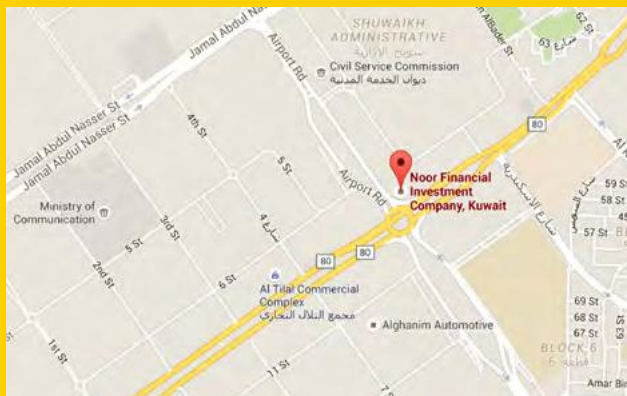




نور للإستثمار  
Noor Investment

# ANNUAL REPORT 2020

Value | Sustainability | Growth



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Noor Financial Investment Company - KPSC  
and Subsidiaries

## Annual Report 2020

Value | Sustainability | Growth



H. H. Sheikh  
**Nawaf Al-Ahmad Al-Jaber Al-Sabah**  
Amir of the State of Kuwait



H. H. Sheikh  
**Meshaal Al-Ahmad Al-Jaber Al-Sabah**  
Crown Prince of the State of Kuwait

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## VISION

We aspire to be the leading investment company of choice in the Gulf Cooperation Council (GCC).

## MISSION

We, at Noor, follow the best industry practices in our endeavor to generate superior returns and create value for our shareholders, clients and partners.

We:

- Invest in a vast array of investment classes including equity, fixed income, real estate and private equity
- Provide corporate advisory and asset management services
- Make strategic partnerships locally and internationally with reputable entities
- Invest in human capital and inculcate core values

## VALUES

- Ethics, personal integrity and transparency
- Team work, respect and accountability
- Innovation and knowledge sharing
- Passion for excellence in execution



## KEY FIGURES 2020

in KD millions

Consolidated Income	<b>28.50</b>
Shareholders' Profit	<b>11.86</b>
Earnings Per Share (Fils)	<b>30.02</b>
Consolidated Assets	<b>107.19</b>
Cash & Cash Equivalents	<b>9.54</b>
Shareholders' Equity	<b>66.88</b>
Book Value Per Share (Fils)	<b>169.4</b>





## A BRIEF OVERVIEW OF THE COMPANY

Noor Financial Investment Company - KPSC ("Noor") was established in Kuwait in 1997 and its shares were listed on the Kuwait Stock Exchange (Boursa Kuwait) in May 2006. Noor is engaged in investment activities and financial services primarily in Kuwait, the Middle East, Asia, and other emerging markets. Noor offers a full spectrum of innovative and unrivaled investment and financial services which include both advisory and asset management.

Noor's strength rests on its diversified portfolio of Direct Capital Market Investments, Real Estate and Alternative Investments. Noor manages a proprietary listed equity portfolio comprising of local and GCC equities. The Marketable Securities Unit continues to successfully deploy funds in GCC equity markets. To achieve consistent income and stable capital gain, Noor owns a commercial complex in addition to several others buildings. The Company's Alternative Investments Unit continues to pursue strategic investment opportunities that aim to achieve synergies among existing investments as well as to open new opportunities for the Company. Real Estate and Alternative Investments diversify Noor's portfolio to mitigate market volatility.

Noor aims for calculated and smart growth through excellence and high standards of achievements backed by its core values. Supported by a strong talented team of professionals, Noor is well poised for future success and growth.



# Our Subsidiaries and Associates Include:



**Meezan Bank**  
The Premier Islamic Bank



## Meezan Bank Limited - Pakistan

Noor is the largest shareholder in Meezan Bank Limited, Pakistan which is the first and the largest Islamic bank in Pakistan with more than 800 branches across 248 cities in the country. Besides traditional banking channels, the Bank offers numerous alternate distribution channels including internet and mobile banking. Meezan Bank has assets of more than USD 9.5 Billion and deposits of more than USD 7.8 Billion.



نور للاتصالات  
**NOORTEL**



## Noor Telecommunication Company KSCC - Kuwait

Noor Telecommunication Company KSCC (Noortel) is a Kuwait-based closed shareholding company that was incorporated in 2007. Noortel carries out its business activities through a specialized group of its subsidiaries and affiliates in Information, Communication and Technology related sectors. Noortel's IT operations include Arab Information Management Services (AIMS).



## Hotels Global Group Company - Jordan (HGG)

Through its subsidiary, Hotels Global Group Company in Jordan, Noor holds the concession rights of Amman International Airport Hotel which is a 4-star hotel with 300 rooms and multiple Food and Beverage outlets as well as other facilities. Hotels Global Group Company is also operating a transit hotel within the new Queen Alia International Airport terminal in addition to management of third party hospitality businesses.



## SUMMARY OF FINANCIAL STATEMENTS

	Amounts in Million KD					
	2020	2019	2018	2017	2016	2015
<b>Summary of Financial Position</b>						
Share capital	41.32	41.32	41.32	41.32	41.32	41.32
Shareholders' equity	66.88	64.62	54.98	42.44	46.04	43.49
Total borrowings	22.70	27.35	49.11	99.77	106.17	111.90
Long term assets	80.58	78.05	90.54	103.73	116.19	140.56
Total assets	107.19	108.23	131.31	171.11	183.59	186.02
<b>Summary of Profit or Loss</b>						
Consolidated income	28.50	29.99	30.71	25.86	24.22	29.62
Profit/(loss) for the year	12.13	8.92	23.79	2.10	0.57	(1.45)
Profit for the year attributable to the owners of the Parent Company	11.86	8.08	24.83	2.84	1.15	1.33
<b>Summary of Cash Flows</b>						
Net cash flow from/(used in) operating activities	3.49	(0.06)	6.10	2.71	(0.53)	6.44
Net cash flow from investing activities	7.67	11.75	29.98	5.43	14.48	10.18
Net cash flow used in financing activities	(8.16)	(14.57)	(39.27)	(11.22)	(6.26)	(14.86)
Changes in cash and cash equivalents	3.00	(2.87)	(3.20)	(3.08)	7.69	1.76
Cash and cash equivalents at end of the year	9.54	6.54	9.42	12.62	15.70	8.01
<b>Ratios</b>						
Return on equity	18%	13%	45%	7%	3%	3%
Current ratio	242%	238%	181%	67%	109%	211%
Quick ratio	101%	73%	49%	15%	29%	53%
Debt to equity ratio	18%	29%	57%	140%	131%	162%



## Vertical analysis of the consolidated statement of financial position

	Amounts in Million KD					
	2020	2019	2018	2017	2016	2015
<b>Assets</b>						
Cash and bank balances	4.13	2.58	5.28	8.49	10.42	7.74
Short term deposits	7.00	5.63	4.86	5.26	6.80	2.61
Wakala and sukuk investments	-	1.00	1.15	1.15	1.16	1.00
Investments at fair value through profit or loss	7.60	11.70	11.71	10.91	11.27	11.70
Accounts receivable and other assets	4.49	4.45	9.92	10.90	14.77	15.27
Inventories	0.59	0.53	0.51	0.77	0.77	0.88
FVOCI Investments	13.24	16.17	15.88	-	-	-
Available for sale investments	-	-	-	33.72	35.07	43.99
Investment in associates	52.12	46.72	44.05	61.99	60.76	53.08
Investment properties	13.06	13.90	31.74	30.05	33.82	39.76
Property and equipment	1.67	1.96	2.82	3.08	3.40	4.39
Right of use of assets	1.26	1.43	-	-	-	-
Goodwill and other intangible assets	2.03	2.16	3.39	4.79	5.35	5.60
<b>Total assets</b>	<b>107.19</b>	<b>108.23</b>	<b>131.31</b>	<b>171.11</b>	<b>183.59</b>	<b>186.02</b>
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Liabilities and Equity</b>						
<b>Liabilities</b>						
Due to banks	0.33	0.41	0.72	0.92	1.20	2.02
Accounts payable and other liabilities	9.27	8.16	10.95	7.12	6.58	7.57
Borrowings	22.70	27.35	49.11	99.77	106.17	111.90
Provision for end of service indemnity	1.27	1.06	0.94	0.88	0.72	0.59
<b>Total liabilities</b>	<b>33.57</b>	<b>36.98</b>	<b>61.72</b>	<b>108.69</b>	<b>114.67</b>	<b>122.08</b>
	<b>31.3%</b>	<b>34.1%</b>	<b>46.9%</b>	<b>63.5%</b>	<b>62.4%</b>	<b>65.7%</b>
<b>Equity</b>						
Share capital	41.32	41.32	41.32	41.32	41.32	41.32
Share premium	3.41	3.41	3.41	3.41	3.41	3.41
Treasury shares	(4.14)	(4.14)	(3.54)	(3.41)	(3.41)	(3.41)
Legal reserve	6.68	5.47	4.63	2.06	1.76	1.64
Voluntary reserve	6.68	5.47	4.63	2.06	1.76	1.64
Cumulative changes in fair value	(4.59)	1.41	(4.99)	3.81	5.90	3.85
Foreign currency translation reserve	(24.30)	(23.09)	(20.91)	(13.88)	(9.74)	(9.81)
Retained earnings	41.82	34.77	30.42	7.07	5.04	4.85
<b>Equity attributable to the owners of the Parent Company</b>	<b>66.88</b>	<b>64.62</b>	<b>54.97</b>	<b>42.44</b>	<b>46.04</b>	<b>43.49</b>
Non-Controlling Interests	6.74	6.63	14.62	19.98	22.88	20.45
<b>Total equity</b>	<b>73.62</b>	<b>71.25</b>	<b>69.59</b>	<b>62.42</b>	<b>68.92</b>	<b>63.94</b>
	<b>68.7%</b>	<b>65.9%</b>	<b>53.1%</b>	<b>36.5%</b>	<b>37.6%</b>	<b>34.3%</b>
<b>Total liabilities and equity</b>	<b>107.19</b>	<b>108.23</b>	<b>131.31</b>	<b>171.11</b>	<b>183.59</b>	<b>186.02</b>
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Vertical analysis of the consolidated statement of profit or loss

	Amounts in Million KD					
	2020	2019	2018	2017	2016	2015
<b>Revenue</b>						
Revenue from hotel operations and IT Services	13.31	13.39	14.37	17.31	14.91	15.70
Realised (loss)/gain on investments at fair value through profit or loss	(0.15)	1.87	1.28	0.02	0.08	0.55
Unrealised gain/(loss) on investments at fair value through profit or loss	0.07	1.71	0.56	0.23	(0.01)	(1.61)
Realised gain/(loss) on sale of available for sale investments	-	-	-	0.23	(0.44)	1.56
Change in fair value of investment properties	(0.87)	(1.15)	(0.49)	(2.09)	(0.60)	0.96
Dividend income	0.81	1.15	1.50	1.17	1.12	2.14
Share of results of associates	14.85	10.77	8.65	7.70	8.28	7.17
Management and placement fees	0.01	0.02	0.02	0.04	0.02	0.16
Realized gain/(loss) on sale of investment properties	-	-	-	0.05	(0.85)	-
Rental Income	0.47	0.65	0.62	1.20	1.71	1.53
Realised gain on partial sale/disposal of associates	-	1.58	4.20	-	-	-
<b>Total income</b>	<b>28.50</b>	<b>29.99</b>	<b>30.71</b>	<b>25.86</b>	<b>24.22</b>	<b>29.62</b>
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Cost of sales and services from hotel operations and IT services</b>						
General, administrative and other expenses	(11.13)	(10.56)	(11.45)	(13.71)	(11.48)	(13.41)
<b>Operating profit</b>	<b>(4.27)</b>	<b>(5.78)</b>	<b>(5.58)</b>	<b>(5.88)</b>	<b>(5.64)</b>	<b>(5.08)</b>
	<b>13.10</b>	<b>13.65</b>	<b>13.68</b>	<b>6.27</b>	<b>7.10</b>	<b>11.13</b>
	<b>45.9%</b>	<b>45.3%</b>	<b>44.5%</b>	<b>24.3%</b>	<b>29.3%</b>	<b>37.6%</b>
<b>Interest and other income</b>						
Foreign exchange (loss)/gain	0.98	1.15	17.50	2.26	0.68	2.56
Finance costs	(0.02)	(0.89)	(0.02)	(0.06)	(0.01)	0.11
Impairment in value of intangible assets	(1.10)	(1.81)	(4.78)	(5.45)	(4.44)	(4.24)
Impairment in value of available for sale investments	-	(0.95)	(1.18)	-	-	(2.01)
Impairment in value of investment in associate	-	-	-	(0.45)	(2.09)	(8.25)
Impairment in value of accounts receivable	(0.54)	-	(0.51)	-	-	(0.39)
Impairment in value of property and equipments	-	(0.53)	-	(0.36)	(0.63)	(0.32)
<b>Profit from Continuing Operation</b>	<b>12.42</b>	<b>10.62</b>	<b>24.69</b>	<b>2.21</b>	<b>0.61</b>	<b>(1.41)</b>
	<b>43.6%</b>	<b>34.6%</b>	<b>80.3%</b>	<b>8.6%</b>	<b>2.5%</b>	<b>-4.8%</b>
<b>Discontinued Operation</b>						
(Loss)/Profit from discontinued operation	-	(1.46)	0.02	-	-	-
<b>Profit before Taxes</b>	<b>12.42</b>	<b>9.16</b>	<b>24.71</b>	<b>2.21</b>	<b>0.61</b>	<b>(1.41)</b>
Provision for KFAS, Zakat and NLS	(0.12)	(0.12)	(0.79)	(0.06)	(0.04)	(0.04)
Directors' remuneration	(0.17)	(0.12)	(0.13)	(0.05)	-	-
<b>Profit/(loss) for the year</b>	<b>12.13</b>	<b>8.92</b>	<b>23.79</b>	<b>2.10</b>	<b>0.57</b>	<b>(1.45)</b>
	<b>42.6%</b>	<b>28.9%</b>	<b>77.4%</b>	<b>8.2%</b>	<b>2.3%</b>	<b>-4.9%</b>
<b>Attributable to non-controlling interests</b>						
Attributable to non-controlling interests	0.27	0.84	(1.04)	(0.74)	(0.58)	(2.78)
<b>Attributable to the owners of the Parent company</b>	<b>11.86</b>	<b>8.08</b>	<b>24.83</b>	<b>2.84</b>	<b>1.15</b>	<b>1.33</b>
	<b>41.7%</b>	<b>26.2%</b>	<b>80.8%</b>	<b>11.0%</b>	<b>4.7%</b>	<b>4.5%</b>



Horizontal analysis of the consolidated statement of financial position

Amounts in Million K												
	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15	2015	15 vs 14
Assets		%		%		%		%		%		%
Cash and bank balances	4.13	60%	2.58	-51%	5.28	-38%	8.49	-19%	10.42	35%	7.74	-5%
Short term deposits	7.00	24%	5.63	16%	4.86	-8%	5.26	-23%	6.80	161%	2.61	66%
Wakala and sukuk investments	-	-100%	1.00	-13%	1.15	-	1.15	-1%	1.16	16%	1.00	67%
Investments at fair value through profit or loss	7.60	-35%	11.70	-	11.71	7%	10.91	-3%	11.27	-4%	11.70	-33%
Accounts receivable and other assets	4.49	1%	4.45	-55%	9.92	-9%	10.90	-26%	14.77	-3%	15.27	7%
Inventories	0.59	11%	0.53	4%	0.51	-34%	0.77	-	0.77	-13%	0.88	184%
FVOCI Investments	13.24	-18%	16.17	2%	15.88	100%	-	-	0.77	-	-	-
Available for sale investments	-	-	-	-	-	-100%	33.72	-4%	35.07	-20%	43.99	-24%
Investment in associates	52.12	12%	46.72	6%	44.05	-29%	61.99	2%	60.76	14%	53.08	6%
Investment properties	13.06	-6%	13.90	-56%	31.74	6%	30.05	-11%	33.82	-15%	39.76	21%
Property and equipment	1.67	-15%	1.96	-30%	2.82	-8%	3.08	-9%	3.40	-23%	4.39	-34%
Right of use of assets	1.26	-12%	1.43	100%	-	-	-	-	-	-	-	-
Goodwill and other intangible assets	2.03	-6%	2.16	-36%	3.39	-29%	4.79	-10%	5.35	-4%	5.60	-46%
Total assets	107.19	-1%	108.23	-18%	131.31	-23%	171.11	-7%	183.59	-1%	186.02	-7%
Liabilities and Equity												
Liabilities												
Due to banks	0.33	-20%	0.41	-43%	0.72	-22%	0.92	-23%	1.20	-41%	2.02	34%
Accounts payable and other liabilities	9.27	14%	8.16	-25%	10.95	54%	7.12	8%	6.58	-13%	7.57	-24%
Borrowings	22.70	-17%	27.35	-44%	49.11	-51%	99.77	-6%	106.17	-5%	111.90	-10%
Provision for end of service indemnity	1.27	20%	1.06	13%	0.94	7%	0.88	22%	0.72	22%	0.59	13%
Total liabilities	33.57	-9%	36.98	-40%	61.72	-43%	108.69	-5%	114.67	-6%	122.08	-11%
Equity												
Share capital	41.32	-	41.32	-	41.32	-	41.32	-	41.32	-	41.32	-
Share premium	3.41	-	3.41	-	3.41	-	3.41	-	3.41	-	3.41	-
Treasury shares	(4.14)	-	(4.14)	17%	(3.54)	4%	(3.41)	-	(3.41)	-	(3.41)	-
Legal reserve	6.68	22%	5.47	18%	4.63	125%	2.06	17%	1.76	7%	1.64	9%
Voluntary reserve	6.68	22%	5.47	18%	4.63	125%	2.06	17%	1.76	7%	1.64	9%
Cumulative changes in fair value	(4.59)	-426%	1.41	-128%	(4.99)	-231%	3.81	-35%	5.90	53%	3.85	-36%
Foreign currency translation reserve	(24.30)	5%	(23.09)	10%	(20.91)	51%	(13.88)	43%	(9.74)	-1%	(9.81)	3%
Retained earnings	41.82	20%	34.77	14%	30.42	330%	7.07	40%	5.04	4%	4.85	8%
Equity attributable to the owners of the Parent Company	66.88	4%	64.62	18%	54.97	30%	42.44	-8%	46.04	6%	43.49	-4%
Non-controlling interests	6.74	2%	6.63	-55%	14.62	-27%	19.98	-13%	22.88	12%	20.45	11%
Total equity	73.62	3%	71.25	2%	69.59	11%	62.42	-9%	68.92	8%	63.94	-
Total liabilities and equity	107.19	-1%	108.23	-18%	131.31	-23%	171.11	-7%	183.59	-1%	186.02	-7%

Horizontal analysis of the consolidated statement of profit or loss

	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15	2015	15 vs 14
		%		%		%		%		%		%
Revenue from hotel operations and IT Services	13.31	-1%	13.39	-7%	14.37	-17%	17.31	16%	14.91	-5%	15.70	15%
Realised (loss)/gain on investments at fair value through profit or loss	(0.15)	-108%	1.87	46%	1.28	6300%	0.02	-75%	0.08	-85%	0.55	-52%
Unrealised gain/(loss) on investments at fair value through profit or loss	0.07	-96%	1.71	205%	0.56	143%	0.23	-2400%	(0.01)	-99%	(1.61)	973%
Realised gain/(loss) on sale of available for sale investments	-	-	-	-	-	-100%	0.23	-152%	(0.44)	-128%	1.56	-20%
Change in fair value of investment properties	(0.87)	-24%	(1.15)	135%	(0.49)	77%	(2.09)	248%	(0.60)	-163%	0.96	-13%
Dividend income	0.81	-30%	1.15	-23%	1.50	28%	1.17	4%	1.12	-48%	2.14	24%
Share of results of associates	14.85	37%	10.77	25%	8.65	12%	7.70	-7%	8.28	15%	7.17	-27%
Management and placement fees	0.01	-50%	0.02	-	0.02	-50%	0.04	100%	0.02	-99%	1.62	3140%
Realized gain/(loss) on sale of investment properties	-	-	-	-	-	-100%	0.05	-106%	(0.85)	-100%	-	-100%
Rental Income	0.47	-28%	0.65	5%	0.62	-48%	1.20	-30%	1.71	12%	1.53	51%
Realized gain on part of sale / disposal of associates	-	-100%	1.58	-62%	4.20	100%	-	-	-	-	-	-
Total income	28.50	-5%	29.99	-2%	30.71	19%	25.86	7%	24.22	-18%	29.62	-3%
Cost of sales and services from hotel operations and IT services	(11.13)	5%	(10.56)	-8%	(11.45)	-16%	(13.71)	19%	(11.48)	-14%	(13.41)	15%
General, administrative and other expenses	(4.27)	-26%	(5.78)	4%	(5.58)	-5%	(5.88)	4%	(5.64)	11%	(5.08)	-1%
Operating profit	13.10	-4%	13.65	-	13.68	118%	6.27	-12%	7.10	-36%	11.13	-20%
Interest and other income	0.98	-15%	1.15	-93%	17.50	674%	2.26	232%	0.68	-73%	2.56	146%
Foreign exchange (loss)/gain	(0.02)	-98%	(0.89)	4350%	(0.02)	-67%	(0.06)	500%	(0.01)	-109%	0.11	-283%
Finance costs	(1.10)	-39%	(1.81)	-62%	(4.78)	-12%	(5.45)	23%	(4.44)	5%	(4.24)	-7%
Impairment in value of intangible assets	-	-100%	(0.95)	-19%	(1.18)	100%	-	-	-	-100%	(2.01)	100%
Impairment in value of available for sale investments	-	-	-	-	-	-100%	(0.45)	-78%	(2.09)	-75%	(8.25)	-5%
Impairment in value of investment in associate	(0.54)	100%	-	-100%	(0.51)	42%	(0.36)	-43%	(0.63)	-100%	(0.39)	255%
Impairment in value of accounts receivable	-	-100%	(0.53)	-100%	-	-	-	-	-	97%	(0.32)	-78%
Impairment in value of property and equipments	-	-	-	-	-	-	-	-	-	-	-	-
Profit from Continuing Operation	12.42	17%	10.62	-57%	24.69	1017%	2.21	262%	0.61	-143%	(1.41)	-1862%
Discontinued Operation	-	-	-	-	-	-	-	-	-	-	-	-
(Loss)/Profit from discontinued operation	-	-100%	(1.46)	-7400%	0.02	100%	-	-	-	-	-	-
Profit before Taxes	12.42	36%	9.16	-63%	24.71	1018%	2.21	262%	0.61	-143%	(1.41)	-1862%
Provision for KFAS, Zakat and NLST	(0.12)	-	(0.12)	-85%	(0.79)	1217%	(0.06)	50%	(0.04)	-	(0.04)	33%
Directors' remuneration	(0.17)	42%	(0.12)	-8%	(0.13)	160%	(0.05)	100%	-	-	-	-
Profit/(loss) for the year	12.13	36%	8.92	-63%	23.79	1033%	2.10	268%	0.57	-139%	(1.45)	-3000%
Attributable to non-controlling interests	0.27	-68%	0.84	-181%	(1.04)	41%	(0.74)	28%	(0.58)	-79%	(2.78)	220%
Attributable to the owners of the Parent company	11.86	47%	8.08	-67%	24.83	774%	2.84	147%	1.15	-14%	1.33	45%



## BOARD OF DIRECTORS

## CHAIRMAN



Dr. Fahad Sulaiman Al-Khaled

### Academic Qualifications:

- Bachelor of Electrical and Electronic Engineering, University of Newcastle Upon Tyne, UK.
- Doctorate of Electrical and Electronic Engineering, University of Newcastle Upon Tyne, UK.

