

Interim condensed consolidated financial information and review report

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

**Kuwait**

31 March 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 31 March 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 statements of cash flows for the three-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 three-month period ended 31 March 2021 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, we have not become aware of any material 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 provision of law no 7 of 2010 concerning the Capital Market Authority and its related regulations during the three-months period ended 31 March 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  
29 April 2021

## Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2021 (Unaudited) KD	Three months ended 31 March 2020 (Unaudited) KD
Revenue from hotel operations and IT Services		2,973,874	4,132,741
Realised gain on investments at fair value through profit or loss		40,709	19,043
Unrealised gain/(loss) on investments at fair value through profit or loss		656,321	(1,628,147)
Dividend income		74,750	81,536
Share of results of associates	10	4,047,894	2,832,369
Rental income		165,314	215,951
Management and placement fees		3,163	5,273
<b>Total Income</b>		<b>7,962,025</b>	<b>5,658,766</b>
Cost of sales and services from hotel operations and IT services		(2,429,707)	(3,294,228)
General, administrative and other expenses		(1,069,883)	(983,295)
<b>Operating profit</b>		<b>4,462,435</b>	<b>1,381,243</b>
Interest and other income		219,344	210,858
Foreign exchange (loss)/gain		(5,637)	39,869
Finance costs		(250,770)	(311,998)
Impairment of receivable		-	(182,550)
<b>Profit before taxes</b>		<b>4,425,372</b>	<b>1,137,422</b>
Provision for contribution to KFAS, Zakat and NLST		(50,642)	(12,326)
<b>Profit for the period</b>		<b>4,374,730</b>	<b>1,125,096</b>
<b>Profit attributable to:</b>			
Owners of the Parent Company		4,238,509	1,094,435
Non-controlling interests		136,221	30,661
		<b>4,374,730</b>	<b>1,125,096</b>
<b>Basic and diluted earnings per share attributable to the owners of the Parent Company (Fils)</b>	5	<b>10.73</b>	<b>2.77</b>

The notes set out on pages 8 to 24 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 31 March 2021 (Unaudited) KD	Three months ended 31 March 2020 (Unaudited) KD
Profit for the period	4,374,730	1,125,096
<b>Other comprehensive income:</b>		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
<i>Exchange differences:</i>		
Exchange differences arising from translation of foreign operations	2,777,451	(2,055,035)
Share of other comprehensive income/(loss) of associates (net)	319,130	(1,416,233)
	3,096,581	(3,471,268)
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Net changes in fair value of investments in equity instruments designated at FVOCI	524,185	(3,564,980)
Total other comprehensive income/(loss) for the period	3,620,766	(7,036,248)
Total comprehensive income/(loss) for the period	7,995,496	(5,911,152)
<b>Total comprehensive income/(loss) attributable to:</b>		
Owners of the Parent Company	7,735,139	(5,855,768)
Non-controlling interests	260,357	(55,384)
	7,995,496	(5,911,152)

*The notes set out on pages 8 to 24 form an integral part of this interim condensed consolidated financial information.*

