

AL MANAR

FINANCING & LEASING



2021



**Al Manar Financing and Leasing Company K.S.C. (Public)
and its Subsidiaries
State of Kuwait**

**Interim Condensed Consolidated Financial Information (Unaudited)
For the six month period ended 30 June 2021
With Review Report**



Al Manar Financing and Leasing Company K.S.C. (Public)
and its Subsidiaries
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Interim Condensed Consolidated Financial Information (Unaudited)
For the six month period ended 30 June 2021
With Review Report

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Interim Condensed Consolidated Statement of Financial Position as at 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	30 June 2021	31 December 2020 (Audited)	30 June 2020
Assets				
Cash and cash equivalents	4	2,829,411	4,540,375	1,528,884
Investment in Murabaha receivables	5	4,347,321	4,347,321	4,347,321
Finance receivables	6	17,591,322	18,356,858	25,154,446
Other receivables and prepayments	7	1,095,309	1,299,381	1,476,289
Investments in financial securities	8	6,841,084	1,647,741	3,616,207
Investment properties		3,920,697	3,946,602	3,977,494
Right of use assets		-	-	106,762
Other assets		86,176	100,119	78,733
Total assets		36,711,320	34,238,397	40,286,136
Liabilities and equity				
Liabilities				
Islamic finance payables	9	4,969,570	2,901,240	6,471,754
Accounts payable and other credit balances	10	613,823	924,880	645,174
Provision for staff indemnity		556,448	854,488	1,228,054
Total liabilities		6,139,841	4,680,608	8,344,982
Equity				
Share capital		30,874,759	30,874,759	30,874,759
Share premium		-	312,020	312,020
Gain on sale of treasury shares		4,995	-	-
Statutory reserve		-	2,000,722	2,000,722
Voluntary reserve		-	371,744	371,744
Fair value reserve		(414,675)	(400,536)	(138,036)
Retained earnings / (accumulated losses)		106,400	(3,600,920)	(1,487,705)
Total equity attributable to the shareholders of the Parent Company		30,571,479	29,557,789	31,933,504
Non-controlling interests		-	-	7,650
Total equity		30,571,479	29,557,789	31,941,154
Total liabilities and equity		36,711,320	34,238,397	40,286,136

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Faisal Abdel Aziz Al-Nassar
Chairman

Bader Hamad Al-Rabiah
Vice Chairman & CEO

Interim Condensed Consolidated Statement of Income for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
Revenues					
Finance revenues		491,149	437,320	1,001,073	1,130,857
Net income /(loss) from investment properties	11	54,898	(100,728)	103,685	(38,551)
Net gains / (losses) from investments in financial securities	12	71,170	15,186	75,921	(151,522)
Other income		86,798	14,755	131,801	73,453
		704,015	366,533	1,312,480	1,014,237
Expenses					
Finance cost		36,690	71,937	108,259	188,825
Staff costs		203,929	234,831	448,666	487,626
Loss on deferral of loans instalments		-	437,320	-	437,320
(Reversal of)/ provisions for credit losses		(234,245)	(17,491)	(673,243)	1,174,801
Other expenses		250,467	63,196	416,363	213,370
		256,841	789,793	300,045	2,501,942
Profit/ (loss) before deductions		447,174	(423,260)	1,012,435	(1,487,705)
NLST		4,551	-	18,785	-
Zakat		1,817	-	7,510	-
KFAS		318	-	318	-
Net profit / (loss) for the period		440,488	(423,260)	985,822	(1,487,705)
Distributed as follows:					
Parent Company's shareholders		440,488	(423,260)	985,822	(1,487,705)
Non-controlling interests		-	-	-	-
		440,488	(423,260)	985,822	(1,487,705)
Basic and diluted earnings /(loss) per share (fils)	13	1.43	(1.37)	3.19	(4.82)

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Net profit/ (loss) for the period	440,488	(423,260)	985,822	(1,487,705)
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of comprehensive income:</i>				
Change in fair value of equity investments at fair value through other comprehensive income	1,322	-	22,873	(524,980)
Other comprehensive income / (loss) for the period	1,322	-	22,873	(524,980)
Total comprehensive income / (loss)	441,810	(423,260)	1,008,695	(2,012,685)
Distributed as follows:				
Parent Company's shareholders	441,810	(423,260)	1,008,695	(2,012,685)
Non-controlling interests	-	-	-	-
	441,810	(423,260)	1,008,695	(2,012,685)