### Current & Previous Posts:

- Chairman, Noor Financial Investment Company, Kuwait
- Board Member, Privatization Holding Company, Kuwait
- Board Member, Arab Information Management Services Company (AIMS), Kuwait
- Board Member, IT Partners for Information Technology Company, Kuwait
- Board Member, Noor Telecommunications Company, Kuwait
- Chairman, Digital Alliances Company, Kuwait
- Managing Partner, Ersaal Cable & Wireless Company, Kuwait
- Board Member, Ikarus Petroleum Industries Company, Kuwait
- Board Member, Eastern United Petroleum Services Company, Kuwait
- Chairman, Global Projects Holding Company, Kuwait
- Deputy Chairman, Tawasul Services Company, Kuwait
- Managing Partner, Dizlee Communications & Consultancy Company, Kuwait
- Deputy General Manager, Arab Telecom Company, Kuwait
- Managing Partner, Mada Value Added Services Company, Kuwait
- Managing Partner, Senyar Capital Economical Consultancy Company, Kuwait
- Managing Partner, Askamo Economic Consultancy Company, Kuwait

## BOARD OF DIRECTORS

## VICE CHAIRMAN



Mr. Abdulghani M.S. Behbehani

### Academic Qualifications:

- B.Sc. in Mechanical Engineering, Kuwait University

### Current & Previous Posts:

- Vice Chairman, Noor Financial Investment Company, Kuwait
- Chairman, Noor Jordan Kuwait Financial Investment Company, Jordan
- Chairman, Hotels Global Group, Jordan
- Board Member, Ahli United Bank B.S.C, Bahrain
- Board Member, Kuwait Insurance Company S.A.K, Kuwait
- Board Member, United Beverage Company KSCC, Kuwait
- Board Member, Al-Alfain Printing, Publication & Distribution Company KSCC, Kuwait
- Director, Mohammad Saleh & Reza Yousuf Behbehani Company WLL, Kuwait
- Director, Behbehani Capital Company WLL, Kuwait
- Manager, Shereen Motor Company WLL, Kuwait
- Manager, Behbehani Tire Center Company WLL, Kuwait
- Former Board Member, Al Ahli Bank of Kuwait, Kuwait
- Former Eng. Kuwait National Petroleum Company Alahmadi, Kuwait



## BOARD OF DIRECTORS

## BOARD MEMBER



Mr. Riyadh S. A. A. Edrees

### Academic Qualifications:

- B.Sc. in Chemical Engineering, University of Newcastle Upon Tyne, UK
- M.Sc. in Chemical Engineering, Kuwait University

### Current & Previous Posts:

- Board Member, Noor Financial Investment Company, Kuwait
- Deputy CEO, Investment and Mega Projects, National Industries Group Holding, Kuwait
- Chairman, Privatization Holding Company, Kuwait
- Chairman & CEO, Ikarus Petroleum Industries Company, Kuwait
- Board Member, Noor Telecommunications Company, Kuwait
- Chairman, IT Partners for Information Technology, Kuwait
- Chairman, Meezan Bank Limited, Pakistan
- Board Member of Sahara International Petrochemical Company (Sipchem)-Saudi Arabia
- Board Member at K-Electric Limited Company, Pakistan
- Vice Chairman, Airport International Group, Jordan
- Chairman, Middle East Complex for Eng. Electronics and Heavy Industries Company, Jordan
- Advisory Board Member, Cleantech I & II- Zouk Venture Limited, U.K.
- Board Member, Investment Committee of Bouniya Fund, Kuwait Investment Company, Bahrain
- Advisory Board Member, Markaz Energy Fund, Kuwait
- General Manager, Gas & Oil Fields Services Company, Kuwait
- Vice Chairman, Eastern United Petroleum Services Company, Kuwait
- Board Member, Kuwait Ceramic Company, Kuwait
- Advisory Board Member, ZSOL, U.K.

## BOARD OF DIRECTORS

## BOARD MEMBER



Mr. Faisal A. Al-Nassar

### Academic Qualifications:

- Bachelor's in Accounting, Kuwait University

### Current Posts:

- Board Member, Noor Financial Investment Company, Kuwait
- Board Member, Hotels Global Group, Jordan
- Deputy CEO, Finance and Admin., National Industries Group Holding, Kuwait
- Chairman and CEO, Al Durra National Real Estate Company, Kuwait
- Vice Chairman, Meezan Bank Limited, Pakistan
- Chairman, Al-Manar Financing & Leasing Company, Kuwait
- Chairman, Noor Al-Salhiya Real Estate Company, Kuwait
- Vice Chairman, Abu Dhabi Marina Real Estate Investment Company, UAE
- Chairman, Shorfat Al-Safwa Company, Saudi Arabia
- Chairman, Durrat Al-Shameya Company, Saudi Arabia
- General Manager, IKARUS Real Estate Company - Dubai, UAE
- Board Member, Al-Ruwad Real Estate Company, Kuwait
- Director, Proclad Group Limited- Dubai, UAE



## BOARD OF DIRECTORS

## BOARD MEMBER



Mr. Bader H. Al-Rabiah

### Academic Qualifications:

- Bachelor in Accounting, Kuwait University

### Current & Previous Posts:

- Board Member, Noor Financial Investment Company, Kuwait
- Vice Chairman and CEO, Noor Al-Salhiya Real Estate Company, Kuwait
- Board Member, Meezan Bank Limited, Pakistan
- Vice Chairman, Al-Manar Financing & Leasing Company, Kuwait
- Board Member, Savola Group, Saudi Arabia
- Chairman, Palms Agro Production Company, Kuwait
- Board Member, Abu Dhabi Marina Real Estate Investment Company, UAE
- Vice Chairman, Al-Durra National Real Estate Company, Kuwait
- Board Member, Hotels Global Group, Jordan
- Chairman, Arab Group for Investment, Real Estate and Agriculture Development Company, Egypt
- General Manager, Sidra Middle East for Building Construction & Electrical, Mechanical Company, Kuwait
- General Manager, Ikarus Real Estate Company, UAE
- Member, Kuwaiti Association of Accountants, Kuwait
- Member, Kuwait Economic Society, Kuwait

## BOARD OF DIRECTORS

## BOARD MEMBER - Independent



Mr. Talal S. Al-Shehab

### Academic Qualifications:

- Bachelor in Accounting, Kuwait University
- Certificate in Credit Management (CCM) from Institute of Banking Studies, Kuwait

### Current & Previous Posts:

- Board Member, Noor Financial Investment Company, Kuwait
- CEO, Al-Masar Leasing & Investment Company, Kuwait
- Board Member, Meezan Bank Limited, Pakistan
- Chairman & Acting CEO, Priority Automobile Company, Kuwait
- Board Member, Amar Finance and Investment Company, Kuwait
- Board Member, Al-Riyada Finance and Investment Company, Kuwait
- Chairman, Land United Real Estate Company, Kuwait
- Board Member, Marsa Abu Dhabi Real Estate Investment Company, UAE
- Chairman and CEO, Al-Riyada Real Estate Company, Kuwait
- Board Member, Ahjar Holding Company, Kuwait
- Corporate Finance Manager, Warba Investment Company, Kuwait
- Manager Corporate Banking, Ahli United Bank, Kuwait



# MANAGEMENT TEAM



Fahad Bader Al Bader, Aiham Bseiso, Gururaj Narasimha Rao, Abdullah Abdulrahman Al Houli, Muhammad Moazzam Rafique

Name	Designation
Gururaj Rao	Chief Executive Officer
Abdullah Alhouli	VP - Head of Alternative Investment Department
Fahad Al-Bader	VP - Head of Marketable Securities Department
Moazzam Rafique	VP - Head of Finance Department
Aiham Bseiso	AVP - Head of Settlements Department
Moneera Al-Bader	AVP - Clients Portfolios Section
Maissan Al-Dekheel	AVP - Funds Administration Unit
Abdullah Al-Ahmed	AVP - Funds Section
Yaqoub Al-Nasrallah	AVP - Head of HR & Administration Section / Complaints
Sanjeewa Senarathna	AVP - Accounts
Emad Al-Hussain	AVP - Head of Compliance & AML Unit
Zahid UI Haq Abdul Haq	Manager - Internal Audit Unit
Neena Fernandes	Manager - Alternative Investment
Abdullah Al-Mansour Al-Mohammad	Manager - Risk Unit
Mohamed Sabry	Manager - Legal Affairs Unit
Roumi Al-Fahad	Manager - Clients Portfolios Section
Zeyad Salman Al-Matour	Assistant Manager - Investor Relations Unit
Khalaf Al-Khalaf	Assistant Manager - Public Relations Unit



# BOARD OF DIRECTORS' REPORT

Dear Esteemed Shareholders,  
It is the utmost pleasure for the Board of Directors of Noor Financial Investment Company to have your presence at the Company's ordinary general assembly meeting. The Board of Directors is pleased to present you the annual report and audited financial statements of the Company for the year ending on December 31, 2020, asking Almighty Allah to grant us success and guidance.

## Company's Operations:

Despite the exceptional challenges posed by the Coronavirus pandemic, the Company achieved a net profit of KD 11.86 million, an increase of 46.8% compared to the previous year. The Company also recorded a growth in Shareholders' Equity; reaching an amount of KD 66.88 million as of 31 December 2020 compared to KD 64.62 million at the end of previous fiscal year. Noting that the Shareholders' Equity does not reflect the full market value of Company's investment in associates except in the event of sale, in line with the approved accounting standards.

## Alternative Investments:

Despite the ongoing impacts of Coronavirus pandemic, Meezan Bank – one of the Company's investment – recorded stronger than expected performance across the board. This year, the Bank set an all-time profitability record of PKR 22.4 billion (US\$ 139.5 million), growing forty-three percent year on year and leading to 34% return on equity. Market value of Company's 35.25% stake in Meezan Bank, which is carried at KD 52 million in the books, increased to KD 98.4 million as of 31 December 2020 compared to KD 84.4 million as of 31 December 2019, growing by sixteen percent. Company's share of results of Meezan Bank stood at KD 14.8 million (2019: KD 10.8 million) providing a growth of more than 37%.

In parallel, the Company obtained the required initial approvals for the merger of its subsidiary, Noor Telecom Company KSCC, with the Company through amalgamation. Independent valuations were conducted for both the companies during the year 2020, and the Company submitted the merger project to the Capital Markets Authority, which issued its approval for it. After obtaining remaining approvals from official authorities, the merger project and the proposed share swap rates will then be submitted to the general assemblies of both the companies for approval or rejection. It is expected that the merger will bring better operating efficiencies in the Group after expected completion in the year 2021, once shareholders decide to approve the merger.

With respect to the Company's investment in the hotel industry, which is one of the most affected industries globally due to the pandemic, our hotel subsidiary in Jordan continued its activities at a limited scale. The subsidiary recorded a 58% decline in its revenues; which led to an operating loss of KD 570 thousand for the year 2020. We expect the subsidiary to rebound its performance once Covid-19 related restrictions are eased on the industry. We carried out an impairment testing for our assets in the subsidiary which did not lead to any impairment loss.

On the other hand, the Company also had a partial exit from one of the Company's private equity funds, which generated cash liquidity of KD 460 thousand.

On the real estate side, the Company's real estate portfolio was resilient despite the significant impact on the sector during the year. In line with the market recovery and the end of lockdown, the Company's rental income from real estate resumed during the third quarter and the occupancy reached more than 90% in key properties. The value of the Company's investment properties amounted to KD 13.1 million as of December 31, 2020, which generated rental income of KD 473 thousand during the year in spite of the rent waived for part of the year due to the lockdown.

## Marketable Securities:

The Company sold marketable securities of KD 3.6 million during the year 2020 from a total portfolio of KD 20.2 million. Liquidity generated from the sale of securities was utilized to reduce Company's debt. Company's portfolio of marketable securities stood at KD 14.3 million as of 31 December 2020 which is mainly GCC focused.

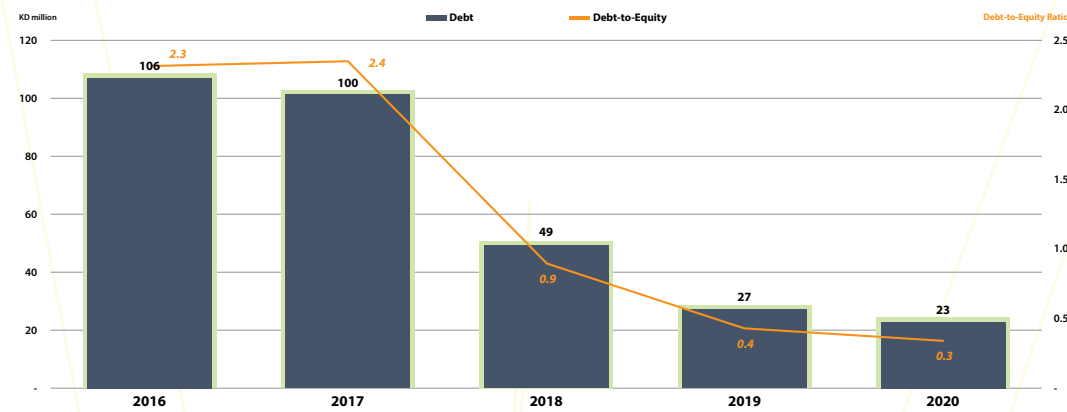
Noor's GCC Islamic Fund, which was awarded as the best fund over 3 years in EQUITY GCC (GULF COOP CNCL) category by Lipper Fund Awards from Refinitiv during the year 2019, has reported a performance of 3.21% for the year as opposed to a 1.83% performance in the benchmark.

## Borrowings:

The Company is recognized for systematically reducing its debts based on a clear plan. It maintained growth and reduced liabilities in parallel, as the ratio of debt to equity reached 0.34, which is very low in the investment sector and is an important indicator of the general performance of the company and its ability to expand in the future. The Company's debt was reduced from KD 27.4 million to KD 22.7 million during the year by paying KD 4.7 million to the lenders including KD 1.2 million prepayment for the installments due in 2021. The Company posted a total reduction of KD 77 million in debt over past three years.

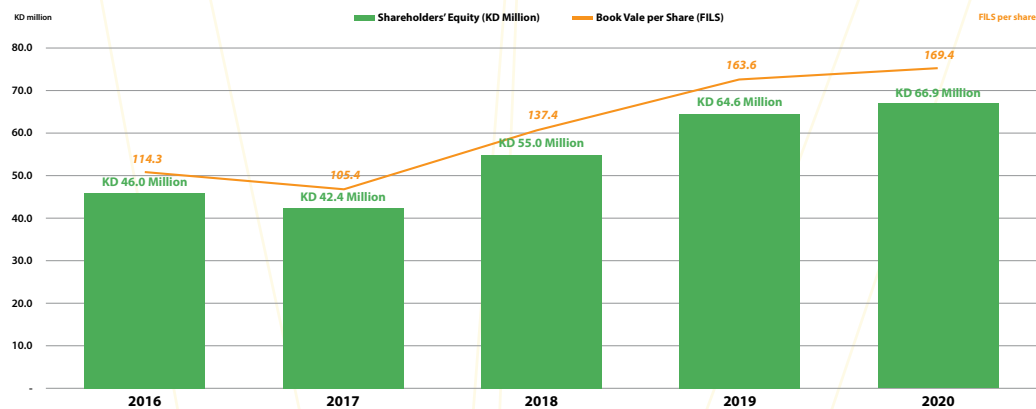
# BOARD OF DIRECTORS' REPORT





### Shareholders' Equity:

The Shareholders' Equity stood at KD 66.88 million as of 31 December 2020 leading to a record book value per share of FILS 169 after payment of FILS 6 dividend per share during the year 2020.



The performance indicators and the aforementioned information have reflected positively on the Company and have strengthened its position in the market. It is made possible by the distinguished efforts and continuous hard work of the Board of Directors and the executive team in exploring opportunities to reduce liabilities and achieve expansion and growth. The Company aims to build a new range of products and services in the financial services and investment sector, as well as explore new avenues for investments in the future.

### Company's Financial Performance:

The total income of the Company in the Consolidated Statement of Profit or Loss for the year 2020 was KD 28.5 million representing KD 14.8 million share of profits of associates, KD 13.3 million revenue from the operations of the subsidiaries in the IT and hotel industries and KD 0.4 million from other investments. Total income declined by 5% mainly due to drop in the local stock market. The Company posted an operating profit of KD 13.1 million for the year 2020 compared to KD 13.7 for the previous year. Finance cost for the year was reduced by 39% due to the reduction in debt and lower interest rates.

The Company achieved a net profit attributable to the owners of the Parent Company of KD 11.86 million (EPS of 30.02 FILS) for the financial year ended 31 December 2020 compared to a net profit of KD 8.1 million (EPS of 20.24 FILS) for the previous year.

### BOD Recommendations:

The Board of Directors recommended to the Company's general assembly to distribute cash dividends to the shareholders at the rate of 6% of the nominal value of the share capital for the year ended December 31, 2020 (2019: 6% cash dividends), which is subject to the approval of Company's general assembly and competent authorities. The Board of Directors also recommended to distribute a total amount of KD 165,000 as remuneration to the Board of Directors for their work during the fiscal year 2020, which is subject to the approval of Company's general assembly.

In conclusion, the members of the Board of Directors extend their sincere thanks and gratitude to the Company's shareholders, customers, and all stakeholders for their confidence and support over the years. The Board also expresses sincere thanks and appreciation to all employees of the company for their sincere efforts, continuous dedication to work and their constructive contributions.

### The Board of Directors

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## FIRST SECTION: INTRODUCTION

The Board of Noor Financial Investment Company was keen to set a strategy reflecting the Company's vision in line with the standards of good governance. Through this strategy, the Company aims to maintain a high level and standards of integrity in all transactions as well as maintaining compliance with the regulatory standards issued by the Capital Markets Authority since adoption of governance regulations.

To achieve such goals, the Board has adopted the Company's organizational structure and redrafted some bylaws, policies and systems to be in line with a vision and objectives aiming at maintaining sound management pursuant to the highest levels of good governance. This reflects the Board and the Executive Management's profound belief in the importance of compliance, at the utmost, with all laws and regulations organizing the Company's activities as well as the continuous update of the regulatory policies on governance, disclosure and transparency pursuant to the best practices and in the way serving the interests of the Company, shareholder and stakeholders.

You will find herewith the Company's annual Corporate Governance Report adopted by the Board for the information of our shareholders to be fully aware of the summary of the axes applicable at the Company's Governance.



















**Dr. Fahad Sulaiman Al-Khaled**  
Chairman





### Rule 1: Construct a Balanced Board Composition

S.	Board Member	Representing	Educational Qualification	Date of Election or Appointment	Category	Membership in Committees			
						Nomination & Remunerations	Credit	Audit	Risk
1.	Dr. Fahad Sulaiman Al-Khaled Chairman	Elected	Doctorate of Electrical & Electronic Engineering,	28 November 2018	Non- Executive Elected				
2	Mr. Abdulghani Behbehani Vice Chairman	Combined National Industries Holding Company	B.Sc. in Mechanical Engineering	28 November 2018	Non- Executive Appointed				
3	Mr. Riyadh Edrees Board Member	Privatization Holding Co.	M.Sc. in Chemical Engineering	28 November 2018	Non- Executive Appointed				
4	Mr. Faisal Al-Nassar Board Member	Al-Loaloa Al-Wataniya Holding Co.	Bachelor of Accounting	28 November 2018	Non- Executive Appointed				
5	Mr. Bader Hamad Al Rabiah Board Member	Al-Durra National Real Estate Co.	Bachelor of Accounting	28 November 2018	Non- Executive Appointed				
6	Mr. Talal S. Al-Shehab Board Member	Elected	Bachelor of Accounting	28 November 2018	Independent				



Board Meetings during the year 2020

Meeting Number during 2020	1	2	3	4	5	6	7	8	Total out of 8	Remarks
Dr. Fahad Sulaiman Al-Khaled Chairman	✓	✓	✓	✓	✓	✓	✓	✓	8	%100
Mr. Abdulghani Behbehani Vice Chairman	✓	✓	✓	✓	✓	✓	✓	✓	8	%100
Mr. Riyadh Edrees Board Member	✓	✓	✓	✓	✓	✓	✓	✓	8	%100
Mr. Faisal Al-Nassar Board Member	✓	✓	✓	✓	✓	✓	✓	✓	8	%100
Mr. Bader Hamad Al Rabiah Board Member	✓	✓	✓	✓	✓	✓	✓	✓	8	%100
Mr. Talal S. Al-Shehab Board Member	✓	✓	✓	✓	✓	✓	✓	✓	8	%100

✓	Attendance
✓	Attendance via electronic means
T	
X	Excuse

• **Registering, Coordinating and Archiving Board Minutes of Meetings**

The Company has a special register where Board minutes of meetings are written in serial numbers as based on the meeting year as well as indicating the place, date, commencement and ending times thereof. The register also indicates the attending and absent members, preparing minutes of discussions and deliberations including performed voting processes, classifying and archiving the same to facilitate referencing. The Board of Directors has also appointed a Board of Directors Secretary amongst the Company's employees to take responsibility of these tasks in addition to other tasks relating to the coordination with the members and the other departments in the Company.