## Interim condensed consolidated statement of financial position

	Note	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
<b>Assets</b>				
Cash and bank balances	6	5,805,314	4,133,589	3,312,015
Short-term deposits	6	6,847,843	6,997,843	6,503,883
Wakala investments		-	-	1,000,000
Investments at fair value through profit or loss	7	7,979,888	7,599,868	7,361,039
Accounts receivable and other assets	8	4,259,318	4,489,542	6,840,456
Inventories		618,653	589,801	672,607
Assets held for sale	23	638,000	-	-
Investments at fair value through other comprehensive income	9	13,771,825	13,240,681	12,665,549
Investment in associates	10	57,517,453	52,118,051	44,560,764
Investment properties	11	12,421,584	13,056,083	13,867,666
Property and equipment		1,639,067	1,677,607	1,918,365
Right of use assets		1,209,824	1,257,317	1,413,878
Goodwill and other intangible asset		2,029,278	2,029,278	2,093,079
<b>Total assets</b>		<b>114,738,047</b>	<b>107,189,660</b>	<b>102,209,301</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks	6	206,804	333,516	311,700
Accounts payable and other liabilities		8,908,987	9,272,195	8,771,075
Borrowings	12	22,699,375	22,699,375	26,636,362
Provision for end of service indemnity		1,320,470	1,269,027	1,149,175
<b>Total liabilities</b>		<b>33,135,636</b>	<b>33,574,113</b>	<b>36,868,312</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		(3,873,808)	(4,592,987)	(3,479,015)
Foreign currency translation reserve		(21,527,113)	(24,304,564)	(25,145,102)
Retained earnings		46,066,836	41,828,327	35,864,105
<b>Equity attributable to the owners of the Parent Company</b>		<b>74,617,160</b>	<b>66,882,021</b>	<b>58,762,259</b>
Non-controlling interests		6,985,251	6,733,526	6,578,730
<b>Total equity</b>		<b>81,602,411</b>	<b>73,615,547</b>	<b>65,340,989</b>
<b>Total liabilities and equity</b>		<b>114,738,047</b>	<b>107,189,660</b>	<b>102,209,301</b>

  
Fahad Sulaiman Al-Khaled  
Chairman

  
Abdulghani M.S. Benbehani  
Vice Chairman

The notes set out on pages 8 to 24 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										Total equity KD
	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	Non-controlling interests KD	
<b>Balance as at 1 January 2021</b>	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 interest	-	-	-	-	-	-	-	-	-	(8,632)	(8,632)
<b>Transactions with owners</b>	-	-	-	-	-	-	-	-	-	(8,632)	(8,632)
Profit for the period	-	-	-	-	-	-	-	4,238,509	4,238,509	136,221	4,374,730
Total other comprehensive income for the period	-	-	-	-	-	719,179	2,777,451	-	3,496,630	124,136	3,620,766
Total comprehensive income for the period	-	-	-	-	-	719,179	2,777,451	4,238,509	7,735,139	250,357	7,995,496
<b>Balance as at 31 March 2021</b>	41,316,276	3,410,573	(4,138,316)	6,681,356	6,681,356	(3,873,808)	(21,527,113)	46,066,836	74,617,160	6,985,251	81,602,411

The notes set out on pages 8 to 24 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										Total equity KD
	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	Non-controlling interests 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)	34,769,670	64,618,027	6,635,768	71,253,795
Redemption of share capital by Non controlling interest	-	-	-	-	-	-	-	-	-	(1,654)	(1,654)
<b>Transactions with owners</b>	-	-	-	-	-	-	-	-	-	(1,654)	(1,654)
Profit for the period	-	-	-	-	-	-	-	1,094,435	1,094,435	30,661	1,125,096
Total other comprehensive loss for the period	-	-	-	-	-	(4,895,168)	(2,055,035)	-	(6,950,203)	(86,045)	(7,036,248)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(4,895,168)	(2,055,035)	1,094,435	(5,855,768)	(55,384)	(5,911,152)
<b>Balance as at 31 March 2020</b>	41,316,276	3,410,573	(4,138,316)	5,466,869	5,466,869	(3,479,015)	(25,145,102)	35,864,105	58,762,259	6,578,730	65,340,989

The notes set out on pages 8 to 24 form an integral part of this interim condensed consolidated financial information.



## Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2021 (Unaudited) KD	Three months ended 31 March 2020 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit before taxes		4,425,372	1,137,422
Adjustments:			
Dividend income		(74,750)	(81,536)
Share of results of associates		(4,047,894)	(2,832,369)
Interest income and income from murabaha investments		(18,579)	(19,761)
Reversal of impairments on wakala investments		(200,000)	-
Depreciation		103,617	120,845
Amortization of intangible assets		-	70,940
Provision for end of service indemnity		54,892	92,868
Finance costs		250,770	311,998
Impairment in value of accounts receivable		-	182,550
		493,428	(1,017,043)
<b>Changes in operating assets and liabilities:</b>			
Investments at fair value through profit or loss		(380,020)	4,343,206
Accounts receivable and other assets		230,223	(1,055,175)
Accounts payable and other liabilities		(325,575)	590,774
Inventories		(28,852)	(145,367)
<b>Cash (used in) / from operating activities</b>		<b>(10,796)</b>	<b>2,716,395</b>
Payment of end of service indemnity		(3,449)	(1,794)
<b>Net cash (used in) / from operating activities</b>		<b>(14,245)</b>	<b>2,714,601</b>
<b>INVESTING ACTIVITIES</b>			
Change in short term deposits maturing after three months		627,158	627,158
Net acquisition of property, plant and equipment		(17,585)	(59,452)
Dividend received from associate		1,748,388	-
Dividend received		74,750	81,536
Interest income and income from murabaha investments received		18,579	19,761
Proceeds from settlement of Wakala investments		200,000	-
<b>Net cash from investing activities</b>		<b>2,651,290</b>	<b>669,003</b>
<b>FINANCING ACTIVITIES</b>			
Net movement of borrowings		-	(715,659)
Payment to subsidiaries shareholders on account of capital reduction		(87,199)	(11,524)
Redemption of units by non-controlling interest		(8,632)	(1,654)
Dividends paid by the subsidiary to NCI		(690)	-
Dividend paid		(14,293)	(11,269)
Finance costs paid		(250,637)	(312,965)
<b>Net cash used in financing activities</b>		<b>(361,451)</b>	<b>(1,053,071)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,275,594</b>	<b>2,330,533</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>9,541,926</b>	<b>6,544,833</b>
<b>Cash and cash equivalents at end of the period</b>	6	<b>11,817,520</b>	<b>8,875,366</b>

The notes set out on pages 8 to 24 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 Market Authority (CMA), as an investment Company and is a subsidiary of National Industries Group Holding - KPSC ("the Ultimate Parent Company").

The principal objectives of the Parent Company are as follows:

- Invest in various economic sectors through the establishment of specialized companies or purchase of shares or stakes in those companies;
- Perform the functions of investment trustees and manage all kinds of investment portfolios for third parties;
- Facilitate in lending and borrowing transactions for commission or remuneration;
- Fund and facilitate in international trade operations;
- Conduct research, studies and other technical services related to investment operations and manage funds for third parties;
- Create and manage various investment funds according to the law;
- Perform the functions of lead manager for the bonds issued by companies and bodies;
- Prepare studies and provide financial advice related to investment for privatization projects.
- 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 stock exchanges or unlisted for the Company's account or the account of its clients for commission or remuneration;
- Invest in real estate, industrial and agricultural sectors of the economy in all types of investment;
- Facilitate in selling or buying financial assets and other assets for commission or remuneration;
- Provide funding operations to third parties to buy or lease fixed assets and movables through contracts.
- Provide technical services for the incorporation of companies and restructure, merger or disposal of the existing companies;
- Prepare studies and research and provide the necessary consultation in all matters relating to the objectives of the Company;
- Acquire industrial property rights, patents, trade and industrial marks, literary and intellectual property right;
- 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;

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

### 1 Incorporation and activities (continued)

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 them therewith. 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 29 April 2021.

The annual consolidated financial statements for the year ended 31 December 2020 were authorised for issuance by the Board of Directors on 17 February 2021 and approved by the shareholders at the Annual General Meeting held on 14 April 2021.

### 2 Basis of preparation

This interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2021 has been prepared in accordance with IAS 34, Interim Financial Reporting except as noted below.

The annual consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait ("CBK") in the State of Kuwait. These regulations require expected credit loss ("ECL") to be measured at the higher of the ECL on credit facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instruction; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") (collectively referred to as IFRS, as adopted for use by the State of Kuwait). However, the Group does not have any credit facilities.