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statements of Changes in Equity for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Equity attributable to the shareholders of the Parent Company						Total	Non-controlling interests	Total equity	
	Share capital	Share premium	Gain on sale of treasury shares	Statutory reserve	Voluntary reserve	Fair value reserve				(Accumulated losses) / retained earnings
Balance at 1 January 2020	30,874,759	312,020	-	2,000,722	1,242,080	386,944	(870,336)	33,946,189	7,650	33,953,839
Amortize the accumulated losses from voluntary reserve	-	-	-	-	(870,336)	-	870,336	-	-	-
Net loss for the period	-	-	-	-	-	-	(1,487,705)	(1,487,705)	-	(1,487,705)
Other comprehensive loss for the period	-	-	-	-	-	(524,980)	-	(524,980)	-	(524,980)
Balance at 30 June 2020	30,874,759	312,020	-	2,000,722	371,744	(138,036)	(1,487,705)	31,933,504	7,650	31,941,154
Balance at 1 January 2021	30,874,759	312,020	-	2,000,722	371,744	(400,536)	(3,600,920)	29,557,789	-	29,557,789
Amortize the accumulated losses (note 16)	-	(312,020)	-	(2,000,722)	(371,744)	-	2,684,486	-	-	-
Net profit for the period	-	-	-	-	-	-	985,822	985,822	-	985,822
Other comprehensive income for the period	-	-	-	-	-	22,873	-	22,873	-	22,873
Transfers on disposal of investments	-	-	-	-	-	(37,012)	37,012	-	-	-
Gain on sale of treasury shares	-	-	4,995	-	-	-	-	4,995	-	4,995
Balance at 30 June 2021	30,874,759	-	4,995	-	-	(414,675)	106,400	30,571,479	-	30,571,479

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Six months ended 30 June 2021	2020
Cash flows from operating activities			
Net Profit / (loss) for the period		985,822	(1,487,705)
Adjustments for:			
Depreciation, amortization, and impairment		45,920	198,641
Net (gains)/ losses from investments in financial securities		(75,921)	151,522
(Reversal of) / provisions for credit losses		(673,243)	1,174,801
Income from Murabaha receivable		(30,466)	(34,995)
Finance costs		108,259	188,825
Provision for staff indemnity		67,871	36,870
Operating profit before changes in working capital		428,242	227,959
Finance receivables		1,438,779	2,338,829
Other receivables and prepayments		204,072	4,243
Purchase of financial assets designated at FVTPL		(1,476,406)	-
Accounts payable and other credit balances		(283,145)	(1,101,175)
Paid for provision of staff indemnity		(365,911)	(8,465)
Net cash (used in) / generated from operating activities		(54,369)	1,461,391
Cash flows from investing activities			
Investment in Murabaha receivables		30,466	34,995
Dividends income received		15,391	80,240
Profit received from financial assets at amortised cost		17,864	-
Purchase of equipment		(6,072)	(50,264)
Purchase of financial assets designated at FVTOCI and amortized cost		(3,897,535)	-
Proceeds from sale of financial assets designated at FVTOCI		246,137	-
Net cash (used in) / generated from investing activities		(3,593,749)	64,971
Cash flows from financing activities			
Net movement of Islamic finance payables		2,068,330	(863,004)
Lease liability payments		-	(41,650)
Dividends paid		(27,912)	(12,165)
Finance costs paid		(108,259)	(188,825)
Purchase of treasury shares		(200,000)	-
Proceeds from sale of treasury shares		204,995	-
Net cash generated from / (used in) from financing activities		1,937,154	(1,105,644)
Net change in cash and cash equivalents		(1,710,964)	420,718
Cash and cash equivalents at beginning of the period		4,540,375	1,108,166
Cash and cash equivalents at end of the period	4	2,829,411	1,528,884

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021 (Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. Formation and principal activities

Al Manar Financing and Leasing Company K.S.C. (Public) (“the Parent Company”) was incorporated in the State of Kuwait in 2003 by the authorized letter of incorporation no. 4857 file 1 dated 6 December 2003.