**FOURTH SECTION**

**Rule II: Establish Appropriate Roles and Responsibilities**

• **Defining the Roles, Responsibilities and Duties for Board Members and for the Executive Management as well as the Authorities and Powers**

The Board of Directors has specified the roles, responsibilities and duties of the Board of Directors and Executive Management, the authorities and powers delegated to the Executive Management as well as creating procedures that ensure none of the parties possess ultimate authorities as well as to aim the facilitation of the process of questioning the Board by the Company's shareholders.

The Board's roles and responsibilities have been specified as the following:

1. Developing the Company's policies and procedures and ensuring its transparency in the way that facilitates the process of decision making as well as achieving the good governance principles in line with the governance system approved by the Board and setting a monitoring program for it.
2. Existence of the policies segregating the powers and authorities of both the Board of Directors and Executive Management. The authorities delegated to the Executive Management, the decision-making procedures and specifications of the delegation period have been defined.
3. Formation of the Board Committees (Audit Committee, Risk Committee, Nomination and Remunerations Committee and other committees) and the Board has adopted regulations and systems organizing the activities of those committees.
4. Through the reports provided by the Internal Audit Function, the Board shall periodically ensure the applicable internal audit systems' efficiency and sufficiency in the Company and Subsidiary Companies thereof, as well as ensuring adoption of the appropriate control systems to measure and manage risks and to share the same, in a transparent way, with the stakeholders and the other relative parties in the Company if required. The Board Chairman shall be liable for sound and effective performance of the Board and shall ensure that the members and independent members are obtaining full and correct information on time to enable them take the correct investment decision.
5. Preparing annual report to be cited in the Company's annual general assembly.
6. Monitoring the performance of each Board member and members of the Executive Management pursuant to the defined performance measurement indicators.

• **Most Notable Achievements and Resolutions of the Board during the Year**

The Board of Directors has convened 8 times during the financial year ended on 31 December 2020 (in addition to taking 6 resolutions by circulation). Below are the most important resolutions passed during such meetings:

1. Discussion and approval of the interim and annual financial statements of the Company.
2. Approval of the report on the Company's compliance with all the regulatory requirements mentioned in the Anti-money Laundering laws, relevant reports issued by the Compliance Unit and the other report issued by the external auditor.
3. Amendment to the organizational structure of the Company and amendment and approval of some of the Company's policies and procedures.
4. Approval of the appointment of the external auditor for the fiscal year 2020.
5. Appointment of the Internal Audit Manager
6. Formation of Credit Committee
7. Approval of the restructuring of the Company's capital to complete the merger process.
8. Discussion and approval of annual remuneration for the Board of Directors, Board committees and executive management, as well as recommendation of the cash dividends to the shareholders.



9. Discussed and approved several transactions that took place with related parties, including buying and selling of assets.
10. Discussed and approved the investment advisor's report, valuation report, merger project and related amendments due to Coronavirus pandemic for the merger of Noor Telecommunications Company into Noor Investment Company by way of amalgamation.
11. Discussed with the executive management several important matters, including the decisions of the Financial Action Task Force (FATF) concerning the results of assessment of certain countries wherein the Company has investments.
12. Reviewed the amendments approved by the executive regulations of the Capital Markets Authority Law for the year 2020, as well as the most prominent decisions and instructions issued by the Capital Markets Authority.

• **Application of the Requirements pertaining Formation of Independent Specialized Committees**

The Board has formed four specialized committees (detailed later), after electing the members of the new Board on 28 November 2018, that enable it to effectually fulfill its roles in accordance with the Company needs. Sufficient numbers of members were appointed in such committees including non-executive members as well as one independent member in two of the said committees pursuant to the internal regulations set and approved by the Board and which include specification of the committee's role, its term, the granted authorities during the term and the supervision of the Board over it. The said committees shall notify the Board with the results of its activities and the decisions taken in absolute transparency through the periodical reports.

The formed committees:

1. Nominations and Remunerations Committee.
2. Credit Committee.
3. Audit Committee.
4. Risk Committee.

Below are the details of the Board Committees.

**Nomination and Remunerations Committee:**

Date of Forming the Committee	Term of the Committee	Number of Meetings
2 December 2018	Three years	3

• **Roles and Tasks of the Committee**

Entrusted with the task of preparing recommendations on nomination for members of the Board of Directors and executive management members, recommendations on the policies and regulations governing remunerations, recommending nomination and re-nomination acceptance for members of the Board of Directors and executive management members and setting policy for the members of the Board of Directors and executive management members' remuneration. Further, it proposes the performance indicators, assessment of members and executive staff, and submits its recommendation to the board in addition to other related specialties.

• **Members of the Nomination and Remunerations Committee:**

Sr.	Name of the Member	Title	Attendance	Remarks
1	Mr. Abdulghani Mohammed Behbehani	Head of Committee	100%	
2	Dr. Fahad Sulaiman Al-Khaled	Member	100%	
3	Mr. Riyadh Salem Edrees	Member	100%	
4	Mr. Faisal Abdul Aziz Al-Nassar	Member	100%	
5	Mr. Talal Sultan Al-Shehab	Member (Independent)	100%	

The most prominent achievements of the committee during the year

- Discussing the amendment of the organizational structure.
- Approving the succession plan for the fiscal year.

- Discussing and approving the remuneration of members of the Board of Directors and the remuneration of members of Board committees and employees.
- The amendment of the Human Resources policy in terms of support for National Manpower.

**Credit Committee:**

Date of Forming the Committee	Term of the Committee	Number of Meetings
29 January 2020	Three years or until BOD term	1

• **Roles and Tasks of the Committee**

Review the requests submitted for granting and renewing credit facilities based on the recommendation of the credit unit within the limits set by the Central Bank as well as to approve the credit limits for clients, review the final settlement for defaulting clients and extend the credit limits as set out in the credit policy and in accordance with the instructions and directives issued by the Central Bank. The Committee is also responsible for reviewing the credit policy and the proposed amendments to it prior to its approval by the Board of Directors, in accordance with the instructions of the Central Bank and the relevant authorities and in accordance with the company's strategy.

• **Members of the Credit Committee:**

Sr.	Name of the Member	Title	Attendance	Remarks
1	Mr. Abdulghani Mohammed Behbehani	Head of Committee	100%	
2	Mr. Riyadh Salem Edrees	Member	100%	
3	Mr. Talal Sultan Al-Shehab	Member	100%	

The most prominent achievements of the committee during the year

- Formation of the committee
- Approval of a credit facility for a related party

**Audit Committee:**

Date of Forming the Committee	Term of the Committee	Number of Meetings
2 December 2018	Three years	7

• **Roles and Tasks of the Committee**

This Committee seeks to strengthen the compliance culture in the Company through ensuring fairness and integrity of the Company's financial statements, ensuring the extent of sufficiency and efficiency of the internal control systems applied in the Company, reviewing periodical financial statements prior to their submission to the Board of Directors, providing the Board of Directors with its recommendations concerning the appointment, re-appointment, or replacement of the external Auditors and ensuring their independence, evaluating sufficiency and efficiency of the internal control systems applied in the Company and the technical supervision on the Company's internal audit department in order to ensure its effectiveness in performing the operations and tasks assigned by the Board of Directors.

• **Members of the Audit Committee:**

Sr.	Name of the Member	Title	Attendance	Remarks
1	Mr. Riyadh Salem Edrees	Head of Committee	100%	
2	Mr. Faisal Abdul Aziz Al-Nassar	Member	100%	
3	Mr. Bader Hamad Al Rabiah	Member	100%	
4	Mr. Talal Sultan Al-Shehab	Member (Independent)	100%	



The most prominent achievements of the committee during the year

- Recommending to the Board of Directors on the appointment of internal audit manager.
- Viewing and discussing the interim and annual financial statements
- Discussing the report of the ICR “Internal Control” and the report of the Internal Audit Committee for presenting it to the General Assembly.
- Approval of the related party transactions report for the fiscal year ending on December 31, 2019.
- Discussed and recommended to the Board of Directors on the appointment of external auditor.
- Reviewed the transactions with related parties and submitted recommendations to the Board of Directors
- Discussed and approved the internal audit plan.

#### Risk Committee:

Date of Forming the Committee	Term of the Committee	Number of Meetings
2 December 2018	Three years	6

- **Roles and Tasks of the Committee**  
Works mainly to evaluate, monitor and limit all types of risks facing the Company, review transactions to be made by the Company with the related parties and provide proper recommendations thereof to the Board of Directors, evaluate systems and mechanisms of identifying, measuring and monitoring various types of risks that may face the Company, in order to identify areas of weakness and assisting the Board of Directors to identify and evaluate the Company’s acceptable risk level, and ensure that the Company does not exceed such level after being approved by the Board of Directors.

#### Members of the Risk Committee:

Sr.	Name of the Member	Title	Attendance	Remarks
1	Mr. Bader Hamad Al Rabiah	Head of Committee	100%	
2	Mr. Faisal Abdul Aziz Al-Nassar	Member	100%	
3	Mr. Riyadh Salem Edrees	Member	100%	

The most prominent achievements of the committee during the year

- Discussing the credit policy and evidence of its procedures.
- Discussing the reports of the Risk Committee submitted by the Risk Department.
- Discussing the risks involved in transactions with related parties, reviewing those transactions, and submitting a recommendation thereon to the Board of Directors
- **The mechanisms that enable Board Members to obtain Accurate and Timely information and data**  
The Board Secretary shall provide the Board Members with the sufficient information about the topics that will be discussed during the meeting at least 3 business days before the meeting (unless there is an urgent meeting that required a shorter notice’s invitation) to enable them take the proper decisions, recording all the discussions between the Board members in minutes of meetings with serial numbers, defining the attendees and recording their votes on the decisions taken during the meeting, as well as ensuring good and timely delivery and distribution of reports and agenda relating to the works of the Board and the minutes of meetings’ record.

Members of the Board of Directors shall have full and quick access to all the Company’s information, documents and records through the Board Secretary or the Chairman of the Board of Directors as the same are classified and archived in a way facilitating referring thereto on due time. The Company’s Executive Management shall provide the Board and its committees with all the required documents and information through relying on information technology infrastructure providing periodical reports that are used to take proper and timely decisions.

## FIFTH SECTION

### Rule III: Recruit Highly Qualified Candidates for the Members of Board of Directors and the Executive Management

#### • A brief on the Formation of the Nomination & Remunerations Committee

The Nomination and Remunerations Committee is formed of 5 Board members. A special consideration was given to add one of the independent members to the Committee and to be headed by one of the Non-Executive Members of the Board of Directors. Members that have proper professional expertise in human resources and administration were selected in line with the nature of the Committee and the Company’s work.

Members with technical, leadership and management capabilities enabling them to enjoy independency and fulfilling all the technical requirements and the updates on workflow were selected as well.

#### • Board and Executive Management Remunerations Report

Remunerations report is attached and it will be presented and read in details in the general assembly of the Company.

## SIXTH SECTION

### Rule IV: Safeguard the Integrity of Financial Reporting

#### • The Board of Directors and the Executive Management’s Written Undertakings of Soundness and Integrity of Financial Reporting

The Chief Executive Officer, Financial Manager and his assistant have provided an undertaking that the Company financial reports are provided soundly and fairly, they present all financial aspects of the Company, including data and operational results, and that they are prepared in accordance with the International Accounting Standards approved by the Capital Markets Authority and the other regulatory bodies.

Moreover, Board Members have provided another undertaking indicating that the financial statements provided in the general assembly are sound and fair as per the accounting standards.

#### • A brief on the Formation of the Audit Committee

The Audit Committee is formed of four members one of them is independent. The Board Chairman or Executive Members of a Board of Directors are not members in such committee. In addition, the Committee includes at least a member of educational qualification and practical experience in the accounting and financial fields.

In case of any conflicts between the recommendations of the Audit Committee and the resolutions of the Board of Directors, the Board of Directors shall include a statement detailing clearly such recommendations and reasons of noncompliance therewith by the Board of Directors.

#### • Ensure Independence and Neutrality of External Auditor

The Audit Committee has convened and recommended reappointment of the external auditor for the financial year ended 31 December 2020 after ensuring that they are listed in the CMA’s external auditors register and fulfilling all the required provisions stated in the CMA’s resolution concerning the registration of external Auditors.

It was also verified that the external Auditor is independent from the Company and its Board of Directors and no services other than services related to the audit functions are provided to the Company, which may affect the auditors’ neutrality or independency.

## SEVENTH SECTION

### Rule V: Apply suitable Systems of Risk Management and Internal Audit

#### • A brief Statement on Adopting the Formation of an Independent Risk Management Unit’s Requirements

An independent Risk Management Unit has been created which enjoys full independence through reporting directly to the Risk Committee as well as enjoying authorities to fulfill their duties in the optimal way and without being granted financial authorities and powers.

#### • A brief on Application of Formation of the Risk Management Committee’s Requirements

The Board of Directors has formed the Risk Management Committee consisting of three members. The head of such committee is a Non-Executive Member of the Board. A special consideration was given to ensure that the Chairman of the Board of Directors is not be a member in such Committee. The membership term was specified as 3 years pursuant to the Committee’s charter which specified the method of its work. It is directly reporting to the Board as per its determined tasks and powers.

#### • A brief on Systems of Control and Internal Audit

The Company has highly efficient internal controls and risk management systems. The Board of Directors has approved an organizational structure matching the Company’s strategy, its activities, the detailed job descriptions for jobs and levels as well as the official policies and procedures governing all jobs and the Company’s operations. Execution of the same is monitored by the Internal Audit Unit that is fully independent. In addition, the said systems specify the policies, procedures, duties and responsibilities of each job as well as the authorities and reporting schemes for the multiple levels of administrators in the way



fulfilling the dual control and the principle of powers segregation to avoid the conflict between functions. The Company is conducting the Internal Control Review (ICR) through an independent audit firm other than the Company's external auditors to ensure sufficiency of the internal control systems. An annual report is issued on the same a copy thereof is provided to the Capital markets Authority. In addition, the Company has regulations enabling the employees to contact the Chairman to report any of their concerns about possible violation by any person in the Company (Whistleblowing) through approving the whistleblowing policy and procedures and publishing the same in the folders shared with the employees in addition to putting whistleblowing forms at the Company's website.

- **A brief Statement on Adopting the formation of an Independent Internal Audit Unit**

The Internal Audit Unit was formed to report to the Audit Committee and consequently to the Board of Directors. The Unit enjoys full independence and the Board has appointed the head of the Unit based on a recommendation from the Audit Committee. The Board has specified the tasks, reporting line and responsibilities of the Internal Audit Unit.

## EIGHTH SECTION

### Rule VI: Promote Code of Conduct and Ethical Standards

- **The Business Charter including Standards and Elements of Code of Conduct and Ethical Standards**

The Board of Directors has developed standards and determinants that establish the Company's ethical concepts and standards, while, the executive management was assigned to apply the Company goals in accordance with such standards and determinants. The business charter for the Company has specified the tasks entrusted to the Board and all employees. Furthermore, the charter included a set of standards and determinants which establish the principle that each member of the Board of Directors and executive management shall abide by the laws and instructions, represent all shareholders, and abide by what is for the interest of the Company, the shareholders, and other Stakeholders, without limitation to one group only, not to use the official position of influence to achieve a private interest or any personal interests for them or for any third party, not to use the Company's assets and resources to achieve personal interests and use such assets and resources optimally to achieve the Company's goals, ensure developing an elaborate system and a clear mechanism that prevents the Members of the Board of Directors and employees from exploiting the information they have due to the position thereof for personal interest and prohibiting disclosure of the Company's information and data, except in the cases that permit disclosure in accordance with legal requirements.

- **Policies and Mechanisms to Reduce the Conflicts of Interest Cases**

The Board of Directors has approved a policy for conflict of interest, which includes clear examples of the conflict-of-interest cases and the methods for resolving and dealing with it, without prejudice to the cases set out in the Companies Law. The Conflict-of-Interest Policy included that any members of the Board of Directors shall inform the Board of Directors of the personal interest related thereto in works or agreements concluded for the Company and such reporting shall be listed in the minutes. The member of interest shall not be entitled to vote on the resolution issued in this regard. Furthermore, the Board Chairman shall report to the general assembly at the meeting, the works and agreements, in which a Members of a Board of Directors has a personal interest, and such reporting shall be enclosed with a special report by the Auditor.

## NINTH SECTION

### Rule VII: Ensure Timely and High Quality Disclosure and Transparency

- **Mechanisms for Presentation as well as Accurate and Transparent Disclosure defining Aspects, Scopes and Specifications of Disclosure**

The Company has developed a policy for the accurate disclosure which was approved by the Board. It is being updated as per the regulators instructions. Furthermore, it has developed criteria for disclosure of material information as specified in the Executive Bylaws of the Capital Markets Authority, identified aspects, fields, and features of disclosure, the departments responsible of disclosure as well as the steps of disclosure process, method of presentation and the entities to which the disclosure shall be made, in addition to the other means of disclosure represented in the Company's website.

- **Record of Disclosures of the Members of a Board of Directors and the Executive Management**

The Company has prepared a record of disclosures of the members of the Board of Directors and the Executive Management at the Compliance Unit along with notifying the Board members and the Executive Management to provide the head of the Unit with any trading activities made by them or for their minors on the Company's stocks, the mother Company's stocks or the subsidiaries. An undertaking was taken from them on this regard.

- **Requirements of formation of the Investors' Affairs Unit**

The Investors' Affairs Unit was established and an employee was appointed for the Unit. The employee was given complete independency to execute his works and the Unit is reporting directly to the CEO. Further, we are in the process of developing the Company's website and updating the part related to the information that should be provided to the Investor's Affairs Section.

- **Develop the Infrastructure for the Information Technology on which it shall significantly rely on in the Disclosure Processes**

Information technology is considered as a main pillar in the Company's work. Automatic systems were implemented to monitor the customers' portfolios and the units' holders of the investment funds managed by the Company. Periodical reports of the client are obtained easily from such systems.

Periodical reports are obtained and submitted to the Board members easily. The Company has expanded its reliance and adoption of information technology in order to communicate with shareholders, investors, and other stakeholders by creating a separate section on the Company's website for corporate governance and investors' affairs where all new information and data, that may help the shareholders, current and potential investors to have access to the rights thereof and evaluate the Company's performance are presented. A new section was created for the Company's disclosures which are published on Bursa Kuwait and another section for presenting the financial statements and the periodical results of the Company's activities. Amendment was made to immediately upload the financial statements upon disclosure of the financial results.

## TENTH SECTION

### Rule VIII: Respect the Rights of Shareholders

- **Requirements of Identifying and Protecting the General Rights of Shareholders to Ensure Fairness and Equality amongst all Shareholders**

The Company's articles of association and internal regulations include the procedures and conditions necessary to ensure having access by all shareholders to the rights thereof, in a manner that achieve fairness and equality without contradiction with the applicable laws, regulations, resolutions and instructions issued in this regard. Shareholders' rights include listing the ownership value of their shared investment in the Company records, disposal of shares, including registration and transfer of ownership, receiving the decided share in dividends, receiving a share in Company's assets in case of liquidation, having access to data and information of the Company's activity and operational and investment strategy regularly easily, participating in meetings of the shareholders' general assembly and voting on the resolutions thereof as well as electing Members of the Board of Directors, questioning the Board members and the Executive Management and filing liability claim against them in case of failure in executing their tasks. The Company shall treat all shareholder owning the same type of shares equally and without any discrimination.

- **A brief on Creating and Keeping a Special Record at the Clearing Agency within the Requirement of On-going Monitoring of Shareholders' Data**

A contract was concluded for keeping the shareholders' record at a clearing agency licensed by Capital Markets Authority "Kuwait Clearing Company" which is entrusted with the task of recording, maintaining and updating the shareholders' record. The clearing agency shall provide the Company with a copy of the record on weekly basis. The record contains the information related to the name and number of the shareholder, the number of shares held by the shareholder at a fixed date in addition to the personal information available with the clearing agency with respect to the contact numbers of the shareholder, his address and other information.

- **Encouraging Shareholders to Participate and Vote in the Company's General Assembly Meetings**

The right of participation by shareholders in the meeting of the Company's general assemblies and voting on resolutions thereof is an inherent right for all shareholders regardless of the different levels thereof. The Company shall extend a call for shareholders to attend the general assembly based on an invitation from the Board of Directors within three month after the end of the financial years and upon necessity. The Board of Directors may call for a general assembly to meet based on a reasoned request by shareholders owning not less than 10% of the Company's capital or a request by the Auditor within 21 days as of the date of such request. The Company shall extend call for shareholders to attend the general assembly, including the agenda, time and place of holding such meeting through announcement in two daily newspapers. Another announcement shall be made as a reminder a week before the date of the general assembly, in addition to publishing the invitation on Bursa Kuwait's website and the Company's website along with confirming that any shareholder shall be entitled to authorize another person to attend to the general assembly in accordance with a special proxy. The members of the Board of Directors may not participate in voting on the general assembly resolutions concerning limitation of the responsibility thereof, to management regarding a private interest for their own selves, their spouses, or first degree relatives; or a conflict between them and the Company. The Company shall allow shareholders, prior to holding the general assembly with sufficient time, to have access to all information and data related to the agenda, and in particular the Board of Directors Report, Auditor Report and Financial Statements through the Company's website and visiting the Company's head office or through Kuwait Clearing Company.

## ELEVENTH SECTION

### Rule IX: Recognize the Roles of Stakeholders

- **Conditions and Policies that Ensure Protection of the Rights of Stakeholders**

The Company has developed policies including rules and measures to ensure protection and acknowledgment of the rights of Stakeholders and allow them to have access to compensations, in case of any breach of the rights thereof, as set forth by the laws issued in this regard.

- **Encouraging Stakeholders to Keep Track of the Company activities**

The Company believes that the stakeholders have an important and influential role in enriching the Company's works and assisting it to succeed. The Company's Board of Directors realizes that the Company's ultimate success is stemming from the mutual efforts of many parts including the shareholders, the lenders and employees. The Company's procedures, policies and practices are stressing on the importance of respecting the stakeholders' rights pursuant to the relevant laws and regulations. The Company shall encourage stakeholders to keep track of its diverse activities and to develop mechanisms and frameworks that ensure maximum benefit from contributions of Stakeholders and encouraging them to keep track of the Company activities, in a manner that is consistent with achieving the benefits thereof and to allow Stakeholders to have access to information and data related to the activities thereof. In addition, the Company has set proper mechanisms allowing Stakeholders to report the Board of Directors of any unfair practices committed by the Company against them and provide a proper protection for whistle-blowers.