The accounting policies used in the preparation of these 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 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 three-months period ended 31 March 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.

The subsidiaries are consolidated and are recorded based on the management accounts for the period ended 31 March 2021.



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

### 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.

<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.

## 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)

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

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 statements 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 statements.

##### *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 statements.

##### *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 statements.

##### *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 statements.

## 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*

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.

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 statements.

### 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.



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

### 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 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	4,238,509	1,094,435
Weighted average number of shares outstanding during the period (excluding treasury share)	394,964,896	394,964,896
Basic and diluted earnings per share (Fils)	10.73	2.77

### 6 Cash and cash equivalents

Cash and cash equivalents for the purpose of the interim condensed consolidated statement of cash flows are made up as follows:

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Cash and bank balances	5,805,314	4,133,589	3,312,015
Short-term deposits	6,847,843	6,997,843	6,503,883
	12,653,157	11,131,432	9,815,898
Less: Due to banks	(206,804)	(333,516)	(311,700)
Less: Blocked balances	(5,990)	(5,990)	(5,990)
Less: Short-term deposits maturing after three months	(622,843)	(1,250,000)	(622,842)
Cash and cash equivalents as per statement of cash flows	11,817,520	9,541,926	8,875,366

Due to banks represent bank overdraft facilities utilised by subsidiary and are secured by short term deposit of KD 622,843 (31 December 2020: KD622,843 and 31 March 2020: KD622,843).

Deposits amounting to KD1,240,000 (31 December 2020: KD1,390,000 and 31 March 2020: KD1,600,000) are secured against borrowing (refer Note 12)

Cash and cash equivalents include bank balances of KD1,091,149 (31 December 2020: KD1,198,441 and 31 March 2020: KD1,157,367) which are designated for the purpose of payment of dividends for the Parent Company shareholders, payment on account of capital reduction and dividend payments to non-controlling interest of two subsidiaries.



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

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

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Quoted shares - Local	3,660,091	3,607,799	4,035,651
Quoted shares - Foreign	4,152,981	3,824,784	3,116,433
Unquoted foreign funds and shares	166,816	167,285	208,955
	<b>7,979,888</b>	<b>7,599,868</b>	<b>7,361,039</b>

Quoted shares with a fair value of KD986,578 (31 December 2020: KD869,694 and 31 March 2020: KD1,774,232) are secured against bank borrowings (refer note 12).

### 8 Accounts receivable and other assets

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
<b>Financial assets:</b>			
Accounts receivable (net of impairment provision)	2,476,311	3,059,283	3,760,689
Due from the Ultimate Parent Company	-	-	2,409
Due from other related parties	9,336	9,382	167,381
Dividend receivable from an associate	-	-	1,521,937
Due from investment brokerage companies	491,439	375,010	416,031
Accrued income	370,733	407,449	641,338
Other financial assets	353,790	267,659	96,530
	<b>3,701,609</b>	<b>4,118,783</b>	<b>6,606,315</b>
<b>Non-financial assets</b>			
Other assets	557,709	370,759	234,141
	<b>4,259,318</b>	<b>4,489,542</b>	<b>6,840,456</b>

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

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
<b>Quoted shares</b>	<b>7,081,641</b>	<b>6,899,558</b>	<b>6,230,222</b>
- Local	6,778,839	6,617,373	5,957,032
- Foreign	302,802	282,185	273,190
<b>Unquoted shares</b>	<b>6,190,816</b>	<b>5,842,098</b>	<b>5,807,492</b>
- Local	1,479,426	1,442,640	1,286,213
- Foreign	4,711,390	4,399,458	4,521,279
<b>Foreign funds</b>	<b>499,368</b>	<b>499,025</b>	<b>627,835</b>
	<b>13,771,825</b>	<b>13,240,681</b>	<b>12,665,549</b>

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

### 9 Investments at fair value through other comprehensive income (continued)

Quoted shares with a fair value of KD6,698,218 (31 December 2020: KD6,534,901 and 31 March 2020: KD5,872,710) and unquoted shares with a fair value of KD345,587 (31 December 2020: KD319,971 and 31 March 2020: KD 96,124) are secured against bank borrowings (refer note 12).