The main activities of the Parent Company and its subsidiaries (together referred to as “the Group”) are all financing and investing activities according to the Islamic Shari’a principles.

The Parent Company is subject to instructions and monitoring by the Central Bank of Kuwait and Capital Markets Authority.

The registered office of the Parent Company is P.O. Box 22828, Safat 13089, Kuwait.

The interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiaries (the Group) as follow:

Company name	Ownership percentage (%)			Activity	Country of incorporation
	30 June 2021	31 Dec 2020	30 June 2020		
Manarat Tasaheel Real Estate Company W.L.L	100	100	99	Real estate	Kuwait
Al-Manar Express for Marketing Consulting Company W.L.L	100	100	50	Consulting	Kuwait
Al- Manar Watania for Administrative Consulting Company W.L.L	100	100	50	Consulting	Kuwait

Subsidiaries’ management accounts have been used for the consolidation purposes as at 30 June 2021. The total assets of the subsidiaries are KD 4,370,723 (KD 4,752,424 as at 31 December 2020, KD 4,796,478 as at 30 June 2020), net losses of KD 129,887 during the six months ended 30 June 2021 (net losses KD 187,865 during the six months ended 30 June 2020).

On 21 April 2021, the General Assembly approved the consolidated financial statements for the year ended 31 December 2020.

The interim condensed consolidated financial information was approved for issue by the Board of Directors on 10 August 2021.

2. Basis of presentation and significant accounting policies

2.1 Basis of presentation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (IAS) 34, ‘Interim Financial Reporting’.

The annual consolidated financial statements for the year ended 31 December 2020 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK. 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 instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). (collectively referred to as IFRS, as adopted for use by the State of Kuwait).

The interim condensed consolidated financial information does not contain all information and disclosures required for the annual consolidated financial statements prepared in accordance with IFRSs, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020 except for changes in significant accounting policies, critical judgements and estimates and financial risk management that have been disclosed in the accompanying interim condensed consolidated financial information. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

2.2 Significant accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the amendments and annual improvements to IFRS, relevant to the Group which are effective for annual reporting period starting from 1 January 2021 and which did not result in any material impact on the accounting policies, financial position or performance of the Group.

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

2.3 Treasury shares

Treasury shares represent the Parent Company's own shares that have been issued, subsequently purchased by the Group and not yet reissued or cancelled. Treasury shares are accounted for using the cost method. Under the cost method, the total cost of the shares acquired is reported as a contra account within equity. When the treasury shares are disposed, gains are credited to a separate un-distributable account in equity "gain on sale of treasury shares". Any realised losses are charged to the same account to the limit of its credit balance, any additional losses are charged to retained earnings, the reserves and to share premium. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and the gain on sale of treasury shares.

3. Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical assets or liabilities.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that are not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis:

Financial assets	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2021	31 December 2020 (Audited)	30 June 2020				
Financial assets at fair value through profit or loss:							
Quoted foreign funds	904,640	-	-	Level 1	Last bid prices	N/A	N/A
Unquoted foreign funds	614,432	-	-	Level 2	Net assets value	Net assets value	N/A
Unquoted local shares	425,256	425,256	2,105,409	Level 3	Market comparatives and Net assets value	Illiquidity discount	The higher the discount rate the lower the value
Unquoted foreign shares	169,634	169,634	195,747	Level 3	Market comparatives and Net assets value	Illiquidity discount	The higher the discount rate the lower the value
Unquoted local funds	2,551	2,551	2,551	Level 3	Net assets value	Net assets value	N/A
Financial assets at fair value through OCI:							
Quoted foreign shares	1,215,980	-	-	Level 1	Last bid prices	N/A	N/A
Unquoted foreign shares	1,352,347	1,050,000	1,312,500	Level 3	Market comparatives and Net assets value	Illiquidity discount	The higher the discount rate the lower the value

Fair values of the Group's other financial assets and financial liabilities are approximately equal to their carrying value.