## TWELFTH SECTION

### Rule X: Encourage and Enhance Performance

- **The Requirements of Developing Mechanisms that allow the Board Members and Executive Management to have regular trainings**

The Company has set induction programs for the newly appointed members and employees (no new appointment was during the financial year) to ensure that they have a full understanding of the Company's works and operations, provided that such programs are including the Company's strategy, objectives, financial and operational aspects of the Company's activities, legal and regulatory obligations of the Board members, the Company and their respective tasks as well as their authorities and rights and the role of the Board committees. Training programs, workshops, and conferences proper to the current Members of the Board of Directors and executive management were recommended, and they are related to the Company's work, in order to develop skills and experience thereof and cope with the developments, in a manner that help them to perform assignments entrusted thereto. The Company has conducted a workshop and a training program on anti-money laundering and combating the financing of terrorism in addition of periodic governance files and many courses on disclosure of interests and organizing insiders dealing for the Board Members, Executive Management and other employees.

- **Evaluate the Performance of the Board of Directors as a whole as well as the Performance of each Board Member and Executive Management**

The Company has developed systems and mechanisms to evaluate the performance of each member of the Board of Directors and executive management annually, it is being updated, through developing a set of performance measurement indicators related to the extent of achieving strategic goals of the Company, quality of risk management, and sufficiency of internal control systems. Further, the Company is, currently, applying these indicators in evaluating the members and the executive management.

- **Creating corporate values among the Company's employees (Value Creation)**

The Board of Directors seeks to create values within the Company in the short, medium and long term, and to achieve this, the Board of Directors has adopted a Code of Business Conduct, which confirms the existence of means to follow those practices and adherence to the best professional standards and institutional values, and sought to link the extent of commitment to corporate values with the performance evaluation of the Company's employees in order to ensure the achievement of the Company's strategic objectives.

The most prominent efforts made by the Company to encourage institutional values within the Company are to provide the opportunity for all categories of employees to present their ideas and initiatives to the executive management, where discussion sessions are held periodically in the presence of senior management with employees of all administrative levels, to see the ideas that can be applied and develop work procedures that will be reflected in Company business development.

## THIRTEENTH SECTION

### Rule XI: Focus on the Importance of Corporate Social Responsibility

- **A brief on Developing a Policy that ensures Balance between the Company Goals and Society Objectives**

The Company has set a policy, as approved by the Board of Directors, to aim a balance between each of the Company's goals and the goals of society. It has implemented several projects that serve the community, such as supporting a graduation project for students of the College of Engineering, supporting the children of the Company's employees, and providing aid to needy families through cooperation with a charitable association.

The Company believes in activating its social role, and the importance of community members as the main pillar in society (a detailed report on the mentioned projects is attached later).

# BOARD AUDIT COMMITTEE REPORT AND INTERNAL CONTROL REVIEW REPORT



## Board Audit Committee Report and Internal Control Review Report

### Board Audit Committee ("BAC" or "Committee") Formation

The BAC membership comprises of four Committee members, of which one member is an Independent member thereby ensuring neutrality and impartiality in carrying out the responsibilities.

### BAC Meetings 2020

During the year 2020, seven meetings of the BAC were held, wherein they discussed matters pertaining to the Company along with providing their recommendations and taking various decisions as detailed below.

### Tasks and Duties performed by the BAC

- The Committee approved to engage RSM Al-Bazie Consulting to assist the Internal Audit Unit in carrying out internal audit and preparing internal audit reports for the period up to October 2020.
- The Committee reviewed a detailed Internal Control Report of Noor prepared by Internal Audit Unit.
- The Committee approved to engage M/s Mazars - Hend Abdullah Al-Surayea & Company, Kuwait to prepare the Internal Control Review Report (ICR) for the year ended 31<sup>st</sup> December 2019. The Committee also reviewed Noor's Internal Control Review Report (ICR) for the year 2019, which was submitted to CMA and noted the observations.
- The Committee reviewed the Related Party Transaction Report for the year 2019 and recommended to the Board for approval.
- Based on the criteria set for external auditor's performance assessment, the Committee assessed their performance after getting the views of the Executive Management, Financial Management and Chairman of the Board of Directors.
- The Committee recommended to the Board of Directors for the appointment of Abdullatif M. Al-Aiban of M/s Grant Thornton – Al-Qatami, Al-Aiban & Partners – as the external auditor for the financial year ended 31<sup>st</sup> December 2020.
- The Committee noted the penalties report and recommended to the Board for review and requested to include it with the penalties report to be read at Noor's next AGM.
- The Committee reviewed various related party transactions during the year 2020 and provided its relevant recommendations to the Board.
- The Committee reviewed the annual and quarterly draft financial statements of the Company and provided their recommendation to the Board.
- The BAC had periodic meetings with external auditors, M/s Grant Thornton, on the audit findings for Noor and its subsidiaries for the year ended 31<sup>st</sup> December 2019, for the period ended 31<sup>st</sup> March 2020, 30<sup>th</sup> June 2020 and 30<sup>th</sup> September 2020. Grant Thornton provided the details of the overall audit and review of consolidated financial statements, status of their work and overview of findings.
- The Committee reviewed the complaints report and noted no complaints were lodged during the year.
- The Committee recommended to the Board for approval of the appointment of Mr. Zahid ul Haq as Internal Audit Manager of Noor.
- The Committee reviewed and noted the disclosure of COVID-19 impact on the Company's financial statements as per the format circulated by CMA.

### Internal Control Review Report

The Board Audit Committee in 2020 has overseen the quality and integrity of internal audit practices at Noor Financial Investment Company. To assess this, the BAC held seven meetings during the year with at least one meeting being held each quarter. Some members of the executive management whom the Committee deemed necessary were asked to attend the meetings as required.

### The Committee's opinion on the internal controls

The BAC oversaw the adequacy of the Company's controls and systems. No significant issues in internal controls were noted during the year and whilst some minor issues were reported in the application of controls, the committee was satisfied that these were addressed by the management and had no material impact on the overall operations of the business.

### Scope and methodology

The overall evaluation of the Internal control systems for the year 2020 was carried out in accordance with the Capital Market Authority (Book 15, Article 6-8) instructions encompassing the following aspects:

- Procedures of audit and supervision of efficiency and effectiveness of Internal control systems necessary to protect the Company's assets, accuracy of financial statements, efficiency of operations, including the administrative, financial, and accounting aspects thereof.
- Compare development of risk factors and the current systems to evaluate the extent of efficiency of the Company's daily business operations, and its ability to manage the market changes.
- Evaluate performance of the executive management in applying internal audit systems.
- Reasons of any weakness in applying the internal control, which affect or may affect the Company's financial performance as well as the procedures followed by the Company to resolve identified issues.

### Important Outcomes

Following are important outcomes for above-mentioned meetings:

- BAC reported that it was satisfied with the Company's Internal Control procedures, which are based on a solid and professional framework, being implemented efficiently, and that all necessary actions have been or are being taken to rectify the weaknesses reported during the year.
- BAC assessed the effectiveness of the Company's Internal Control systems, including Information technology security and controls, and reviewed the results of Internal and External Auditors' review of internal controls by obtaining reports on significant findings, recommendations and management's responses thereto.
- BAC reviewed the key assumptions used in preparation of the financial statements. Moreover, the BAC placed particular emphasis on the fair presentation, reasonableness of the judgment applied, and the appropriateness of significant accounting policies used in their preparation.
- BAC reviewed and evaluated the financial statements for the reasonableness, compliance with the accounting standards and regulatory requirements, completeness and accuracy, prior to issue and approval by the Board of Directors and gave opinion and recommendations with respect thereto.
- BAC discussed the risk assessment for all activities of the company, inspected the level of risk identified. This formed the basis for the annual Internal Audit plan, which was discussed and adopted.
- BAC supervised and reviewed the activities carried out by the Internal Audit function and reviewed the Internal Audit plan.



Reyadh S. Al-Edrissi  
BAC Chairman

## REMUNERATIONS AND ALLOWANCES REPORT TO AGM

### Remunerations Report for the Financial Year ended on 31 December 2020

#### SECTION 1:

##### Policy of Remunerations and Allowances to Members of the Board of Directors

The Board of Directors ratified the Remunerations Policy at "Noor", which covers remunerations to members of the Company's Board of Directors. This Policy aims at linking these granted remunerations with the management of the Company and the acceptable risk levels for attracting the required personnel to the Company and ensures transparency. The Remunerations Policy for the members of the Board of Directors stipulated the following:

- The total remunerations shall not exceed 10% of the Company's net profits (after deducting the depreciation, reserves and dividends to which should not be less than 5% of the Company's capital, or any higher ratio of the same, as provided for in the Company's articles of association).
- Remunerations to the members of the Board of Directors must be ratified by the General Assembly at its annual meeting, based on proposal of the Remunerations and Nominations Committee and recommendation of the Board of Directors.
- The independent Board Director can be exempted from the maximum limit of the remuneration if approved by the ordinary General Assembly.
- Remunerations and allowances of the members of the Board of Directors are composed of three parts, as follows:

##### o **Part One:** Comprising of remuneration and allowance for attendance of the Board of Directors meetings:

1. The Board Directorship Remuneration. This is an annual directorship remuneration granted to all members of the Board of Directors according to the indicators of the performance parameters endorsed by the Board of Directors, and in accordance with the profits realized by the Company, and that such remunerations must be in line with the provisions of article 198 of the Kuwaiti Companies Law. It is subject to the approval of the General Assembly.
2. Meetings Attendance Allowance: Members of the Board of Directors are entitled to receive fixed allowance for attendance of meeting of the Board of Directors in accordance with the certified policy.

##### o **Part Two:** Allowances for the Director's Participation in the Committees' Membership

The Board of Director ratifies the remunerations of the Board Committees, upon recommendation of the Remunerations and Nominations Committee, which are in the following form:

##### 1. Variable remunerations:

The variable remunerations have been designed to stimulate the outstanding performance members of committees, in accordance with the general framework of risks to the Company. Variable remunerations have been designated based on the performance of the member and the relevant committee in addition to the committee's performance in general. These remunerations are designated through the member performance appraisal system and in accordance with the discretion of the committee.

Variable remunerations are divided into annual cash remunerations and incentives, where these remunerations are determined on annual basis by the Nominations and Remunerations Committee before approval of the Company's Board of Directors thereon. The performance appraisal process is carried out in accordance with the performance appraisal policy concerning the Board of Directors and the Committees, approved by the Board of Directors.

2. Meetings Attendance Allowance: Committees' members are entitled to receive fixed allowance for attendance of meetings of the Board of Directors in accordance with the certified policy.



- o **Part Three:** This includes remuneration paid for the special engagements.

These remunerations are granted in case the Board of Directors engages of any of its director(s) with certain tasks in accordance with article No. 185 of the Companies Law, which stipulates that “The Board of Directors may distribute the work among its members in accordance with the nature of the Company’s business. The Board of Directors may also authorize one of its directors, one of its committees or a third party to perform a certain business or more, oversight an activity of the Company’s activities, or exercising certain authorities or jurisdictions vested in the Board”.

## SECTION 2:

### Policy of Remunerations to the Members of the Executive Management

The remunerations regulation concerning the executive management takes into consideration the environment in which the Company exercises its business, the results realized and the Company’s endurance of risks. These regulations comprise the following main components:

- **Fixed Remunerations**

Fixed remunerations in the Company are determined taking into consideration the level of the assigned responsibilities, and the professional course designated to members of the executive management in the Company. Fixed remunerations are agreed contractually with members of the executive management in consideration of their skills, competencies and experience used for performing their occupational roles. Fixed remunerations are reviewed on periodic basis, and fixed remunerations have been determined, including salaries, allowances and benefits within the salaries structure and job grades certified by the Company’s Board of Directors.

- **Variable Remunerations**

Variable remunerations have been designed to stimulate the high-performing staff, in accordance with the general framework of risks to the Company. Variable remunerations have been designated based on the staff performance, and the organizational sector to which the staff is reporting, in addition to the Company’s performance in general. These remunerations are designated through the individual performance appraisal system.

Variable remunerations are divided into annual cash remunerations, incentives / long term incentives, where these remunerations are determined on annual basis by the Nominations and Remunerations Committee before the approval of Company’s Board of Directors. The performance appraisal process is carried out in accordance with the performance appraisal process of the Company as approved by the Board of Directors.

## SECTION 3:

### Balancing Between Fixed and Variable Remunerations

Noor takes the necessary measures to ensure the existence of appropriate balance between fixed and variable remunerations, in order to be able to amend the variable remunerations in case the financial performance is weak or negative. The ratio of the fixed and variable remunerations is reviewed and it is determined annually by the Board of Directors, based on recommendation of the Nominations and Remunerations Committee.

### Report of the Remunerations of the Board of Directors and its Committees:

#### 1- Remunerations of the Board of Directors for the year 2020

Item	Number	Total remuneration	Clarification
Board Members	6	KD 165,000	Recommendation was given to the general assembly of the Company to approve the board of directors’ remuneration in the amount of “Kuwaiti Dinar one hundred sixty-five thousand” in accordance with the Companies Law No. 1 of 2016. This recommendation is subject to the approval of the general assembly of the Company and the relevant regulators.

#### 2- Remunerations of the Board Committees for the year 2020

Board Committees	No. of Members	Total remuneration	Clarification
Auditing Committee	4	KD 190,000	Kuwaiti Dinar one hundred ninety thousand is the total consolidated remunerations for all board committees and their members
Risk Committee	3		
Nomination & Remunerations Committee	5		

#### 3- Allowances for certain tasks

Pursuant to the provisions of Article 185 of the Companies Law, the Board of Directors assigned Chairman of the Board of Directors to follow up one of the important files of the company that requires work outside the Board of Directors’ scope of work. Based on the realized results and objectives, it has been resolved to grant him a special remuneration valuing KD 140 thousand (Kuwaiti Dinar one hundred forty thousand). Recommendation has been given to release this amount by the Nominations and Remunerations Committee and it has been upheld by the Board of Directors.

### Second: Members of the Executive Management

#### 1- Remunerations granted to the executives of the company during the financial year ended on 31 December 2020:

Executive Management Members	Fixed salaries	Variable remunerations	Other amounts from affiliates	Total remunerations *
CEO (1)	283,217	167,152	31,000	481,369
Financial Manager (1)				
Vice Presidents (2)				
Heads of sections and units (4)				

\*Include salaries and variable remuneration for the year 2020.

The remunerations report shall be presented and read in detail in the general assembly of the company pursuant to the governance rules.

Chairman of Nominations & Remunerations Committee  
**Abdul Ghani Mohamed Saleh Behbehani**

## Report for the transactions with the Related Parties

### Report for the transactions with the Related Parties

#### 1. List of transactions:

Name of the related party	Relationship	Transaction Type	Transaction value (KD)	Transaction Description
Arab Information and Management System (AIMS)	Indirect subsidiary	Credit facility	30,000	Working capital loan of KWD 30,000 granted to AIMS repayable on 24 September 2021, and carries interest at 2% above the CBK discount rate
Kuwaiti Indian Holding (KIHC)	Subsidiary	Sale of Shares	870,197	Sale of 10,000 Shares of Noor UK holding and transfer of 100% ownership of Noor UK Holding from Noor to KIHC.
Kuwaiti Indian Holding (KIHC)	Subsidiary	Fund Transfers	300,000	Transfer of funds for partial settlement of current account balance
Meezan Bank Limited	Associates	Dividend Receipt	4,980,065	Dividend received from Meezan Bank Limited
National Industries Group	Ultimate Parent Company	Loan repayment	2,500,000	Partial repayment of loans
National Industries Group	Ultimate Parent Company	Interest payment	142,691	Interest payment for the loan
Noor Kuwait Holding KSCC	Subsidiary	Purchase of shares	1,187,370	Purchase of 7.47 million treasury shares at 159 fills per share.

#### 2. Significant balances of related parties included in the Consolidated Statement of Financial Position:

##### 2.1 Due from related parties

- Due from related parties
- Accrued income and management fees

##### 2.2 Due to related parties

- Due to Ultimate Parent Company
- Key management personal and other related parties
- Loan payable to Ultimate Parent Company

##### 2.3 Investments in related parties

- Investments at fair value through profit or loss
- Investments at FVOCI

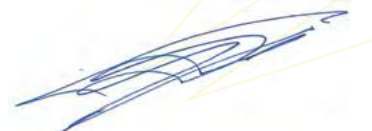
31 Dec. 2020 KD
18,462
462,515
9,080
495,000
2,500,000
1,347
6,874,858

#### 3. Significant related party transactions included in the consolidated statement of profit or loss

Consolidated statement of profit or loss

- Management and placement fee income
- Finance costs – Ultimate Parent Company

31 Dec. 2020 KD
3,438
142,040

  
Dr. Fahad Sulaiman Al-Khaled  
Chairman



الكويت بتاريخ : 26 يناير 2021م.

## تعهد وإقرار مجلس الإدارة بشأن دقة التقارير المالية

للسنة المالية المنتهية في 31 ديسمبر 2020

Pledge & Endorsement by the Board of Directors

about the accuracy of financial statements


For Year, end 31 Dec. 2020

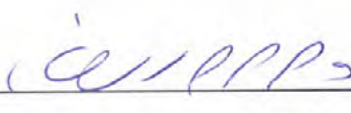
يتعهد أعضاء مجلس إدارة شركة نور للاستثمار المالي بأن التقارير المالية يتم عرضها بصورة سليمة وعادلة، وأن تلك البيانات تستعرض كافة الجوانب المالية للشركة من بيانات ونتائج تشغيلية، كما أنه يتم إعدادها وفق معايير المحاسبة الدولية المعتمدة من قبل هيئة أسواق المال والجهات الرقابية الأخرى.


We pledge that the financial statements of Noor Financial investment Co. give true and fair view of the state of the company affairs, its financial aspects and operating results in accordance with the approved international accounting standards by Capital Market Authority and other regulatory authorities.


## PLEDGE AND ENDORSEMENT OF THE BOARD OF DIRECTOR ABOUT THE ACCURACY OF FINANCIAL STATEMENTS

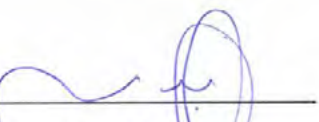
  
عبد الغني محمد صالح بهباني  
نائب رئيس مجلس الإدارة

  
د. فهد سليمان الخالد  
رئيس مجلس الإدارة

  
فيصل عبدالعزيز النصار  
عضو مجلس الإدارة

  
رياض سالم علي إدريس  
عضو مجلس الإدارة

  
طلال سلطان الشهاب  
عضو مجلس الإدارة

  
بدر جهمد الربيعه  
عضو مجلس الإدارة

Noor Financial Investment Company - KPSC  
and Subsidiaries  
Kuwait

Consolidated Financial Statements  
and  
Independent Auditors' Report  
31 December 2020

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64	Consolidated statement of profit or loss and other comprehensive income
65	Consolidated statement of financial position
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68 - 69	Consolidated statement of cash flows
70 - 117	Notes to the consolidated financial statements





**Al-Qatami, Al-Aiban & Partners  
Auditors & Consultants**

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Kuwait  
Email: gt@kw.gt.com  
www.grantthornton.com.kw

**Independent Auditor's Report To the Shareholders of Noor Financial Investment Company  
KPSC - Kuwait**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of Noor Financial Investment Company – Kuwaiti Public Shareholding Company (the “Parent Company”) and Subsidiaries, (collectively the “Group”), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as adopted for use by the State of Kuwait.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below as the key audit matters.

**Valuation of investments held at fair value**

The Group invests in various assets classes, of which 19% of the total assets represent investments which are carried at fair value and classified either as investments at fair value through profit or loss or as investments at fair value through other comprehensive income. The investments are fair valued on a basis considered most appropriate by the management, depending on the nature of the investment, and the valuation is performed by the Group using a fair value hierarchy as detailed in note 29.3. 69% of these investments are carried at fair value based on Level 1 valuations, and the balance 31% of these investments are carried at fair value either based on Level 2 or Level 3 valuations. Fair value measurement can be a subjective area and more so for the investments classified under level 2 and level 3 since these are valued using inputs other than quoted prices in an active market. Given the inherent subjectivity in valuation of investments classified under level 2 and level 3 we determined this to be a key audit matter. Refer to Note 5.15.3, 5.15.8, 14, 16 and 29.2 for more information on fair valuation of investments at fair value through other comprehensive income and investments at fair value through statement of profit or loss.

Our audit procedures included, among others, documenting and assessing the processes in place to fair value the investment portfolio. Agreeing the carrying value of the investments to the Group's internal or external valuations prepared using valuation techniques, assessing and challenging the appropriateness of estimates, assumptions and valuation methodology and obtaining supporting documentation and explanations to corroborate the valuations.

**Investment Property valuations**

The Group's investment properties represent 12% of the total assets and comprise of land and rental buildings located in Kuwait, other Middle East countries and United Kingdom. The Groups policy is that property valuations are performed at year end by external valuers, as detailed in note 29.4. These valuations are based on number of assumptions, including estimated rental revenues, capitalization yields, historical transactions, market knowledge, occupancy rates and cost of construction. Given the fact that the fair value of the investment properties represents a significant judgment area and the valuations are highly dependent on estimates we determined this to be a key audit matter. Refer to Note 18 and 29.4 for more information on the valuation of the Investment Properties.

Our audit procedures included, among others, assessing the appropriateness of management's process for reviewing and assessing the work of the external valuers and their valuations including management's consideration of competence and independence of the external valuers. We reviewed the valuation reports from the external valuers and agreed them to the carrying value of the properties. We assessed the appropriateness of the valuation methodologies used in assessing the fair value of the investment properties including discussions with the management on the estimates, assumptions and valuation methodology used in assessing the fair value of investment properties.

**Other information included in the Group's 2020 annual report**

Management is responsible for the other information. Other information consists of the information included in the Annual Report of the Group for the year ended 31 December 2020 other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report and we expect to obtain the remaining sections of the Group's Annual Report for the year ended 31 December 2020 after the date of our auditors' report.