### 10 Investment in associates

The movement of Investment in associates are as follows:

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Balance at 1 January	52,118,051	46,722,338	46,722,338
Share of results during the period / year	4,047,894	14,845,557	2,832,369
Share of other comprehensive income/(loss) of associates	319,130	(3,190,730)	(1,416,233)
Dividend from associate	(1,748,388)	(4,980,065)	(1,521,937)
Foreign currency translation adjustment	2,780,766	(1,279,049)	(2,055,773)
	57,517,453	52,118,051	44,560,764

### 11 Investment properties

The movement of investment properties is as follows:

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Fair value as at beginning of the period/year	13,056,083	13,895,210	13,895,210
Transferred to assets held for sale during the period (note 23)	(638,000)	-	-
Changes in fair value	-	(872,677)	-
Foreign currency translation adjustment	3,501	33,550	(27,544)
	12,421,584	13,056,083	13,867,666

Investment properties comprise land, buildings and property under developments in the following countries:

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Kuwait	9,878,000	10,516,000	10,622,000
Outside Kuwait	2,543,584	2,540,083	3,245,666
	12,421,584	13,056,083	13,867,666

At 31<sup>st</sup> December 2020, the Group re-valued its properties based on independent valuations.

Investments properties amounting to KD8,481,000 (31 December 2020: KD8,481,000 and 31 March 2020: KD8,409,000) and KD Nil (31 December 2020: KD Nil and 31 March 2020: KD1,546,000) are secured against bank loans and Ijara financing facilities respectively (refer note 12).

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

### 12 Borrowings from banks and financial institutions

	Security	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
<b>Short-term</b>				
Tawaruq payables	Secured	-	-	496,487
		-	-	496,487
<b>Long-term</b>				
Loans payable – Kuwaiti Dinar	Note 12.1 Secured	20,199,375	20,199,375	21,459,375
Loan from Ultimate Parent Company	Note 12.2 Secured	2,500,000	2,500,000	4,000,000
Ijara financing - Kuwaiti Dinar	Secured	-	-	680,500
		22,699,375	22,699,375	26,139,875
<b>Total</b>		22,699,375	22,699,375	26,636,362

12.1 These loans are fully secured by investments at fair value through profit or loss (note 7), investments at fair value through other comprehensive income (note 9), investment properties (note 11) and against shares of two unlisted subsidiaries of the Parent Company. Long-term loan carry effective interest rate of 3.55% p.a.(31 December 2020: 3.31% and 31 March 2020: 3.32% p.a).

12.2 The loan of KD2,500,000 from the Ultimate Parent Company is due in December 2021 . Loan from Ultimate Parent Company carries effective interest rate of 3.5% p.a (31 December 2020: 3.5% and 31 March 2020: 3.5% p.a ).

12.3 The above loans are due as follows:

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Short-term Tawaruq Payable	-	-	496,487
Long-term loans payable			
- Current portion due within one year	3,277,500	2,500,000	4,000,000
- Due after more than one year	19,421,875	20,199,375	21,459,375
Long-term ijara and murabaha financing			
- Current portion due within one year	-	-	680,500
	22,699,375	22,699,375	26,636,362

### 13 Share capital

#### Share capital

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

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

### 14 Treasury shares

The Group holds treasury shares as follows:

	31 March 2021 (Unaudited)	31 Dec. 2020 (Audited)	31 March 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)	3,457,594	3,075,439	1,805,228
Cost (KD)	4,138,316	4,138,316	4,138,316

Reserves equivalent to the cost of treasury shares held are not distributable. The treasury shares are not held as collateral against any financial liability.

