim condensed consolidated statement of changes in equity with a gain of KD5,515,947 reported in the retained earnings and loss of KD787,639 recorded in cumulative changes in fair value.

### **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.

### **24 Subsequent event**

Subsequent to the reporting date, one of the subsidiaries of the Group won a legal case filed during a prior year for a total sum of KD1,223,993 with respect of losses incurred by the subsidiary. On 20 October 2021, the Court of Cassation ruled in favor of the subsidiary obliging the defendants to pay a total sum of KD1,223,993. The Group will recognize the claim amount as income if collected from the defendants.