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

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

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

## Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements  
31 December 2020  
Kuwait

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law, the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2020 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 audit, we have not become aware of any 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, concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2020 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  
17 February 2021

## Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements  
31 December 2020  
Kuwait

### Consolidated statement of profit or loss

	Note	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD
<b>Continuing operations</b>			
Revenue from hotel operations and IT Services		13,306,655	13,389,851
Realised (loss)/gain on investments at fair value through profit or loss		(145,607)	1,870,232
Unrealised gain on investments at fair value through profit or loss		73,279	1,713,417
Dividend income		803,261	1,145,524
Change in fair value of investment properties	18	(872,677)	(1,150,306)
Rental Income		473,015	656,897
Share of results of associates	17	14,845,557	10,769,182
Realised gain on partial disposal/disposal of associates	17	-	1,576,423
Management fees		13,263	19,810
<b>Total Income</b>		<b>28,496,746</b>	<b>29,991,030</b>
Cost of sales and services from hotel operations and IT services	8	(11,129,237)	(10,557,784)
General, administrative and other expenses	8	(4,269,886)	(5,783,342)
<b>Operating profit</b>		<b>13,097,623</b>	<b>13,649,904</b>
Interest and other income	9	986,336	1,151,323
Foreign exchange loss		(23,549)	(891,600)
Finance costs		(1,096,766)	(1,810,452)
Impairment in value of intangible assets		-	(945,000)
Impairment in value of property and equipment		-	(530,144)
Impairment in value of accounts receivable		(544,178)	-
Profit from continuing operations		12,419,466	10,624,031
<b>Discontinued operations</b>			
Loss from discontinued operations		-	(1,456,681)
<b>Profit before Zakat and directors' remuneration</b>		<b>12,419,466</b>	<b>9,167,350</b>
Provision for Zakat		(122,448)	(127,348)
Directors' remuneration	26	(165,000)	(120,000)
<b>Profit for the year</b>		<b>12,132,018</b>	<b>8,920,002</b>
<b>Attributable to:</b>			
Owners of the Parent Company		11,857,421	8,077,234
Non-controlling interests		274,597	842,768
		<b>12,132,018</b>	<b>8,920,002</b>
<b>Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company (Fils)</b>			
- From continuing operations	11	30.02	23.89
- From discontinued operations		-	(3.65)
		<b>30.02</b>	<b>20.24</b>

The notes set out on pages 70 to 117 form an integral part of these consolidated financial statements.



## Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements  
31 December 2020  
Kuwait

### Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD
Profit for the year	12,132,018	8,920,002
<b>Other comprehensive income:</b>		
<b>Items to be reclassified to profit or loss in subsequent periods:</b>		
- Exchange differences arising from translation of foreign operations	(1,214,497)	(3,727,669)
- Transfer to consolidated statement of profit or loss on partial disposal of associate	-	1,546,777
Share of other comprehensive income of associates:		
- Changes in fair value	(3,190,730)	6,290,837
<b>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</b>	<b>(4,405,227)</b>	<b>4,109,945</b>
<b>Items not to be reclassified to profit or loss in subsequent periods</b>		
- Remeasurement of defined benefit plan of a foreign associate	-	(59,730)
- Net changes in fair value arising during the year for equity investments classified as FVOCI	(2,939,111)	(122,120)
<b>Other comprehensive loss not being reclassified to profit or loss in subsequent periods</b>	<b>(2,939,111)</b>	<b>(181,850)</b>
Other comprehensive (loss)/income for the year	(7,344,338)	3,928,095
Total comprehensive income for the year	4,787,680	12,848,097
<b>Total comprehensive income attributable to:</b>		
Owners of the Parent Company	4,633,784	12,245,600
Non-controlling interests	153,896	602,497
	4,787,680	12,848,097

The notes set out on pages 70 to 117 form an integral part of these consolidated financial statements.

## Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements  
31 December 2020  
Kuwait

### Consolidated statement of financial position

	Note	31 Dec. 2020 KD	31 Dec. 2019 KD
<b>Assets</b>			
Cash and bank balances	12	4,133,589	2,580,478
Short term deposits	12	6,997,843	5,628,943
Wakala investments	13	-	1,000,000
Investments at fair value through profit or loss	14	7,599,868	11,704,245
Accounts receivable and other assets	15	4,489,542	4,445,898
Inventories		589,801	527,240
Investments at fair value through other comprehensive income	16	13,240,681	16,168,068
Investment in associates	17	52,118,051	46,722,338
Investment properties	18	13,056,083	13,895,210
Property and equipment		1,677,607	1,960,898
Right of use assets		1,257,317	1,432,738
Goodwill and other intangible asset	19	2,029,278	2,164,019
<b>Total assets</b>		<b>107,189,660</b>	<b>108,230,075</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Due to banks	12	333,516	408,598
Accounts payable and other liabilities	20	9,272,195	8,157,560
Borrowings	21	22,699,375	27,352,021
Provision for end of service indemnity		1,269,027	1,058,101
<b>Total liabilities</b>		<b>33,574,113</b>	<b>36,976,280</b>
<b>Equity</b>			
Share capital	22	41,316,276	41,316,276
Share premium	22	3,410,573	3,410,573
Treasury shares	23	(4,138,316)	(4,138,316)
Legal reserve	24	6,681,356	5,466,869
Voluntary reserve	24	6,681,356	5,466,869
Cumulative changes in fair value	25	(4,592,987)	1,416,153
Foreign currency translation reserve	25	(24,304,564)	(23,090,067)
Retained earnings		41,828,327	34,769,670
Equity attributable to the owners of the Parent Company		66,882,021	64,618,027
Non-controlling interests	25	6,733,526	6,635,768
<b>Total equity</b>		<b>73,615,547</b>	<b>71,253,795</b>
<b>Total liabilities and equity</b>		<b>107,189,660</b>	<b>108,230,075</b>

Fahad Sulaiman Al-Khaled  
Chairman

Abdulghani M.S. Behbehani  
Vice Chairman

The notes set out on pages 70 to 117 form an integral part of these consolidated financial statements.

### Equity attributable to owners of the Parent Company

	Equity attributable to owners of the Parent Company									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	Non-controlling interests KD	Total Equity
Balance as at 1 January 2020	41,316,276	3,410,573	(4,138,316)	5,466,869	5,466,869	1,416,153	(23,090,067)	34,769,670	64,618,027	6,635,768	71,253,795
Redemption of Share capital by non-controlling interest	-	-	-	-	-	-	-	-	-	(10,502)	(10,502)
Dividend paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	-	(45,636)	(45,636)
Dividend paid during the year (note 26)	-	-	-	-	-	-	-	(2,369,790)	(2,369,790)	-	(2,369,790)
Transactions with owners											
Profit for the year	-	-	-	-	-	-	-	(2,369,790)	(2,369,790)	(56,138)	(2,425,928)
Other comprehensive loss for the year	-	-	-	-	-	-	-	11,857,421	11,857,421	274,597	12,132,018
Total comprehensive (loss)/income for the year	-	-	-	-	-	(6,009,140)	(1,214,497)	-	(7,223,637)	(120,701)	(7,344,338)
Transfer to reserves	-	-	-	-	-	(6,009,140)	(1,214,497)	11,857,421	4,633,784	153,896	4,787,680
Balance as at 31 December 2020	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

*The notes set out on pages 70 to 117 form an integral part of these consolidated financial statements.*

## Consolidated Financial Statements

Kuwait

## Consolidated statement of changes in equity (continued)

	Equity attributable to owners of the Parent Company										Total Equity
	Share capital						Reserves				
	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 2019</b>	41,316,276	3,410,573	(3,535,116)	4,634,411	4,634,411	(4,992,835)	(20,909,175)	30,417,331	54,975,876	14,620,163	69,596,039
Decrease in non-controlling interest due to disposal of subsidiary	-	-	-	-	-	-	-	-	-	(8,479,134)	(8,479,134)
Redemption of Share capital by non-controlling interest	-	-	-	-	-	-	-	-	-	(16,431)	(16,431)
Purchase of Treasury Shares	-	-	(603,200)	-	-	-	-	-	(603,200)	-	(603,200)
Dividend paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	-	(45,636)	(45,636)
Dividend paid during the year (note 26)	-	-	-	-	-	-	-	(2,000,249)	(2,000,249)	-	(2,000,249)
Other changes in non-controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(45,691)	(45,691)
<b>Transactions with owners</b>	-	-	(603,200)	-	-	-	-	(2,000,249)	(2,603,449)	(8,586,892)	(11,190,341)
Profit for the year	-	-	-	-	-	-	-	8,077,234	8,077,234	842,768	8,920,002
Other comprehensive income/(loss) for the year	-	-	-	-	-	6,408,988	(2,180,892)	(59,730)	4,168,366	(240,271)	3,928,095
Total comprehensive income/(loss) for the year	-	-	-	-	-	6,408,988	(2,180,892)	8,017,504	12,245,600	602,497	12,848,097
Transfer to reserves	-	-	-	832,458	832,458	-	-	(1,664,916)	-	-	-
<b>Balance as at 31 December 2019</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

*The notes set out on pages 70 to 117 form an integral part of these consolidated financial statements.*



## Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements  
31 December 2020  
Kuwait

### Consolidated statement of cash flows

	Note	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD
<b>OPERATING ACTIVITIES</b>			
<b>Profit before Zakat and directors' remunerations</b>		<b>12,419,466</b>	9,167,350
Adjustments:			
Dividend income		(803,261)	(1,145,524)
Realized gain on disposal / partial disposal of associates		-	(1,576,423)
Change in fair value of investment properties		872,677	1,150,306
Share of results of associates	17	(14,845,557)	(10,769,182)
Net loss recognised on disposal of a subsidiaries		-	1,456,681
Interest income and income from Wakala investments		(74,403)	(68,986)
Reversal of interest expenses on legal case settlement		-	(813,089)
Reversal of impairment provision on wakala investments		(800,000)	(200,000)
Depreciation and amortisation		607,883	794,653
Provision for end of service indemnity		279,427	202,650
Finance costs		1,096,766	1,810,452
Impairment in value of accounts receivable		544,178	-
Impairment in value of property and equipment		-	530,144
Impairments in value of intangible assets		-	945,000
		<b>(702,824)</b>	1,484,032
<b>Changes in operating assets and liabilities:</b>			
Investments at fair value through profit or loss		4,104,377	7,683
Accounts receivable and other assets		(587,823)	722,786
Accounts payable and other liabilities		883,839	(2,127,153)
Inventories		(62,561)	(17,275)
<b>Cash from operation</b>		<b>3,635,008</b>	70,073
Zakat paid		(80,056)	(93,468)
Payment of end of service indemnity		(68,501)	(37,511)
<b>Net cash from/(used in) operating activities</b>		<b>3,486,451</b>	(60,906)
<b>INVESTING ACTIVITIES</b>			
Change in short term deposits maturing after 3 Months		-	(1,250,000)
Change in wakala investments	13	1,000,000	-
Proceeds from redemptions/sale of investments at FVOCI		-	72,587
Purchase of investments at FVOCI		-	(427,040)
Net proceeds from disposal of subsidiaries		-	550,046
Dividend received from associates		4,980,065	3,883,480
Dividend received		803,261	1,145,524
Proceeds from disposals/ partial disposal of associates		-	7,455,044
Net disposal of property and equipment		-	54,370
Proceed from settlement of wakala investment	13	800,000	200,000
Interest income and income from Wakala investments received		74,403	68,986
<b>Net cash from investing activities</b>		<b>7,657,729</b>	11,752,997

The notes set out on pages 70 to 117 form an integral part of these consolidated financial statements.

## Noor Financial Investment Company – KPSC and Subsidiaries

Consolidated Financial Statements  
31 December 2020  
Kuwait

### Consolidated statement of cash flows (continued)

	Note	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD
<b>FINANCING ACTIVITIES</b>			
Repayments of borrowings (net)	21	(4,652,646)	(10,036,981)
Redemption of units by non-controlling interests of a subsidiary		(10,502)	(16,431)
Payment to non-controlling interests on reduction of share capital by subsidiaries		(14,943)	(131,058)
Purchase of treasury shares		-	(603,200)
Dividend paid by subsidiaries to non-controlling interests		(33,992)	(99,566)
Dividend paid		(2,336,798)	(1,854,569)
Finance costs paid		(1,098,206)	(1,823,448)
<b>Net cash used in financing activities</b>		<b>(8,147,087)</b>	(14,565,253)
Net increase/(decrease) in cash and cash equivalents		2,997,093	(2,873,162)
Cash and cash equivalents at beginning of the year		6,544,833	9,417,995
<b>Cash and cash equivalents at end of the year</b>	12	<b>9,541,926</b>	6,544,833
<b>Adjustment for non-cash transactions:</b>			
- Investment property retained from disposal of subsidiary	7	-	2,890,538
- Settlement of loan from Ultimate Parent Company	17.2	-	3,000,000
- Disposal of investments in associates	17.2	-	(3,835,000)
- Proceeds from disposal of subsidiaries	7	-	(2,890,538)
- Transfer of investment at FVOCI	17.2	-	168,000
- Transfer of investment property	17.2	-	667,000

The notes set out on pages 70 to 117 form an integral part of these consolidated financial statements.

## Notes to the consolidated financial statements

### 1 Incorporation and activities

Noor Financial Investment Company – KPSC (“the Parent Company”) was incorporated in Kuwait on 1 February 1997 and its shares were listed on the Kuwait Stock Exchange during May 2006. 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 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 instruments;
- 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 restructuring, 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 rights;
- 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;
- To act as an investment controller.

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 (P. O Box 3311, Safat 13034, State of Kuwait).

The Board of Directors of the Parent Company approved these consolidated financial statements for issuance on 17 February 2021. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

### 2 Basis of preparation

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investments at fair value through profit or loss, investments at fair value through other comprehensive income and investment properties.

The consolidated financial statements are presented in Kuwaiti Dinars (KD), which is the functional and presentation currency of the Parent Company.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

## Notes to the consolidated financial statements

### 3 Statement of compliance

The 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 as of 31 December 2020 the Parent company and its subsidiaries do not have any credit facilities to third parties.

### 4 Changes in accounting policies

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

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2020 which have been adopted by the Group. Information on these new standards is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 3 - Amendments	1 January 2020
IAS 1 and IAS 8 - Amendments	1 January 2020
IFRS 16 – Amendments – Covid 19 Rent Related Concessions	1 June 2020

#### IFRS 3 – Amendments

The Amendments to IFRS 3 Business Combinations are changes to Appendix A defined terms, the application guidance, and the illustrative examples of IFRS 3 only with respect to definition of business. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business

The application of the amendments did not have a significant impact on the Group's consolidated financial statements.

#### IAS 1 and IAS 8 – Amendments

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

The application of the amendments did not have a significant impact on the Group's consolidated financial statements.

Several other amendments and interpretations apply for the first time in 2020, but do not have a material impact on the consolidated financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### IFRS 16 – Amendments- COVID19 Rent Related Concessions

IFRS 16 contains specific requirements when accounting for changes to lease payments and rent concessions are in the scope of these requirements. Lessees are required to assess whether rent concessions are lease modifications, and if they are, there is specific accounting to be applied. However, applying these requirements to potentially a significant number of leases could be difficult, particularly from a practical perspective due to pressures resulting from the pandemic.

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.



## Notes to the consolidated financial statements

The practical expedient is only applicable to rent concessions provided as a direct result of the COVID-19 pandemic. The relief is only for lessees that are granted these rent concessions. There are no changes for lessors.

All of the following conditions need to be met:

- The rent concession provides relief to payments that overall results in the consideration for the lease contract being substantially the same or less than the original consideration for the lease immediately before the concession was provided.
- The rent concession is for relief for payments that were originally due on or before 30 June 2021. So payments included are those required to be reduced on or before 30 June 2021, but subsequent rental increases of amounts deferred can go beyond 30 June 2021.
- There are no other substantive changes to the other terms and conditions of the lease

The application of the amendments did not have a significant impact on the Group's consolidated financial statements.

### 4.2 IASB Standards issued but not yet effective

At the date of authorisation of this consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the 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 consolidated financial statements 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 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 16 – Amendments – Proceeds before intended use	1 January 2022
IAS 37 – Amendments – Onerous contracts -Cost of fulfilling a contract	1 January 2022
Annual Improvements 2018-2020 Cycle	1 January 2022
IAS 1 – Amendments – Classification of current or non-current	1 January 2023

### 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 consolidated financial statements in future should such transactions arise.

### 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 consolidated financial statements.

### IAS 37 Amendments – Onerous contracts- Cost of fulfilling a contract

The amendments specify which costs an entity includes when assessing whether a contract will be loss-making.

## Notes to the consolidated financial statements

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The amendments are only to be applied to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual period in which it first applies the amendments.

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

### 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.

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 consolidated financial statements.

### 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.

## 5 Summary of significant accounting policies

The significant accounting policies and measurement basis adopted in the preparation of the consolidated financial statements are summarised below:

### 5.1 Basis of consolidation

The consolidated financial statements comprise financial statements of the Parent Company and all of its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All subsidiaries have a reporting date of 31 December. The details of the significant subsidiaries are set out in Note 7 to the consolidated financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the date the Group gains control, or until the date the Group ceases to control the subsidiary as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group.

## Notes to the consolidated financial statements

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Losses of subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences, recorded in consolidated statement of changes in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in consolidated statement of profit or loss;
- Reclassifies the parent's share of components previously recognized in consolidated statement of profit or loss and other comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group has directly disposed of the related assets or liabilities.

### 5.2 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in the consolidated statement of profit or loss immediately.

### 5.3 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See note 5.2 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to note 5.14 for a description of impairment testing procedures.

### 5.4 Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

Under the equity method, the carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The share of results of an associate is shown on the face of the consolidated statement of profit or loss. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

## Notes to the consolidated financial statements

The financial statements of the associates are prepared either to the reporting date of the Parent Company or to a date not earlier than three months of the Parent Company's reporting date, using consistent accounting policies. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount under separate heading in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

However, when the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

### 5.5 Segment reporting

The Group has four operating segments: Investments, Real Estate, IT services and Hotel Operations. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources.

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

### 5.6 Revenue

The Group recognises revenue from the following major sources:

- Rendering of services including fee income earned from services that are provided over a certain period of time and fee income from providing transaction services
- Rental of investment properties
- Interest on deposits
- Dividend income
- Revenue from hotel operations
- Revenue from IT services

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

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

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

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

#### 5.6.1 Rendering of services

The Group earns fees and commission income from a diverse range of asset management, investment banking, custody and brokerage services provided to its customers. Fee income can be divided into the following two categories:

- *Fee income earned from services that are provided over a certain period of time*

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management fees.



## Notes to the consolidated financial statements

### • *Fee income from providing transaction services*

Fees arising for rendering specific advisory services, brokerage services, equity and debt placement transactions for a third party or arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

### 5.6.2 *Rental income*

The Group earns rental income from operating leases of its investment properties (refer note 5.9).

### 5.6.3 *Interest income*

Interest income is recognised on a time proportion basis using effective interest method.

### 5.6.4 *Gain/(loss) from sale of investment properties*

Gain/(loss) from sale of investment properties is recognised at the point in time when control of the assets is transferred to the purchaser.

### 5.6.5 *Dividend income*

Dividend income, other than those from investments in associates, is recognised at the time the right to receive payment is established.

### 5.6.6 *Revenue from hotel operations*

Revenue from hotel operations includes hotel services revenue, food and beverage and room revenue.

Room revenue is recognised on the rooms occupied on a daily basis and food and beverage and other related sales are accounted for at the time of sale and other related services are recognised on the performance of the service.

### 5.6.7 *Revenue from IT services*

Revenue from IT services represent IT related services and sale of IT related products. Revenue from these services is recognised as service is rendered. Customers are invoiced periodically in accordance with individual contracts as service provided. Any amounts remaining unbilled at the end of a reporting period are presented in the statement of financial position as accounts receivable as only the passage of time is required before payment of these amounts will be due.

### 5.7 *Operating expenses*

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

### 5.8 *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

### 5.9 *Leases assets*

#### *The Group as a lessee*

For any new contracts entered into on or after 1 January 2020, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position as follows:

## Notes to the consolidated financial statements

### *Right-of-use asset*

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

### *Lease liability*

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

### *The Group as a lessor*

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.,

Rental income from operating leases is recognised on a straight-line basis over lease term. Initial direct cost incurred in arranging and negotiating a lease are added to the carrying amount of the lease assets and recognised on a straight-line basis over the lease term.

Amounts due under finance leases are recognised as receivables. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding for the finance lease.

### 5.10 *Property and equipment*

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The Group depreciates its equipment using the straight-line method at rates sufficient to write off the assets over their estimated useful economic lives. The residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate at each financial year end.

### 5.11 *Intangible assets*

Identifiable non-monetary assets acquired in a business combination and from which future benefits are expected to flow are treated as intangible assets.

Intangible assets which have a finite life are amortized over their useful lives. Intangible assets of the Group comprise of Indefeasible Rights of Use (IRU).

IRU are the rights to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised at cost as an asset when the Group has the specific defeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wave length bandwidth and the duration of the right is for the major part of the underlying asset's economic life. They are amortised on a straight-line basis over the shorter of the expected period of use and the life of the contract which ranges between 10 to 15 years.

### 5.12 *Investment properties*

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate valuers and are included in the consolidated statement of financial position.

## Notes to the consolidated financial statements

Changes in fair value are taken to the consolidated statement of profit or loss.

Investment properties are de-recognised when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

### 5.13 Investment in joint operations (jointly controlled investment properties and borrowings)

Investment in jointly controlled operations are accounted for under the method of proportionate consolidation whereby the Group recognises its interest in assets, liabilities, income and expenses relating to the assets on a line-by-line basis and classified according to their nature.

### 5.14 Impairment testing of goodwill and non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually.

All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from the asset or each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effect of future reorganisations and assets enhancements. Discount factors are determined individually for each asset or cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

### 5.15 Financial instruments

#### 5.15.1 Recognition, initial measurement and derecognition

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

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

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

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

## Notes to the consolidated financial statements

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

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

### 5.15.2 Classification of financial assets

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

- financial assets at amortised cost
- financial assets at fair value through other comprehensive income (FVOCI)
- financial assets at fair value through profit or loss (FVTPL)

The classification is determined by both:

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

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (note 5.15.3); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. No such designation has been made.

### 5.15.3 Subsequent measurement of financial assets

#### Financial assets at amortised cost

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

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

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

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

#### - Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with banks and other financial institutions and short-term deposits due within three months which are subject to an insignificant risk of changes in value.

#### • Cash and bank balances and short-term deposits

Cash on hand and demand deposits are classified under cash and bank balances and deposits placed with financial institutions with a maturity of less than one year are classified as short-term deposits.