### 15 Segment analysis

The Group activities are concentrated in four main segments: Investments, Real Estate, IT services and Hotel operations. These segments are regularly reviewed by the Chief Operating Decision Maker (CODM) for resource allocation and performance assessment. In addition, the segments results, assets and liabilities are reported based on the geographical location in which the Group operates in. Segment results include revenue and expense directly attributable to each reporting segment as the Group does not have any inter segment charges. Segment assets comprise those operating assets that are directly attributable to the segment.



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

### 15 Segment analysis (continued)

Segmental information for the period/year ended 31 March 2021, 31 December 2020 and 31 March 2020 are as follows:

	Investments		Real Estate		IT services		Hotel operations		Total
	31 March 2021 KD	31 March 2020 KD	31 March 2021 KD	31 March 2020 KD	31 March 2021 KD	31 March 2020 KD	31 March 2021 KD	31 March 2020 KD	
Revenue from hotel operations and IT services	-	-	-	-	2,804,001	3,437,013	169,873	695,728	4,132,741
Investments related income (realised, unrealised and dividend income)	771,780	(1,527,568)	-	-	-	-	-	-	(1,527,568)
Rental income	-	-	165,314	215,951	-	-	-	-	215,951
Management and placement fee	3,163	5,273	-	-	-	-	-	-	5,273
Realised gain on partial disposal of associate	-	-	-	-	-	-	-	-	-
Share of results of associates	4,047,894	2,832,369	-	-	-	-	-	-	2,832,369
Segment income	4,822,837	1,310,074	165,314	215,951	2,804,001	3,437,013	169,873	695,728	5,658,766
Cost of sales and services	-	-	-	-	(2,366,156)	(3,060,607)	(63,551)	(233,621)	(3,294,228)
General and administrative expenses	(606,220)	(397,580)	(50,399)	(5,180)	(229,443)	(254,921)	(183,821)	(325,614)	(983,295)
Operating profit	4,216,617	912,494	114,915	210,771	208,402	121,485	(77,499)	136,493	1,381,243
Interest income, other income and foreign exchange gain	213,707	250,727	-	-	-	-	-	-	250,727
Impairments	-	-	-	(182,550)	-	-	-	-	(182,550)
Finance cost	(198,332)	(277,485)	-	-	(21,834)	(3,286)	(30,604)	(31,227)	(311,998)
Segment profit/ (loss)	4,231,992	885,736	114,915	28,221	186,568	118,199	(108,103)	105,266	1,137,422

  

	31 March 2021 (Unaudited)			31 December 2020 (Audited)			31 March 2020 (Unaudited)		
	Assets KD	Liabilities KD	Net assets KD	Assets KD	Liabilities KD	Net assets KD	Assets KD	Liabilities KD	Net assets KD
Investments	91,590,192	(27,925,525)	63,664,667	83,397,217	(27,463,115)	55,934,102	74,248,813	(29,249,090)	44,999,723
Real Estate	13,109,094	(14,802)	13,094,292	13,083,719	(12,478)	13,071,241	14,034,481	(689,172)	13,345,289
IT services	6,483,547	(2,915,495)	3,568,052	7,169,772	(3,885,148)	3,284,624	9,591,988	(4,665,627)	4,926,361
Hotel operations	3,555,214	(2,279,814)	1,275,400	3,538,952	(2,213,372)	1,325,580	4,334,039	(2,264,423)	2,069,616
Total	114,738,047	(33,135,636)	81,602,411	107,189,660	(33,574,113)	73,615,547	102,209,301	(36,868,312)	65,340,989

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

### 16 Related party transactions

Related parties represent the Ultimate Parent Company, associates, directors and key management personnel of the Group, and other related parties such as subsidiaries of the Ultimate Parent Company (fellow subsidiaries), major shareholders and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Key management personnel include board of directors, chief executive officers (CEO) and principal officers of the Parent Company and its subsidiaries. Pricing policies and terms of these transactions are approved by the Group's management.