#### • Murabaha investments/receivables

Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis.

When the credit risk of the transaction is attributable to a financial institution, the amount due under Murabaha contracts is classified as a Murabaha investment. Whereas, when the credit risk of transaction is attributable to counterparties other than banks and financial institutions, the amount due is classified as Murabaha receivable.



## Notes to the consolidated financial statements

Murabaha receivables which arise from the Group's financing of long-term transactions on an Islamic basis are classified as Murabaha receivables originated by the Group and are carried at the principal amount less provision for credit risks to meet any decline in value. Third party expenses such as legal fees, incurred in granting a Murabaha are treated as part of the cost of the transaction.

All Murabaha receivables are recognized when the legal right to control the use of the underlying asset is transferred to the customer.

- *Wakala investments*

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

- *Receivables and other financial assets*

Trade receivables are stated at original invoice amount less allowance for impairment.

Receivables which are not categorised under any of the above are classified as "other receivables/other assets".

### **Financial assets at FVOCI**

The Group's financial assets at FVOCI comprise of investments in equity shares: These represent investments in equity shares of various companies and include both quoted and unquoted.

### *Debt instruments at FVOCI*

The Group accounts for debt instruments at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled to the consolidated statement of profit or loss upon derecognition of the asset.

### *Equity investments at FVOCI*

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss.

### **Financial assets at FVTPL**

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

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

## Notes to the consolidated financial statements

The Group's financial assets at FVTPL comprise of the investment in equity shares and funds.

### **5.15.4 Impairment of financial assets**

The Group computes expected credit losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss:

- Loan to customers
- Bank balances and short-term deposits
- Wakala investments
- Other financial assets

Equity instruments are not subject to Expected Credit Losses.

### *Impairment of credit facilities (loans to customers)*

Impairment on credit facilities is recognised in the consolidated statement of financial position at an amount equal to the higher of ECL under IFRS 9 according to the CBK guidelines, and the provisions required by the CBK instructions.

### *Impairment of financial assets other than credit facilities*

The Group recognises ECL on investment in debt instruments measured at amortised cost or FVOCI and on balances and deposits with banks and other assets.

### **Expected Credit Losses**

The Group applies three-stage approach to measuring expected credit losses (ECL) as follows:

#### **Stage 1: 12 months ECL**

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition or on exposures that are determined to have a low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

#### **Stage 2: Lifetime ECL – not credit impaired**

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired.

#### **Stage 3: Lifetime ECL – credit impaired**

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets that are determined to be credit impaired based on objective evidence of impairment.

Life time ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of life time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life time ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

### **Determining the stage of impairment**

At each reporting date, the Group assesses whether a financial asset or group of financial assets is credit impaired. The Group considers a financial asset to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 90 days past due.

At each reporting date, the Group also assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. All financial assets that are 30 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria do not indicate a significant increase in credit risk.

### **Measurement of ECLs**

ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represent the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The key elements in the measurement of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group estimates these elements using appropriate credit risk models taking into consideration the internal and external credit ratings of the assets, nature and value of collaterals, forward looking macro-economic scenarios etc.

## Notes to the consolidated financial statements

The Group has applied simplified approach to impairment for trade receivables and other assets as permitted under the standard. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### **Provision for credit losses in accordance with CBK instructions**

The Group is required to calculate provisions for credit losses on finance credit facilities in accordance with the instructions of CBK on the classification of credit facilities and calculation of provisions. Credit facilities are classified as past due when a payment has not been received on its contractual payment date or if the facility is in excess of pre-approved limits. A credit facility is classified as past due and impaired when the instalment or a principal instalment is past due for more than 90 days and if the carrying amount of the facility is greater than its estimated recoverable value. Past due and past due and impaired loans are managed and monitored as irregular facilities and are classified into the following four categories which are then used to determine the provisions.

Category	Criteria	Specific provisions
Watch list	Irregular for a period of 90 days	-
Substandard	Irregular for a period of 91- 180 days	20%
Doubtful	Irregular for a period of 181- 365 days	50%
Bad	Irregular for a period exceeding 365 days	100%

The Group may also include a credit facility in one of the above categories based on management's judgement of a customer's financial and/or non-financial circumstances.

In addition to specific provisions, minimum general provisions of 1% on cash facilities and 0.5% on non-cash facilities are made on all applicable credit facilities (net of certain restricted categories of collateral) which are not subject to specific provisioning.

### **5.15.5 Classification and subsequent measurement of financial liabilities**

The Group's financial liabilities include borrowings, due to banks and accounts payable and other liabilities.

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

- **Financial liabilities at amortised cost**

These are stated at amortised cost using effective interest rate method. The Group categorises financial liabilities at amortised cost into the following categories:

- *Borrowings*

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

- *Ijara financing*

Ijara finance payable ending with ownership is an Islamic financing arrangement through which a financial institution provides finance to purchase an asset by way of renting the asset ending with transferring its ownership. This ijara finance payable is stated at the gross amount of the payable, net of deferred finance cost. Deferred finance costs are expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

- *Accounts payables and other financial liabilities*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as trade payables. Financial liabilities other than at FVTPL which are not categorised under any of the above are classified as "other liabilities"

All interest-related charges are included within finance costs.

### **5.15.6 Amortised cost of financial instruments**

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

### **5.15.7 Offsetting of financial instruments**

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

## Notes to the consolidated financial statements

### **5.15.8 Fair value of financial instruments**

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 29.3

### **5.16 Equity, reserves and dividend payments**

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

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

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

Other components of equity include the following:

- foreign currency translation reserve – comprises of foreign currency translation differences arising from the translation of financial statements of the Group's foreign subsidiaries and associates into Kuwaiti Dinar (KD).
- cumulative changes in fair value reserve – comprises of gains and losses relating to investment on fair value through other comprehensive income and Group share of cumulative change in fair value reserve of associates.

Retained earnings include all current and prior period profit. All transactions with owners of the parent are recorded separately within consolidated statement of changes in equity.

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

### **5.17 Treasury shares**

Treasury shares consist of the Parent Company's own issued shares that have been re-acquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares re-acquired is charged to a contra account in equity.

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "gain on sale of treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

### **5.18 Provisions, contingent assets and contingent liabilities**

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

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

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

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.



## Notes to the consolidated financial statements

### 5.19 Foreign currency translation

#### 5.19.1 Functional and presentation currency

The consolidated financial statements are presented in Kuwait Dinar (KD), which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### 5.19.2 Foreign currency transactions and balances

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

Translation difference on non-monetary asset classified as, "fair value through profit or loss" is reported as part of the fair value gain or loss in the consolidated statement of profit or loss and "fair value through other comprehensive income" is reported as part of the cumulative change in fair value reserve within consolidated statement of profit or loss and other comprehensive income.

#### 5.19.3 Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities are translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to consolidated statement of profit or loss and other comprehensive income and recognised in the foreign currency translation reserve in equity.

On disposal of a foreign operation, the related cumulative translation differences recognised in consolidated statement of changes in equity are reclassified to consolidated statement of profit or loss and are recognised as part of the gain or loss on disposal.

### 5.20 End of service indemnity

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

In addition to the end of service benefits with respect to its Kuwaiti national employees, the Group also makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

### 5.21 Taxation

#### 5.21.1 National Labour Support Tax (NLST)

NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the Group. As per law, allowable deductions include, share of profits of listed associates and cash dividends from listed companies which are subjected to NLST.

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

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

#### 5.21.3 Zakat

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

## Notes to the consolidated financial statements

### 5.21.4 Income taxes

Income tax payable on profits is recognized as an expense in the period in which the profits arise based on the applicable tax laws and tax rates in each jurisdiction that have been enacted or substantively enacted by the end of reporting date.

Deferred income tax is provided using the liability method on all temporary differences, at the reporting date, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax provisions depend on whether the timing of the reversal of the temporary difference can be controlled and whether it is probable that the temporary difference will reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting date.

Deferred tax assets are recognized for all deductible temporary differences, including carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

### 5.22 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances, short-term deposits and short term highly liquid investments maturing within three months from the date of inception less due to banks and blocked bank balances.

### 5.23 Inventories

Inventories are stated at the lower of cost or net realisable value and the cost is determined according to the weighted average method.

### 5.24 Fiduciary assets

Assets held in a trust or fiduciary capacity are not treated as assets of the Group and, accordingly, they are not included in these consolidated financial statements.

### 5.25 Related party transactions

Related parties are associates, major shareholders, board of directors, executive staff, their family members and the companies owned by them. All related party transactions are carried out with the approval of the Group's management.

### 5.26 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

To mitigate the impact of the COVID-19 pandemic, the Government of Kuwait has introduced measures to aid private entities in response to the pandemic. These measures include government assistance made in respect of eligible staff costs in the private sector.

## 6 Significant management judgements and estimation uncertainty

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

### 6.1 Significant management judgments

In the process of applying the Group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### 6.1.1 Business model assessment

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 5.15).

## Notes to the consolidated financial statements

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

### 6.1.2 Significant increase in credit risk

Estimated credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define "significant" increase. Therefore, assessment whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

### 6.1.3 Judgements in determining the timing of satisfaction of performance obligations

The determination of the whether or not performance obligation criterion set out in IFRS 15 relating to transfer of control of goods and services to customers has been satisfied requires significant judgement.

### 6.1.4 Significant influence

Significant influence exists when the size of an entity's own voting rights relative to the size and dispersion of other vote holders, give the entity the practical ability unilaterally to direct the relevant activities of the company.

### 6.1.5 Fair values of assets and liabilities acquired

The determination of the fair value of the assets, liabilities and contingent liabilities as a result of business combination requires significant judgement.

### 6.1.6 Classification of real estate property

Management decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment property.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as property under development if it is acquired with the intention of development.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

### 6.1.7 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

## 6.2 Estimates uncertainty

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

### 6.2.1 Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

### 6.2.2 Impairment of non-financial assets (intangible assets)

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication or objective evidence of impairment or when annual impairment testing for an asset is required. If any such indication or evidence exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the consolidated statement of profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

### 6.2.3 Impairment of associates

After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss on the Group's investment in its associates, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss.

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### 6.2.4 Impairment of financial assets

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

### 6.2.5 Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### 6.2.6 Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and equipment.

### 6.2.7 Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

### 6.2.8 Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### 6.2.9 Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

### 6.2.10 Contract revenue

Recognised amounts of service and related receivables reflect management's best estimate of each contract's outcome and stage of completion. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.



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#### 7 Subsidiary companies

7.1 Details of the Group's material consolidated subsidiaries as of the reporting date are as follows:

Subsidiary	Country of registration and place of business	Proportion of ownership interest held by the Group		Nature of business
		31 Dec. 2020	31 Dec. 2019	
Noor Telecommunication Company - KSCC	Kuwait	49.14%	49.14%	Telecommunications and IT Services
<i>(though the Group holds 49.14% of the subsidiary, the Group exercises control over the subsidiary based on its ability to appoint majority board members)</i>				
Noor Kuwait Holding – KSCC	Kuwait	99.95%	99.95%	Investment and related activities
Kuwaiti Indian Holding Company - KSCC	Kuwait	56.59%	56.59%	Investment and related activities
Noor GCC Islamic Fund	Kuwait	94.41%	93.96%	Investment and related activities
Hotels Global Group Company - PSC	Jordan	100%	100%	Hospitality

#### 7.2 Subsidiaries with material non-controlling interests

The Group includes two subsidiaries, with material non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI		Profit/(loss) allocated to NCI		Accumulated NCI	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	%	%	KD	KD	KD	KD
Noor Telecommunication Company-KSCC, (NTEL)	50.86%	50.86%	282,290	758,693	5,244,836	5,083,245
Kuwaiti Indian Holding Company -KSCC (KIHC)	43.41%	43.41%	(17,657)	75,290	1,161,110	1,224,403
Individually immaterial subsidiaries with non- controlling interests			9,964	8,785	327,580	328,120
			274,597	842,768	6,733,526	6,635,768

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Summarised financial information for the above subsidiaries, before intra-group eliminations, is set out below:

	NTEL		KIHC	
	31 Dec. 2020 KD	31 Dec. 2019 KD	31 Dec. 2020 KD	31 Dec. 2019 KD
Non-current assets	6,791,259	7,152,063	870,197	-
Current assets	7,687,780	6,921,784	1,866,349	2,879,673
Total assets	14,479,039	14,073,847	2,736,546	2,879,673
Non-current liabilities	797,438	642,403	6,795	5,793
Current liabilities	3,875,046	3,924,796	58,267	56,724
Total liabilities	4,672,484	4,567,199	65,062	62,517
Equity attributable to owners of the Parent Company	4,561,719	4,423,403	1,510,374	1,592,753
Non-controlling interests (including NCI of the sub subsidiary)	5,244,836	5,083,245	1,161,110	1,224,403
Total income	12,352,669	13,482,287	14,514	237,841
Profit / (loss) for the year	469,696	1,427,779	(40,673)	173,433
Other comprehensive loss for the year	(237,319)	(472,139)	-	-
Total comprehensive income / (loss) for the year	232,377	955,640	(40,673)	173,433
-attributable to owners of the Parent Company	70,787	437,219	(23,016)	98,143
-attributable to NCI	161,590	518,421	(17,657)	75,290
Net cash flow from/(used in) operating activities	758,193	392,979	372,089	(321,429)
Net cash flow from investing activities	180,515	92,247	189,759	36,727
Net cash flow used in financing activities	(957,890)	(360,985)	(100,605)	(104,040)
Net cash inflow/(outflow)	(19,182)	124,241	461,243	(388,742)

#### 7.3 Disposal of Subsidiary Companies

During the previous year the Parent Company disposed 32.7% of Noor Al Salhiya Real Estate Co.- KSCC ("NSREC") (subsidiary), equity interest (Group ownership by the time of sale was 59.1%) to its related parties which resulted in loss of control over "NSREC". As a result of this disposal, the Group lost its control over another subsidiary, Noor CM Holding Company KSC ("NCM") where the Group's ownership interest declined from 98% to 49%. Consequent to loss of control over NCM, the Group's ownership of NSREC was further diluted by 9.5%. Accordingly, NSREC and NCM were reported as discontinued operation for the year ended 31 December 2019. This resulted in a loss of KD1,456,681 recorded in the previous year, being the difference between fair value of consideration KD9,772,513 and carrying value of the net assets disposed KD11,229,194.

The remaining stake of NSREC and NCM was accounted as investments in associates. However, during 3<sup>rd</sup> and 4<sup>th</sup> quarter of previous year, the Group disposed the balance stake of 16.9% and 49% of the NSREC and NCM respectively.

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#### 8 Cost of sales and services, general, administrative and other expenses and finance cost

a) Cost of sales and services includes followings

	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD
Staff costs	5,045,462	5,260,975
Amortization	134,741	283,759
Others	5,949,034	5,013,050
	<b>11,129,237</b>	<b>10,557,784</b>

b) General, administrative and other expenses include the following:

	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD
Staff costs	1,960,570	2,079,730
Depreciation and amortization	473,142	510,894
Other expenses	1,836,174	3,192,718
	<b>4,269,886</b>	<b>5,783,342</b>

Number of staffs employed by the Parent Company as at 31 December 2020 was 37 (2019: 37).

#### 9 Interest and other income

	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD
Interest income	26,149	55,163
Income from wakala investments	48,254	13,823
Reversal of interest expenses on legal cases on settlement	-	813,089
Reversal of impairment provision on wakala investment (note 13 b)	740,000	200,000
Other income	171,933	69,248
	<b>986,336</b>	<b>1,151,323</b>

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#### 10 Net gain/(loss) on financial assets

Net gain /(loss) on financial assets, analyzed by category, is as follows:

	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD
<b>Financial assets at amortised cost</b>		
- Interest on cash and bank balances and short-term deposits	26,149	55,163
- Profit from wakala investments	48,254	13,823
- Impairment in value of accounts receivable	(544,178)	-
- Reversal of impairment provision on wakala investments	740,000	200,000
<b>Investments at fair value through profit or loss</b>		
- Realised (loss)/gain	(145,607)	1,870,232
- Unrealised gain	73,279	1,713,417
- Dividend income	321,227	410,425
<b>Investments at FVOCI</b>		
- recognised directly in other comprehensive income for investments at FVOCI	(2,939,111)	(122,120)
- recognised in statement of profit or loss as dividend income	482,034	735,099
	<b>(1,937,953)</b>	<b>4,876,039</b>
<b>Distributed as follows:</b>		
<b>Net (loss)/gain recognised in the consolidated statement of profit or loss</b>		
- Realized (loss)/gain on investments at fair value through profit or loss	(145,607)	1,870,232
- Unrealized gain on investments at fair value through profit or loss	73,279	1,713,417
- Dividend income	803,261	1,145,524
- Impairments in value of accounts receivable	(544,178)	-
- Others	814,403	268,986
<b>Net loss recognised in the consolidated statement of profit or loss and other comprehensive income</b>	<b>(2,939,111)</b>	<b>(122,120)</b>
	<b>(1,937,953)</b>	<b>4,876,039</b>



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#### 11 Basic and diluted earnings/(loss) per share

Earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD
Profit/(loss) for the year attributable to the owners of the Parent Company (KD)		
- From continuing operations	11,857,421	9,533,915
- From discontinued operations	-	(1,456,681)
<b>Total</b>	<b>11,857,421</b>	<b>8,077,234</b>
Weighted average number of shares outstanding during the year (excluding treasury share)	<b>394,964,896</b>	399,157,535
Basic and diluted earnings/(loss) per share (Fils)		
- From continuing operations	30.02	23.89
- From discontinued operations	-	(3.65)
<b>Total</b>	<b>30.02</b>	<b>20.24</b>

#### 12 Cash and cash equivalents

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

	Effective annual interests/ profit rates		31 Dec. 2020 KD	31 Dec. 2019 KD
Cash and bank balances			4,133,589	2,580,478
Short term deposits	1.0%-1.4%	2.5%-2.75%	6,997,843	5,628,943
			11,131,432	8,209,421
Less: Due to banks	5.00%	6.0%	(333,516)	(408,598)
Less: Blocked balances and secured balances			(5,990)	(5,990)
Less: Short term deposits maturing after three months			(1,250,000)	(1,250,000)
Cash and cash equivalents as per consolidated statements of cash flows			<b>9,541,926</b>	<b>6,544,833</b>

Due to banks represent bank overdraft facilities utilised by subsidiary and are secured by short term deposits as at 31 December 2020 of KD 622,843 (2019: KD622,843).

Deposits amounting to KD 1,390,000 (2019: KD Nil) are secured against borrowing (refer Note 21)

Cash and cash equivalents include bank balances of KD 1,198,441 (31 December 2019: KD 1,176,284) which are designated for the purpose of payment of dividends for the Parent Company shareholders, payment to non-controlling interest on account of capital reduction and dividend payments of subsidiaries.

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#### 13 Wakala investments

	Effective annual interest/ profit rates		31 Dec. 2020 KD	31 Dec. 2019 KD
<b>Wakala investments</b>				
Placed with local Islamic banks	-	3.00%	-	1,000,000
	-		-	1,000,000

- a) Wakala investments of KD14,324,160 (31 December 2019: 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 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> instalments due in June 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-mentioned 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 an amount of KD1,000,000 as per the settlement schedule and remaining amount of KD683,250 is due in the year 2021. This has resulted in a reversal of provision on wakala investment amounting to KD800,000 during the year 2020 (2019: KD200,000) in accordance with Central Bank of Kuwait credit provisioning rules.

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

	31 Dec. 2020 KD	31 Dec. 2019 KD
<b>Quoted securities</b>	<b>7,432,583</b>	11,116,688
- Local	3,607,799	6,875,479
- Foreign	3,824,784	4,241,209
<b>Foreign funds</b>	<b>167,285</b>	587,557
	<b>7,599,868</b>	11,704,245

Quoted shares with a fair value of KD 869,694 (2019: KD 3,899,087) are secured against borrowings (refer note 21).

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#### 15 Accounts receivable and other assets

	31 Dec. 2020 KD	31 Dec. 2019 KD
<b>Financial assets:</b>		
Accounts receivable (net of impairment) *	3,059,283	2,826,251
Due from the Ultimate Parent Company	-	2,457
Due from other related parties	9,382	116,844
Due from investment brokerage companies	375,010	469,720
Accrued income (net of impairment)	407,449	510,118
Other financial assets	267,659	364,752
	<b>4,118,783</b>	<b>4,290,142</b>
<b>Non-financial assets:</b>		
Other assets	370,759	155,756
	<b>4,489,542</b>	<b>4,445,898</b>

\*This includes receivable related to consultancy contracts and projects which are mainly related to public sector entities. Trade receivable included an amount of KD 2,736,833 (2019: KD 2,078,711) from public sector entities. The average credit period on sales of goods and provision of services is 120 days. No interest is charged on outstanding trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses on trade receivables. The loss rates are based on days past due for groupings of different debtor segments with similar loss patterns. The calculation also considers the past default experience of the debtor, current and forward-looking factors affecting the debtor's ability to settle the amount outstanding, general economic condition of the industry in which the debtor operates and an assessment of both current as well as the forecast direction of conditions at the reporting date.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery.

On the above basis the expected credit loss for trade receivables as at 31 December 2020 and 31 December 2019 was determined as follows:

	Current KD	Less than 60 days KD	60-120 days KD	121-365 days KD	More than 365 days KD	Total KD
<b>31 December 2020:</b>						
<b>Trade receivables:</b>						
Expected credit loss rate (approximate %)	2.5%	3.0%	5.9%	30.9%	98.1%	
Gross carrying amount	1,741,308	615,722	343,383	617,735	751,276	4,069,424
Lifetime expected credit loss	43,723	18,693	20,235	190,721	736,769	1,010,141
<b>31 December 2019:</b>						
<b>Trade receivables:</b>						
Expected credit loss rate (approximate %)	1.4%	1.7%	1.9%	33.2%	95.3%	
Gross carrying amount	1,227,571	1,116,780	406,495	118,600	843,085	3,712,531
Life time expected credit loss	16,744	19,072	7,806	39,359	803,299	886,280

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The movement in the provision for trade receivable is as follows:

	31 Dec. 2020 KD	31 Dec. 2019 KD
Balance at 1 January	886,280	1,040,258
Provision for the year	123,861	-
Due to disposal of subsidiaries	-	(153,978)
	<b>1,010,141</b>	<b>886,280</b>

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

	31 Dec. 2020 KD	31 Dec. 2019 KD
<b>Quoted securities</b>	<b>6,899,558</b>	9,081,667
- Local	6,617,373	8,799,564
- Foreign	282,185	282,103
<b>Unquoted equity securities</b>	<b>5,842,098</b>	6,465,046
- Local	1,442,640	1,286,213
- Foreign	4,399,458	5,178,833
<b>Foreign funds</b>	<b>499,025</b>	621,355
	<b>13,240,681</b>	<b>16,168,068</b>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate these investments in equity instruments as at FVOCI as it believes that recognising short-term fluctuations in the fair value of these investments in consolidated statement of profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Quoted shares with a fair value of KD6,534,901 (2019: KD8,697,761) and unquoted shares with a fair value of KD319,971 (2019: KD96,124) are secured against borrowings (refer note 21).

#### 17 Investment in associates

This represents the Group's stake of 35.25% (2019: 35.25%) in Meezan Bank Limited, an Islamic Bank operating in Pakistan.

Movements of the investments in associates during the year are as follows:

	31 Dec. 2020 KD	31 Dec. 2019 KD
Balance at 1 January	46,722,338	44,053,153
Addition due to deconsolidation of subsidiaries (Note 7.3)	-	3,881,975
De-recognition due to disposal of subsidiary (Note 7.3)	-	(2,396,970)
Share of results	14,845,557	10,769,182
Share of other comprehensive (loss)/ income of associates	(3,190,730)	6,290,837
Disposal/partial disposal of associates	-	(8,139,172)
Transfer to financial assets at fair value through other comprehensive income	-	(24,529)
Dividend received	(4,980,065)	(3,883,480)
Foreign currency translation adjustment	(1,279,049)	(3,779,049)
Other adjustment	-	(49,609)
<b>Balance at the end of the year</b>	<b>52,118,051</b>	<b>46,722,338</b>



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- 17.1 Summarised financial information in respect of Meezan Bank Limited is set out below. The summarised financial information below represents the amounts presented in the financial statements of the associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

#### 17.1.1. Meezan Bank Limited.

	31 Dec. 2020 KD	31 Dec. 2019 KD
Total assets	2,884,284,044	2,203,581,760
Total liabilities and non-controlling interests	(2,748,310,527)	(2,083,021,095)
Equity attributable to shareholders of Meezan Bank	135,973,517	120,560,665
Revenue	201,398,779	184,484,775
Profit for the year attributable to the shareholders of Meezan bank	42,316,419	30,495,634
Other comprehensive (loss)/income for the year	(7,215,006)	18,666,246
Total comprehensive income for the year	35,101,413	49,161,880
Dividends received from the associate during the year (net of taxes)	4,980,065	3,883,480
Proportion of the Group's ownership interest in Meezan Bank	35.25%	35.25%
Group share in Meezan Bank's net assets	47,928,927	42,496,307
Goodwill	4,188,909	4,226,031
Carrying value of Group's ownership interest in Meezan Bank	52,117,836	46,722,338

As at 31 December 2020 the fair value of the Group's interest in Meezan Bank Limited, which is listed on the Pakistan Stock Exchange was KD 98,402,353(2019: KD 84,389,024), based on the quoted market price available on that exchange, which is a level 1 input in terms of IFRS 13.

#### 17.1.2 Group's share of associate's contingent liabilities:

	31 Dec. 2020 KD	31 Dec. 2019 KD
Guarantees	25,153,383	26,792,032
Letters of credit	101,009,867	67,897,072
Commitments in respect of forward exchange contracts	124,587,692	184,223,449
Commitment for the acquisition of operating fixed assets	461,099	532,750
Commitment in respect of financing	264,571,360	238,063,655
	515,783,401	517,508,958

The local income tax authority in Pakistan has raised a demand requesting Mezzan Bank Limited, an associate of the Group, to pay additional tax amounting to KD3.4 million (Group's share KD1.2 million) for prior years. The associate has obtained a stay order against this demand and has also filed appeals with the relevant Appellate Authorities. Group's management, in consultation with tax advisors, is confident that the decision in respect of this matter would be in Group's favour and, accordingly, no provision is made in these consolidated financial statements with respect thereto.

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- 17.2 During the previous year, group has disposed, partially disposed below associates:

- As a result of disposing, NSREC, the Group has de-recognised its associates owned through the disposed subsidiary, including National Tamouh GTC Company - WLL (48%), Ikarus Real Estate Company - LLC (50%), Sidra Middle East Company WLL (25%), Durra National Combined Real Estate Company - WLL (50%) and Durra United Central Market Company - WLL (33%) with a total carrying value of KD2,396,970 as of the disposal date.
- 2.93% of Meezan Bank Limited for a total consideration of KD6,374,344 resulting in a net gain of KD1,596,799.
- Bayt Al Raya Real Estate Development Company (50%) for a total consideration of KD1,048,662 resulting in a net loss of KD108,711.
- Noor Al Salhiya Real Estate Company - KSCC (16.7%) stake to the Ultimate Parent Company for a consideration of KD3,000,000.
- Noor CM Holding Company - KSC (49.5%) stake for a consideration of KD867,038, resulting in a net gain of KD81,322.

### 18 Investment properties

The movement in investment properties is as follows:

	31 Dec. 2020 KD	31 Dec. 2019 KD
Fair value as at 1 January	13,895,210	31,738,975
De-recognition due to disposal of subsidiary (note 7.3)	-	(17,396,279)
Additions during the year	-	667,000
Changes in fair value (note 18.3)	(872,677)	(1,150,306)
Foreign currency translation	33,550	35,820
	13,056,083	13,895,210

- 18.1 Investment properties comprise of lands and buildings in the following countries:

	31 Dec. 2020 Level 3 KD	31 Dec. 2019 Level 3 KD
<b>Investment properties</b>		
<b>Kuwait</b>		
- Land and buildings in Kuwait	10,516,000	10,622,000
<b>Outside Kuwait</b>		
- Land in Jordan and buildings in UAE	1,635,953	2,402,297
- Building in UK	904,130	870,913
	13,056,083	13,895,210

- 18.2 Investments properties amounting to KD8,481,000 (2019: KD8,409,000) and KD Nil (2019: KD1,546,000) are secured against bank borrowings and Ijara Financing facilities respectively (refer note 21).

- 18.3 At 31 December 2020, the Group re-valued its properties based on independent valuations (refer note 29.4 for further details relating to fair values).

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#### 19 Goodwill and other Intangible assets

	31 Dec. 2020 KD	31 Dec. 2019 KD
Goodwill (Note 19.1)	2,029,278	2,029,278
Other intangible assets (Note 19.2)	-	134,741
Total goodwill and other intangible assets	2,029,278	2,164,019

##### 19.1. Goodwill

Goodwill represents the excess of cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired subsidiaries. Goodwill has been allocated to the IT service business of the Group as that is the cash generating unit (CGU) which is expected to benefit from the synergies of the business combination. It is also the lowest level at which goodwill is monitored for impairment purposes.

##### Impairment testing

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the CGUs to which these items are allocated. The recoverable amount is determined based on higher of value-in-use calculations or fair value less cost to sell.

Management used the following approach to determine values to be assigned to the following key assumptions in the value in use calculations

Key assumption	Basis used to determine value to be assigned to key assumption
Growth rate	Anticipated average growth rate of 3% (2019: 4%) per annum. Value assigned reflects past experience and changes in economic environment.  Cash flows beyond the five-year period have been extrapolated using a growth rate of 3% (2019: 4%). This growth rate does not exceed the long-term average growth rate of the market in which the CGU operates.
Discount rate	Discount rates of 17.5% (2019: 14%). Discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors result in any of the goodwill allocated to appropriate cash generating units being impaired. Based on the above analysis, there are no indications that goodwill included in any of the cash generating units is impaired.

##### 19.2 Other Intangible assets – Indefeasible right of use (IRU)

Intangible asset comprises of indefeasible right of use (IRU) to a telecommunication asset arising from a subsidiary and the movement is as follows:

	31 Dec. 2020 KD	31 Dec. 2019 KD
<b>Cost</b>		
At the beginning of the year	3,267,810	3,267,810
Balance at the end of the year	3,267,810	3,267,810
<b>Accumulated amortization and impairment</b>		
At the beginning of the year	(3,133,069)	(1,904,310)
Charge for the year	(134,741)	(283,759)
Impairments in value	-	(945,000)
At the end of the year	(3,267,810)	(3,133,069)
Net book value at the end of the year	-	134,741

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#### 20 Accounts payable and other liabilities

	31 Dec. 2020 KD	31 Dec. 2019 KD
<b>Financial liabilities:</b>		
Accounts payable	3,095,126	2,093,767
Taxes payable	1,138,018	1,085,648
Accrued expenses	933,645	945,777
Dividend payable	224,675	180,039
Other payables	820,202	943,607
Due to related parties	495,000	452,000
Payable on account of capital reduction in subsidiary	942,117	957,060
Lease liabilities	1,623,412	1,499,662
	9,272,195	8,157,560

All above financial liabilities are non-interest bearing except for lease liabilities. The carrying values of the above liabilities approximate their fair values.

#### 21 Borrowings

	Effective interest/ Profit rate (p.a.%)		Security	31 Dec. 2020 KD	31 Dec. 2019 KD
<b>Short term</b>					
Tawaruq Payable – Kuwaiti Dinar	-	5.58%	Secured	-	162,146
<b>Long term</b>					
Loans from banks – Kuwaiti Dinar	3.31%	4.57%	Secured	20,199,375	21,459,375
Loan from Ultimate Parent Company – Kuwaiti Dinar	3.50%	4.75%	Secured	2,500,000	5,000,000
Ijara financing – Kuwaiti Dinar	-	5.75%	Secured	-	730,500
				22,699,375	27,189,875
				22,699,375	27,352,021

21.1 During the year, the Parent Company has prepaid an amount of KD1,260,000 to the lenders. These loans are fully secured by investments at fair value through profit or loss (note 14), investments at fair value through other comprehensive income (note 16) and investment properties (note 18), and against shares of two unlisted subsidiaries of the Parent Company. Out of KD20,199,375 an amount of KD1,777,500 is due in the year 2022 and the remaining amount of KD18,421,875 is due at the end of the year 2023.

21.2 During the year, the Parent company has paid a total of KD2,500,000 against loan obtained from Ultimate Parent Company. The remaining amount of loan from the Ultimate Parent Company is due in December 2021.

21.3 Ijara financing contracts and Tawaruq Payable was fully paid during the year 2020.



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21.4 The above loans are due as follows:

	31 Dec. 2020 KD	31 Dec. 2019 KD
Short term Tawaruq Payable	-	162,146
Long term loans		
- Current portion due within one year	2,500,000	5,000,000
- Due after more than one year	20,199,375	21,459,375
Long term Ijara financing		
- Current portion due within one year	-	200,000
- Due after more than one year	-	530,500
	<b>22,699,375</b>	<b>27,352,021</b>

21.5 The fair value of the short-term financing including the current portion of long-term borrowings equals their carrying amount, as the impact of discounting is not significant. The fair value of the long-term financing of the Group amounted to KD20,151,243(2019: KD20,361,920) with carrying value of KD20,199,375(2019: KD 21,989,875). The fair values are based on cash flows discounted using a rate based on the borrowing rate of 3.5% (2019: 4.5%) and are within level 2 of the fair value hierarchy.

## 22 Share capital and share premium

22.1. The authorised, issued and paid up share capital of the Parent Company as at 31 December 2020 comprise of 413,162,761 shares of 100 Fils each (2019: 413,162,761 shares of 100 Fils each) fully paid up in cash.

22.2 Share premium is not available for distribution.

## 23 Treasury shares

The Group holds treasury shares as follows:

	31 Dec. 2020	31 Dec. 2019
Number of shares	18,197,865	18,197,865
Percentage of issued shares	4.40%	4.40%
Market value (KD)	3,075,439	2,147,348
Cost (KD)	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.

## 24 Legal and voluntary reserves

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the Parent Company's profit before KFAS, Zakat, NLST and directors' remuneration for the year is to be transferred to legal reserve. The Parent Company may resolve to discontinue such annual transfer when the reserve totals 50% of the paid-up share capital. No transfer is required in a year in which the Parent Company has incurred a loss or where accumulated losses exist.

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

In accordance with the Parent Company's Articles of Association, a certain percentage of the Parent Company's profit before KFAS, Zakat, NLST and directors' remuneration, is to be transferred to the voluntary reserve at the discretion of the Board of Directors which is to be approved at the General Assembly. No transfer is required in a year in which the Parent Company has incurred a loss or where accumulated losses exist. For the year 2020, Board of Directors proposed to transfer 10% of the above-mentioned profit to the voluntary reserve and this is subject to approval of General Assembly of shareholders. There are no restrictions on distribution of voluntary reserve.

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## 25 Cumulative changes in fair value, foreign currency translation reserve and Non-controlling interests

### 25.1 Cumulative changes in fair value

	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD
Balance at 1 January	1,416,153	(4,992,835)
Other comprehensive (loss)/income:		
Net changes in fair value of investments at FVOCI	(2,818,410)	118,151
Share of other comprehensive income of associates	(3,190,730)	6,290,837
<b>Other comprehensive (loss)/income for the year</b>	<b>(6,009,140)</b>	<b>6,408,988</b>
Balance at 31 December*	<b>(4,592,987)</b>	<b>1,416,153</b>

\* Total cumulative changes in fair value includes an amount of KD2,842,451 (2019: KD6,033,181) which represents the Group's share of associated cumulative changes in fair values.

### 25.2 Foreign currency translation reserve

	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD
Balance at 1 January	(23,090,067)	(20,909,175)
Other comprehensive income / (loss):		
Exchange differences arising from translation of foreign subsidiaries	64,552	67,949
Exchange difference arising on translation of foreign associates	(1,279,049)	(3,795,618)
Transferred to the statement of profit or loss on disposal / partial disposal of associates	-	1,546,777
<b>Other comprehensive loss for the year</b>	<b>(1,214,497)</b>	<b>(2,180,892)</b>
Balance at 31 December	<b>(24,304,564)</b>	<b>(23,090,067)</b>

### 25.3 Non-controlling interests

	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD
Balance at 1 January	6,635,768	14,620,163
Amounts due to non-controlling interest on reduction of share capital by a subsidiary	(10,502)	(16,431)
Decrease in non-controlling interest due to disposal of subsidiaries	-	(8,524,825)
Dividend paid to non-controlling interest by a subsidiary	(45,636)	(45,636)
<b>Transactions with non-controlling interests</b>	<b>(56,138)</b>	<b>(8,586,892)</b>
Profit for the year	274,597	842,768
Other comprehensive loss:		
- Net change in fair value of OCI investments	(120,701)	(240,271)
<b>Total other comprehensive loss for the year</b>	<b>(120,701)</b>	<b>(240,271)</b>
<b>Total comprehensive income for the year</b>	<b>153,896</b>	<b>602,497</b>
Balance at 31 December	<b>6,733,526</b>	<b>6,635,768</b>

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26 Dividend distribution and Directors’ remuneration

Subject to the requisite consent of the relevant authorities and approval from the General Assembly, the Parent Company’s Board of Directors propose to distribute a cash dividend to shareholders equivalent to 6 Fils per share for the year ended 31 December 2020 (2019: 6 Fils). The Board of Directors’ of the Parent Company proposed to distribute an amount of KD165,000 as directors’ remuneration for year ended 31 December 2020 (2019: KD120,000) subject to approval of the General Assembly of the Parents Company’s Shareholders.

The shareholders of the Parent Company at the Annual General Meeting held on 29 April 2020, approved to distribute a cash dividend to shareholders equivalent to 6 fils per share amounting to KD2,369,790 for the year ended 31 December 2019 and an amount of KD120,000 as directors’ remuneration for year ended 31 December 2019.

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27 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.

Segmental information for the years ended 31 December 2020 and 31 December 2019 are as follows:

	Investments		Real Estate		IT services		Hotel operations		Total	
	31 Dec 2020 KD	31 Dec 2019 KD	31 Dec 2020 KD	31 Dec 2019 KD	31 Dec 2020 KD	31 Dec 2019 KD	31 Dec 2020 KD	31 Dec 2019 KD	31 Dec 2020 KD	31 Dec 2019 KD
Sales	-	-	-	-	12,238,735	10,826,951	1,067,920	2,562,900	13,306,655	13,389,851
Investments related income (realised, unrealised and dividend income)	730,933	4,729,173	-	-	-	-	-	-	730,933	4,729,173
Rental income	-	-	473,015	656,897	-	-	-	-	473,015	656,897
Realised gain on disposals/ partial disposal of associates	-	-	-	-	-	-	-	-	-	-
Change in fair value of investment properties	-	-	-	-	-	-	-	-	-	-
Management and placement fee	13,263	-	(872,677)	(1,150,306)	-	-	-	-	(872,677)	(1,150,306)
Share of results of associates	14,845,557	10,757,510	-	-	-	-	-	-	13,263	19,810
Segment income	15,589,753	17,082,916	(399,662)	11,672	12,238,735	10,826,951	1,067,920	2,562,900	14,845,557	10,769,182
Cost of sales and services	-	-	-	-	(10,594,189)	(9,494,423)	(535,048)	(1,063,361)	28,496,746	29,991,030
General and administrative expenses	(2,111,569)	(3,227,161)	(129,409)	(37,078)	(1,025,412)	(1,155,165)	(1,003,496)	(1,363,938)	(11,129,237)	(10,557,784)
Operating (loss)/profit	13,478,184	13,855,755	(529,071)	(518,815)	619,134	177,363	(470,624)	135,601	(4,269,886)	(5,783,342)
Interest income, other income and foreign exchange gain/(loss)	945,820	(572,291)	-	-	16,967	832,014	-	-	962,787	259,723
Impairments	(287,605)	-	(64,257)	(530,144)	(37,159)	(945,000)	(155,157)	-	(544,178)	(1,475,144)
Finance cost	(908,311)	(1,580,061)	(29,013)	(46,328)	(36,681)	(23,261)	(122,761)	(160,802)	(1,096,766)	(1,810,452)
Segment profit/(loss) from continuing operations	13,228,088	11,703,403	(622,341)	(1,095,287)	562,261	41,116	(748,542)	(25,201)	12,419,466	10,624,031
Segment (loss)/profit from discontinued operations	-	-	-	(1,456,681)	-	-	-	-	-	(1,456,681)
Profit before Zakat and directors' remuneration	13,228,088	11,703,403	(622,341)	(2,551,968)	562,261	41,116	(748,542)	(25,201)	12,419,466	9,167,350
Assets	83,397,217	80,916,834	13,083,719	14,012,955	7,169,772	8,763,447	3,538,952	4,536,839	107,189,660	108,230,075
Liabilities	(27,463,115)	(30,259,033)	(12,478)	(739,512)	(3,885,148)	(3,792,379)	(2,213,372)	(2,185,356)	(33,574,113)	(36,976,280)
Net Assets	55,934,102	50,657,801	13,071,241	13,273,443	3,284,624	4,971,068	1,325,580	2,351,483	73,615,547	71,253,795



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#### Geographical Segments

The geographical segments are as follows:

	Profit/(loss) before taxes and directors' remunerations		Assets		Liabilities	
	31 Dec 2020 KD	31 Dec 2019 KD	31 Dec 2020 KD	31 Dec 2019 KD	31 Dec 2020 KD	31 Dec 2019 KD
Domestic and GCC	(1,962,925)	(1,423,456)	44,027,299	48,388,426	31,346,486	34,883,232
Others	14,382,391	10,590,806	63,162,361	59,841,649	2,227,627	2,093,048
	12,419,466	9,167,350	107,189,660	108,230,075	33,574,113	36,976,280

### 28 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.

Significant related party transactions and balances included in the consolidated financial statements are as follows:

	31 Dec. 2020 KD	31 Dec. 2019 KD
<b>Consolidated statement of financial position:</b>		
Due from related parties and Ultimate Parent Company (refer note 15)		
- Due from Ultimate Parent Company	-	2,457
- Due from other related parties	18,462	116,844
- Accrued income and management fees	462,515	460,842
Due to related parties (refer note 20)		
- Due to Ultimate Parent Company	9,080	-
- Key management personal and other related parties	495,000	452,000
Loans payable to Ultimate Parent Company (note 21)	2,500,000	5,000,000
<b>Transactions with related parties</b>		
<i>Proceeds from disposal of subsidiaries (KD 5,890,538 – note 7.3)</i>		
- Retained investment property of the disposed subsidiary as a part of the disposal consideration (note 7.3)	-	2,890,538
- Cash consideration received (note 7.3)	-	3,000,000
<i>Proceeds from disposal of an associate (note 17.2)</i>	-	867,038
Disposal of associate to Ultimate Parent Company (note 17.2)	-	3,000,000
<b>Investments in related parties</b>		
Investments at fair value through profit or loss	1,347	33,971
Investments at FVOCI	6,874,858	8,839,809

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#### Consolidated statement of profit or loss

	31 Dec. 2020 KD	31 Dec. 2019 KD
Management and placement fees	3,438	2,941
Finance costs – Ultimate Parent Company	142,040	549,623
Loss on disposal of subsidiaries (note 7.3)	-	1,456,681
Gain on disposal of an associate (note 17.2)	-	81,322

#### Compensation of key management personnel of the Group:

	31 Dec. 2020 KD	31 Dec. 2019 KD
Salaries and other short-term benefits	668,596	608,600
Remuneration for committees	330,000	330,000
End of service benefits	26,478	43,773
Board of directors' remuneration	165,000	120,000
Total key management compensation	1,190,074	1,102,373

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

#### 29.1 Categories of financial assets and liabilities

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

	31 Dec. 2020 KD	31 Dec. 2019 KD
<b>Financial assets at amortised cost</b>		
• Cash and bank balances	4,133,589	2,580,478
• Short term deposits	6,997,843	5,628,943
• Wakala investments	-	1,000,000
• Accounts receivable and other assets (note 15)	4,118,783	4,290,142
	15,250,215	13,499,563
<b>Investments at fair value through profit or loss (note 14)</b>	7,599,868	11,704,245
<b>Investments at FVOCI (note 16)</b>	13,240,681	16,168,068
	36,090,764	41,371,876
<b>Financial liabilities (at amortised costs) :</b>		
• Due to banks (note 12)	333,516	408,598
• Accounts payable and other liabilities (note 20)	9,272,195	8,157,560
• Borrowings (note 21)	22,699,375	27,352,021
	32,305,086	35,918,179

#### 29.2 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures financial instruments such as investments at fair value through profit or loss and investments at FVOCI and measurement details are disclosed in note 29.3 to the consolidated financial statements. In the opinion of the Group's management, except for certain long-term borrowing (refer note 21) 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.