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

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
<b>Interim condensed consolidated statement of financial position</b>			
Due from related parties and the Ultimate Parent Company			
- Due from Ultimate Parent Company	-	-	2,409
- Due from other related parties (note 8)	18,431	18,462	167,381
- Dividend Receivable from associates	-	-	1,521,937
- Accrued income and management fee	459,854	462,515	469,799
Due to other related parties			
- Due to Ultimate Parent Company	9,095	9,080	384
- Other related parties	495,000	495,000	452,000
Loan payable to Ultimate Parent Company (note 12)	2,500,000	2,500,000	4,000,000
<b>Investments in related parties</b>			
- Investments at fair value through profit or loss	1,490	1,347	1,220
- Investments at FVOCI	7,054,148	6,874,858	6,002,875
		Three months ended 31 March 2021 (Unaudited) KD	Three months ended 31 March 2020 (Unaudited) KD
<b>Interim condensed consolidated statement of profit or loss</b>			
Management and placement fees			
- earned from Ultimate Parent Company		208	235
- earned from other related parties		630	572
Finance cost- Ultimate Parent Company		21,575	45,766
<b>Compensation of key management personnel of the Group</b>			
Short term employee benefits		86,759	123,966
End of service benefits		4,856	6,813
		91,615	130,779

## 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:

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
<b>At amortised cost:</b>			
• Cash and bank balances	5,805,314	4,133,589	3,312,015
• Short term deposits	6,847,843	6,997,843	6,503,883
• Wakala investments	-	-	1,000,000
• Accounts receivable and other assets (note 8)	3,701,609	4,118,783	6,606,315
	16,354,766	15,250,215	17,422,213
<b>Investments at fair value through profit or loss (note 7)</b>	<b>7,979,888</b>	<b>7,599,868</b>	<b>7,361,039</b>
<b>Investments at fair value through other comprehensive income (note 9)</b>	<b>13,771,825</b>	<b>13,240,681</b>	<b>12,665,549</b>
<b>Total financial assets</b>	<b>38,106,479</b>	<b>36,090,764</b>	<b>37,448,801</b>
<b>Financial liabilities (at amortised costs) :</b>			
• Due to banks	206,804	333,516	311,700
• Accounts payable and other liabilities	8,908,987	9,272,195	8,771,075
• Borrowings from banks and financial institutions (note 12)	22,699,375	22,699,375	26,636,362
	31,815,166	32,305,086	35,719,137

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures financial instruments such as investments at fair value through profit or loss and investment at fair value through other comprehensive income at fair value and measurement details are disclosed in note 17.2 to the interim condensed consolidated financial statements. In the opinion of the Group's management, except for certain long term borrowing the carrying amounts of all other financial assets and liabilities which are carried at amortised costs are considered a reasonable approximation of 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).



## 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 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.

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:

31 March 2021	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<b>Financial assets at fair value:</b>				
<b>Investments at fair value through profit or loss</b>				
- Quoted shares	7,813,072	-	-	7,813,072
- Foreign fund	-	166,816	-	166,816
<b>Financial assets at fair value through other comprehensive income</b>				
-Quoted shares	7,081,641	-	-	7,081,641
-Unquoted shares	-	4,707,493	1,483,323	6,190,816
-Foreign funds	-	499,368	-	499,368
<b>Total assets</b>	<b>14,894,713</b>	<b>5,373,677</b>	<b>1,483,323</b>	<b>21,751,713</b>

  

31 December 2020	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<b>Financial assets at fair value:</b>				
<b>Investments at fair value through profit or loss</b>				
-Quoted shares	7,432,583	-	-	7,432,583
-Unquoted shares	-	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>Total assets</b>	<b>14,332,141</b>	<b>5,061,863</b>	<b>1,446,545</b>	<b>20,840,549</b>

  

31 March 2020	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<b>Financial assets at fair value:</b>				
<b>Investments at fair value through profit or loss</b>				
- Quoted shares	7,152,084	-	-	7,152,084
- Foreign fund	-	208,955	-	208,955
<b>Financial assets at fair value through other comprehensive income</b>				
-Quoted shares	6,230,222	-	-	6,230,222
-Unquoted shares	-	4,517,243	1,290,249	5,807,492
-Foreign funds	-	627,835	-	627,835
<b>Total assets</b>	<b>13,382,306</b>	<b>5,354,033</b>	<b>1,290,249</b>	<b>20,026,588</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:

	31 March 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	31 March 2020 (Unaudited) KD
Balance at the beginning of the period/year	1,446,545	1,353,964	1,353,964
Change in fair value	36,778	92,581	(63,715)
Balance at the end of the period/year	1,483,323	1,446,545	1,290,249

### 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 have filed a case against the Seller claiming misrepresentation in valuing the subsidiary assets at JD4,500,000 (KD 1,919,323). The subsidiary's management and legal advisor believe that the favorable decision of the court is probable; hence, 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 KD3,615,011 (31 December 2020: KD3,786,114 and 31 March 2020: KD3,781,131).

### 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 statements of financial position. Assets under management at 31 March 2021 amounted to KD25,496,350 (31 December 2020: KD25,301,493 and 31 March 2020: KD24,542,124) of which assets managed on behalf of its Ultimate Parent Company and other related parties amounted to KD19,404,600 (31 December 2020: KD19,415,735 and 31 March 2020: KD19,246,333).

### 20 Distributions and directors' remuneration

At the General Assembly of the Parent Company's shareholders held on 14<sup>th</sup> April 2021, the shareholders approved to distribute a cash dividend to shareholders equivalent to 6 fils per share amounting to KD2,369,789 for the year ended 31 December 2020 (31 December 2019: 5 fils) and an amount of KD165,000 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 investee 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 receivable in accordance with the Central Bank of Kuwait provision rules. The Group initiated various legal cases against the investee company, which have been decided in favor of the Group. During the year 2019, the Parent Company has signed settlement agreement with Investee Company and as per this agreement 50% shares of a local unlisted company (acquired company) have been 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. The 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 above, the amount was fully provided in accordance with Central Bank of Kuwait rules. The Group initiated legal proceedings against the parties to recover the amount including profits thereon. During the year 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 KD1,200,000 as per the settlement agreement and the remaining amount of KD483,250 is due in the coming months. This has resulted in a reversal of provision during the current period on wakala investment amounting to KD200,000 in accordance with Central Bank of Kuwait credit provisioning rules and it has been included under interest and other income.

### 22 Merger with a subsidiary

The Board of Directors of the Parent Company in the 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 bylaw Chapter 9 (Acquisition and Merger) of law No.7.

Further, the Board of Directors in the meeting held on 9 December 2020, approved to submit the revised documents including advisors reports to the regulatory authorities in order to obtain the related approvals. Further, the Board of Directors of the Parent Company approved the swap ratio and revised capital structure. The Parent Company received approval of the Capital Market Authority for the merger on 31 December 2020. In order to continue the merger process, the Board of Directors of the Parent Company recommended during the month of December 2020 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 fils 100 per share to the non-controlling interest holders of the merged entity on completion of the merger subject to regulatory and shareholders approvals.



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

### **22 Merger with a subsidiary (continued)**

As a result of the proposed merger and subject to the other approvals of regulatory authorities and the shareholders of both the merging entities, the shareholders of the merged entity are expected to receive shares of the Parent Company.

### **23 Asset held for sale**

During the period, the management of the Group has decided to dispose one of its investment properties which meets the criteria for recognition as non-current assets held for sale. Consequently, the carrying value of this property amounting to KD 638,000 has been transferred from investment properties to asset held for sale category in the interim condensed consolidated statement of financial position (Note 11).

### **24 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. Governments worldwide imposed travel bans and strict quarantine measures in order to slow the spread of Covid-19. Business are dealing with lost revenue and disrupted supply chains. Global and local equity 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 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 reported amounts best represent management's assessment based on observable information. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations.

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.