The Group also measures non-financial assets such as investment properties at fair value at each annual reporting date (refer 29.4).

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#### 29.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- 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 (i.e., unobservable inputs).

The level within which the 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 on a recurring basis in the statement of consolidated financial position are grouped into the fair value hierarchy as follows:

Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>31 December 2020</b>				
<b>Financial assets at fair value:</b>				
<b>Investments at fair value through profit or loss</b>				
- Quoted shares	<b>a</b>	<b>7,432,583</b>	-	<b>7,432,583</b>
- Foreign funds	<b>b</b>	-	<b>167,285</b>	<b>167,285</b>
<b>Investments at fair value through other comprehensive income</b>				
- Quoted shares	<b>a</b>	<b>6,899,558</b>	-	<b>6,899,558</b>
- Unquoted shares	<b>c</b>	-	<b>4,395,553</b>	<b>5,842,098</b>
- Foreign funds	<b>b</b>	-	<b>499,025</b>	<b>499,025</b>
Total assets		<b>14,332,141</b>	<b>5,061,863</b>	<b>20,840,549</b>
<b>31 December 2019</b>				
<b>Financial assets at fair value:</b>				
<b>Investments at fair value through profit or loss</b>				
- Quoted shares	<b>a</b>	11,116,688	-	11,116,688
- Foreign funds	<b>b</b>	-	587,557	587,557
<b>Investments at fair value through other comprehensive income</b>				
- Quoted shares	<b>a</b>	9,081,667	-	9,081,667
- Unquoted shares	<b>c</b>	-	5,111,082	6,465,046
- Foreign funds	<b>b</b>	-	621,355	621,355
Total assets		<b>20,198,355</b>	<b>6,319,994</b>	<b>27,872,313</b>

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

#### Measurement at fair value

The Group's finance team performs valuations of financial instruments for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

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

#### Financial instruments in level 1, 2 and 3

##### a) Quoted shares

Quoted shares represent all listed equity securities which are publicly traded in stock exchanges. Where quoted prices in an active market are available, the fair value of such investments have been determined by reference to their quoted bid prices at the reporting date (Level 1) and if the market for an investment is not active, the Group has established fair value by using valuation techniques.

#### Financial instruments in level 2 & 3

##### b) Foreign funds (level 2)

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

##### c) Unquoted shares (level 2 and 3)

The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or other valuation technique which includes some assumptions that are not supportable by observable market prices or rates.

#### Level 3 Fair value measurements

The Group's financial assets classified in level 3 uses valuation techniques based on significant 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 Dec. 2020 KD	31 Dec. 2019 KD
As at 1 January	<b>1,353,964</b>	2,105,193
Changes in fair value during the year recognised in other comprehensive income	<b>92,581</b>	(793,891)
Reclassified from investments in associates due to disposal	-	42,662
As at 31 December	<b>1,446,545</b>	1,353,964

Information about the sensitivity of the fair values measurement to changes in the most significant unobservable inputs are as follows:

The fair values are estimated using net assets values of the underlined investments and applying a discount of 15%-20% (2019: 15%) for lack of marketability. Discount for lack of marketability represents the amounts that the Group has determined that market participants would consider these discounts when pricing the investments.

The impact on other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.



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### 29.4 Fair value measurement of non-financial assets

The following table shows the information regarding the level 3 fair value measurements of investment properties:

Description and Valuation technique	Significant unobservable inputs	Range of unobservable inputs	
		2020	2019
Yield Method			
Commercial Building in Kuwait	Estimated market price for land (per sqm)	KD7,350	KD7,250
	Average monthly rent (per sqm)	KD5.47	KD5.63
	Yield rate	7.26%	7.54%
Investment Building in Kuwait	Estimated market price for land (per sqm)	KD950	KD1,050
	Average monthly rent (per sqm)	KD3.86	KD3.86
	Yield rate	8.29%	7.49%
Building in UAE	Vacancy rate	15%	15%
	Average monthly rent (per sqm)	KD1.36	KD2.53
	Yield rate	9%	10%
Building in UK	Average monthly rent (per sqm)	KD19.03	KD18.33
	Yield rate	6.89%	6.89%
Market Approach			
Land in Kuwait	Estimated market price for land (per sqm)	KD1,100	KD1,150
Land in Jordan	Estimated market price for land (per sqm)	KD55.3	KD55.2

Buildings in Kuwait represent rental properties on freehold land categorized as “Investment Lands” (i.e. land which can be used to construct multiple residential unit buildings, commercial units apartments, villas, Duplex and Studios. The fair value of the investment property has been determined based on valuations obtained from independent valuers, who are specialized in valuing these types of investment properties. The significant inputs and assumptions are developed in close consultation with management.

One of these valuers is a local bank (for local investment properties) who has valued the investment properties using primarily two methods, one of which is the yield method and other being a combination of the market comparison approach for the land and cost minus depreciation approach for the buildings. The other valuator who is a local/foreign reputable valuator has also valued the investment properties primarily by using a combination of the methods noted above. When the market comparison approach is used adjustments have been incorporated for factors specific to the land in question, including plot size, location, construction/development cost and current use. For the valuation purpose for properties in Kuwait, the Group has selected the lower value of the two valuations (2019: lower of two valuations).

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### 30 Risk management objectives and policies

The Group’s principal financial liabilities comprise of borrowings, due to banks and accounts payable and other liabilities. The main purpose of these financial liabilities is to raise finance for the Group’s operations.

The Group has various financial assets such as accounts receivable and other assets, cash and bank balances, short term deposits, wakala investments and investment securities which arise directly from operations.

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Parent Company’s Board of Directors sets out policies for managing each of these risks as discussed below.

The Group does not use derivative financial instruments.

#### 30.1 Market risk

The significant financial risks to which the Group is exposed to are described below:

##### a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group mainly operates in the Middle East and few Asians countries and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar and UAE Dirham. The Parent Company’s consolidated statement of financial position can be affected by the movement in these currencies. To mitigate the Group’s exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

Generally, the Group’s risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Foreign currency risk is managed on the basis of limits determined by the Parent Company’s board of directors and a continuous assessment of the Groups’ open positions.

The Group’s significant net exposure to foreign currency denominated monetary assets less monetary liabilities at the reporting date, translated into Kuwaiti Dinars at the closing rates are as follows:

	2020 Equivalent KD	2019 Equivalent KD
US Dollar	<b>488,100</b>	1,444,835
UAE Dirhams	<b>25,810</b>	144,635

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, a reasonable possible change in exchanges rates of the foreign currencies noted above would not have a significant impact on the Group’s consolidated profit or loss.

##### b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to due to banks and borrowings which are at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate short term deposits and borrowings.

Positions are monitored regularly to ensure positions are maintained within established limits.

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The Group's interest rate risk sensitivity position, based on the contractual re-pricing or maturity dates of assets and liabilities, whichever dates are earlier, is as follows:

	Up to 1 month KD	1-3 months KD	3-12 Months KD	Over 12 Months KD	Non-interest bearing items KD	Total KD
<b>At 31 December 2020</b>						
<b>ASSETS</b>						
Cash and bank balances	2,804	-	-	-	4,130,785	4,133,589
Short term deposits	1,390,000	4,357,843	1,250,000	-	-	6,997,843
Investments at fair value through profit or loss	-	-	-	-	7,599,868	7,599,868
Accounts receivable and other assets	-	-	-	-	4,489,542	4,489,542
Inventories	-	-	-	-	589,801	589,801
Investments at FVOCI	-	-	-	-	13,240,681	13,240,681
Investment in associates	-	-	-	-	52,118,051	52,118,051
Investment properties	-	-	-	-	13,056,083	13,056,083
Property and equipment	-	-	-	-	1,677,607	1,677,607
Right of use of assets	-	-	-	-	1,257,317	1,257,317
Goodwill and other intangible assets	-	-	-	-	2,029,278	2,029,278
	<b>1,392,804</b>	<b>4,357,843</b>	<b>1,250,000</b>		<b>100,189,013</b>	<b>107,189,660</b>
<b>LIABILITIES</b>						
Borrowings and due to banks	333,516	-	2,500,000	20,199,375	-	23,032,891
Accounts payable and other liabilities	-	339,913	162,753	1,120,747	7,648,782	9,272,195
Provision for end of service indemnity	-	-	-	-	1,269,027	1,269,027
	<b>333,516</b>	<b>339,913</b>	<b>2,662,753</b>	<b>21,320,122</b>	<b>8,917,809</b>	<b>33,574,113</b>
Total interest rate sensitivity Gap	<b>1,059,288</b>	<b>4,017,930</b>	<b>(1,412,753)</b>	<b>(21,320,122)</b>		
Cumulative interest rate sensitivity gap	<b>1,059,288</b>	<b>5,077,218</b>	<b>3,664,465</b>	<b>(17,655,657)</b>		
<b>At 31 December 2019</b>						
<b>ASSETS</b>						
Cash and bank balances	3,912	-	-	-	2,576,566	2,580,478
Short term deposits	4,378,943	-	1,250,000	-	-	5,628,943
Wakala investments	1,000,000	-	-	-	-	1,000,000
Investments at fair value through profit or loss	-	-	-	-	11,704,245	11,704,245
Accounts receivable and other assets	-	-	-	-	4,445,898	4,445,898
Inventories	-	-	-	-	527,240	527,240
Investments at FVOCI	-	-	-	-	16,168,068	16,168,068
Investment in associates	-	-	-	-	46,722,338	46,722,338
Investment properties	-	-	-	-	13,895,210	13,895,210
Property and equipment	-	-	-	-	1,960,898	1,960,898
Right of use assets	-	-	-	-	1,432,738	1,432,738
Goodwill and other intangible assets	-	-	-	-	2,164,019	2,164,019
	<b>5,382,855</b>		<b>1,250,000</b>		<b>101,597,220</b>	<b>108,230,075</b>
<b>LIABILITIES</b>						
Borrowings and due to banks	408,598	212,146	5,150,000	21,989,875	-	27,760,619
Accounts payable and other liabilities	-	-	232,439	1,267,223	6,657,898	8,157,560
Provision for end of service indemnity	-	-	-	-	1,058,101	1,058,101
	<b>408,598</b>	<b>212,146</b>	<b>5,382,439</b>	<b>23,257,098</b>	<b>7,715,999</b>	<b>36,976,280</b>
Total interest rate sensitivity Gap	<b>4,974,257</b>	<b>(212,146)</b>	<b>(4,132,439)</b>	<b>(23,257,098)</b>		
Cumulative interest rate sensitivity gap	<b>4,974,257</b>	<b>4,762,111</b>	<b>629,672</b>	<b>(22,627,426)</b>		

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The Group does not have any off-balance sheet financial instrument which are used to manage the interest rate risk. The following table illustrates the sensitivity of the interest-bearing financial instruments on the profit for the year to a reasonable possible change in interest rates with effect from the beginning of the year. Based on observation of current market conditions it has been assumed that a reasonable possible change in the interest rates would be +50 and -50 basis points for interest rates for the current year (2019: Interest rate +25 and -25 for basis point). The calculation is based on the Group's financial instruments held at reporting date. All other variables are held constant. There is no other direct impact on Group's equity.

	Increase in interest rates		Decrease in interest rates	
	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD	Year ended 31 Dec. 2020 KD	Year ended 31 Dec. 2019 KD
Profit for the year	(106,435)	(64,987)	106,435	64,987

#### c) Price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity price risk with respect to its listed equity investments which are primarily located in Kuwait, UAE, KSA and Jordan.

Equity investments are classified either as investments carried at fair value through profit or loss (including trading securities) or investments at FVOCI securities.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The price risk sensitivity is determined at the rate of 10% on the exposure to equity price risks at the reporting date. If equity prices had been higher by 10%, the effect on the profit for the year and equity for the year ended 31 December would have been as follows, with all other variables held constant:

A positive number below indicates an increase in profit/equity, where the equity prices increase by the above-mentioned percentages.

	Profit for the year		Other Comprehensive Income	
	31 Dec. 2020 KD	31 Dec. 2019 KD	31 Dec. 2020 KD	31 Dec. 2019 KD
Investments at fair value through profit or loss	743,258	1,111,669	-	-
Investments at FVOCI	-	-	689,956	908,167
	<b>743,258</b>	<b>1,111,669</b>	<b>689,956</b>	<b>908,167</b>

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

#### 30.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities.



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The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarized below:

	31 Dec. 2020 KD	31 Dec. 2019 KD
Bank balances	4,129,799	2,579,516
Short term deposits	6,997,843	5,628,943
Wakala investments	-	1,000,000
Accounts receivable and other assets (refer note 16)	4,489,542	4,290,142
Investments at FVTPL	167,285	587,557
Investments at FVOCI	499,025	621,355
	<b>16,283,494</b>	<b>14,707,513</b>

Except for the wakala investment referred to in note 13 and accounts receivable and other assets referred to in note 15, none of the above financial assets are past due or impaired. The Group continuously monitors defaults of customers and other counterparty, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are neither past due nor impaired, review are of good credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. The credit risk for cash and bank balances, short term deposits and amounts due from related parties is considered negligible, since the counterparties are reputable financial institutions/entities with high credit quality. Information on other significant concentrations of credit risk is set out in note 30.3.

#### 30.3 Concentration of financial assets and liabilities

The distribution of financial assets and financial liabilities by geographic region is as follows:

	Kuwait KD	Middle East KD	Asia & Africa KD	Europe & USA KD	Total KD
<b>At 31 December 2020</b>					
Cash and bank balances	3,316,579	814,513	2,497	-	4,133,589
Short term deposits	6,997,843	-	-	-	6,997,843
Investments at fair value through profit or loss	3,607,799	3,693,093	298,976	-	7,599,868
Accounts receivable and other assets (note 15)	3,728,055	266,526	470,144	24,817	4,489,542
Investments at FVOCI	8,060,013	3,650,045	1,336,421	194,202	13,240,681
	<b>25,710,289</b>	<b>8,424,177</b>	<b>2,108,038</b>	<b>219,019</b>	<b>36,461,523</b>
Due to banks	333,516	-	-	-	333,516
Accounts payable and other liabilities	7,044,568	2,220,117	-	7,510	9,272,195
Borrowings	22,699,375	-	-	-	22,699,375
	<b>30,077,459</b>	<b>2,220,117</b>	<b>-</b>	<b>7,510</b>	<b>32,305,086</b>

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	Kuwait KD	Middle East KD	Asia & Africa KD	Europe & USA KD	Total KD
<b>At 31 December 2019</b>					
Cash and bank balances	1,987,563	591,297	1,618	-	2,580,478
Short term deposits	5,628,943	-	-	-	5,628,943
Wakala investments	1,000,000	-	-	-	1,000,000
Investments at fair value through profit or loss	6,875,479	4,072,482	756,284	-	11,704,245
Accounts receivable and other assets (note 15)	3,283,798	531,573	459,946	14,825	4,290,142
Investments at FVOCI	10,085,778	3,664,833	2,184,687	232,770	16,168,068
	<b>28,861,561</b>	<b>8,860,185</b>	<b>3,402,535</b>	<b>247,595</b>	<b>41,371,876</b>
Due to banks	408,598	-	-	-	408,598
Accounts payable and other liabilities	6,072,566	2,084,230	-	764	8,157,560
Borrowings	27,352,021	-	-	-	27,352,021
	<b>33,833,185</b>	<b>2,084,230</b>	<b>-</b>	<b>764</b>	<b>35,918,179</b>

#### 30.4 Liquidity risk

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

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

The maturity profile for investments carried at fair value through profit or loss, fair value through other comprehensive income and investment properties is determined based on management's estimate of liquidation of those investments.

Maturity profile of assets and liabilities are as follows:

	1 year KD	Over 1 year KD	Total KD
<b>At 31 December 2020</b>			
<b>ASSETS</b>			
Cash and bank balances	4,133,589	-	4,133,589
Short term deposits	6,997,843	-	6,997,843
Investment at fair value through profit or loss	7,599,868	-	7,599,868
Accounts receivable and other assets	4,489,542	-	4,489,542
Inventories	589,801	-	589,801
Investments at FVOCI	1,030,900	12,209,781	13,240,681
Investment in associates	-	52,118,051	52,118,051
Investment properties	1,769,253	11,286,830	13,056,083
Property and equipment	-	1,677,607	1,677,607
Right of use of assets	-	1,257,317	1,257,317
Goodwill and other intangible assets	-	2,029,278	2,029,278
	<b>26,610,796</b>	<b>80,578,864</b>	<b>107,189,660</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	8,151,448	1,120,747	9,272,195
Due to banks	333,516	-	333,516
Borrowings	2,500,000	20,199,375	22,699,375
Provision for end of service indemnity	-	1,269,027	1,269,027
	<b>10,984,964</b>	<b>22,589,149</b>	<b>33,574,113</b>

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	1 year KD	Over 1 year KD	Total KD
<b>At 31 December 2019</b>			
<b>ASSETS</b>			
Cash and bank balances	2,580,478	-	2,580,478
Short term deposits	5,628,943	-	5,628,943
Wakala investments	1,000,000	-	1,000,000
Investment at fair value through profit or loss	11,704,245	-	11,704,245
Accounts receivable and other assets	4,445,898	-	4,445,898
Inventories	527,240	-	527,240
Investments at FVOCI	1,731,635	14,436,433	16,168,068
Investment in associates	-	46,722,338	46,722,338
Investment properties	2,564,930	11,330,280	13,895,210
Property and equipment	-	1,960,898	1,960,898
Right of use of assets	-	1,432,738	1,432,738
Goodwill and other intangible assets	-	2,164,019	2,164,019
	30,183,369	78,046,706	108,230,075
<b>LIABILITIES</b>			
Accounts payable and other liabilities	6,890,337	1,267,223	8,157,560
Due to banks	408,598	-	408,598
Borrowings	5,362,146	21,989,875	27,352,021
Provision for end of service indemnity	-	1,058,101	1,058,101
	12,661,081	24,315,199	36,976,280

The contractual maturity of financial liabilities based on undiscounted cash flows is as follows:

	Up to 1 month KD	1-3 Months KD	3-12 months KD	1-5 years KD	Total KD
<b>31 December 2020</b>					
<b>Financial liabilities</b>					
Accounts payable and other liabilities	-	-	6,479,121	1,120,747	7,599,868
Borrowings and due to banks	146	522,156	3,066,801	21,532,188	25,121,291
	146	522,156	9,545,922	22,652,935	32,721,159
<b>31 December 2019</b>					
<b>Financial liabilities</b>					
Accounts payable and other liabilities	-	-	6,890,337	1,267,223	8,157,560
Borrowings and due to banks	408,598	471,724	6,122,425	24,634,569	31,637,316
	408,598	471,724	13,012,762	25,901,792	39,794,876

### 31 Capital risk management

The Group's capital risk management objectives are to ensure that the Group maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, buy back shares, issue new shares or sell assets to reduce debt. See note 22.

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The Parent Company is required to maintain a minimum share capital of KD15 million as it is registered as an investment company regulated by the Central Bank of Kuwait.

The capital structure of the Group consists of the following:

	31 Dec. 2020 KD	31 Dec. 2019 KD
Borrowings (refer note 21)	22,699,375	27,352,021
Less: Cash and cash equivalents (refer note 12)	(9,541,926)	(6,544,833)
Net debt	13,157,449	20,807,188
<b>Total equity</b>	<b>73,615,547</b>	<b>71,253,795</b>

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total equity as follows:

	31 Dec. 2020 KD	31 Dec. 2019 KD
Net debt	13,157,449	20,807,188
<b>Total equity</b>	<b>73,615,547</b>	<b>71,253,795</b>
Net debt to total equity ratio	18%	29%

### 32 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 consolidated statement of financial position. Assets under management at 31 December 2020 amounted to KD25,301,493 (2019: KD26,986,404) of which assets managed on behalf of its Ultimate Parent Company and other related parties amounted to KD19,415,735 (2019: KD19,681,561).

### 33 Contingent liabilities and capital commitments

#### Contingent liabilities

On 1 December 2011, the Parent Company's Jordanian subsidiary, Noor Jordanian Kuwait Financial Investment Company Limited ("the Seller") disposed of its entire equity interest in one of its Jordanian subsidiaries (Noor Jordan Kuwait Transport Company JSCC) to nine 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 subsidiary assets at JD4,500,000 (KD1,924,718). The subsidiary's management and legal advisor believe that the favourable decision of the court is probable; hence, no provision for any effects that may result has been made in the consolidated financial statements.

#### Capital commitments

At the reporting date the Group had commitments of KD Nil towards purchase of investments and development of investment properties (2019: KD1,038,605) and guarantees amounting to KD3,786,114 (2019: KD1,169,544).



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#### 34 Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Borrowings Due after one year KD	Borrowings due within one year KD	Total KD
<b>1 January 2020</b>	<b>21,989,875</b>	<b>5,362,146</b>	<b>27,352,021</b>
<b>Cash flows:</b>			
- Repayment	(1,790,500)	(2,862,146)	(4,652,646)
<b>31 December 2020</b>	<b>20,199,375</b>	<b>2,500,000</b>	<b>22,699,375</b>
<b>1 January 2019</b>	<b>38,249,950</b>	<b>10,859,127</b>	<b>49,109,077</b>
<b>Cash flows:</b>			
- Repayment	(1,110,000)	(8,926,981)	(10,036,981)
<b>Non-cash</b>			
- In kind settlement	(3,000,000)	-	(3,000,000)
- Reclassification	(5,200,000)	5,200,000	-
- Disposal of subsidiary	(6,950,075)	(1,770,000)	(8,720,075)
<b>31 December 2019</b>	<b>21,989,875</b>	<b>5,362,146</b>	<b>27,352,021</b>

#### 35 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. While the country has started to ease the lockdown, the relaxation has been gradual. 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.

Further, during the year, the Group received an aggregate amount of KD 167,031 as Covid-19 support towards staff expenses from the Government of Kuwait.

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 could 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.

#### 36 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.

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### Notes to the consolidated financial statements

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 KD 1,333,549 through cancellation of 13,335,499 treasury shares and to issue 13,335,499 new shares at Fills 100 per share to the non-controlling interest holders of the merged entity on completion of the merger subject to regulatory and shareholders approvals.

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.

#### 37 Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation in the current year. Such reclassification does not affect previously reported net assets, net equity, net results for the year or net increase in cash and cash equivalents.