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

4. Cash and cash equivalents

	30 June 2021	31 December 2020 (Audited)	30 June 2020
Cash at banks and portfolios	2,827,661	4,538,273	1,527,134
Cash on hand	1,750	2,102	1,750
	2,829,411	4,540,375	1,528,884

5. Investment in Murabaha receivables

Investment in Murabaha receivables are the deposited amounts at a local financial institution according to Murabaha contracts. The average yield on those contracts is 1.275% per annum (1.197% per annum – 2020). Expected credit losses amounted to KD 17,679 as at 30 June 2021 (KD 17,679 as at 31 December 2020 and 30 June 2020).

6. Finance receivables

	30 June 2021	31 December 2020 (Audited)	30 June 2020
Finance receivables	23,885,321	25,209,762	34,813,119
Less: deferred revenues	(2,985,240)	(3,194,128)	(5,021,686)
Less: provision for credit losses	(3,308,759)	(3,658,776)	(4,636,987)
Finance receivables – net	17,591,322	18,356,858	25,154,446

6.1 As at 30 June 2021, the expected credit losses for credit facilities, which were calculated in accordance with the requirements IFRS 9 in accordance with the Central Bank of Kuwait guidelines.

6.2 The movement in the provisions for expected credit losses effected during the current year is as follows:

	30 June 2021	30 June 2020
Balance at 1 January	3,658,776	3,314,970
Credit losses (reversed) / provided during the period	(350,017)	1,322,017
Balance at 30 June	3,308,759	4,636,987

6.3 The Group holds collateral amounting to KD 4,107,575 as at 30 June 2021 (KD 5,361,193 - 31 December 2020; KD 11,075,430 – 30 June 2020) over its finance receivables.

6.4 During the current period the Group recovered an amount of KD 323,226 as at 30 June 2021 (KD 147,216 – 30 June 2020) from the written off finance receivables and reversed the same in the interim condensed consolidated statement of income in provision for credit losses.

7. Other receivable and prepayment

	30 June 2021	31 December 2020 (Audited)	30 June 2020
Staff advances	292,011	532,139	824,329
Financial assets with call option	-	360,000	360,000
Due from related parties	-	92,583	39,681
Due against collection on behalf of the company	461,749	-	-
Others (Net)	341,549	314,659	252,279
	1,095,309	1,299,381	1,476,289

- A staff receivable includes a Qard Hassan granted to the employees against the guarantee of the end of service indemnity. This amount is due within a period of one year from the date of granting.

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

8. Investments in financial securities

	30 June 2021	31 December 2020 (Audited)	30 June 2020
Financial assets at fair value through profit or loss ("FVTPL")			
Quoted foreign funds	904,640	-	-
Unquoted foreign funds	614,432	-	-
Unquoted local shares	425,256	425,256	2,105,409
Unquoted foreign shares	169,934	169,934	195,747
Unquoted local funds	2,551	2,551	2,551
	2,116,813	597,741	2,303,707
Financial assets at fair value through other comprehensive income			
Quoted foreign shares	1,215,980	-	-
Unquoted foreign shares	1,352,347	1,050,000	1,312,500
	2,568,327	1,050,000	1,312,500
Financial assets at amortized cost			
Debt sukuk – quoted at foreign stock exchanges	2,155,944	-	-
	2,155,944	-	-
	6,841,084	1,647,741	3,616,207

Fair value of investments has been determined in the manner described in Note 3.

9. Islamic finance payables

Islamic finance payables are obtained from local and foreign banks and are dominated in KD and USD. The average cost on Islamic finance payables is 3.03% (6.43% - 31 December 2020; 6.18% - 30 June 2020).

Islamic finance payables are guaranteed against the following:

	30 June 2021	31 December 2020 (Audited)	30 June 2020
Investment in Murabaha receivables	4,347,321	4,347,321	4,347,321
Assigning receivables – net	1,644,120	2,285,221	3,822,383
Investment properties	851,835	851,835	3,048,700
Investment in financial securities	4,588,646	-	-

10. Accounts payable and other credit balances

	30 June 2021	31 December 2020 (Audited)	30 June 2020
Trade payables	265,488	521,723	4,907
Dividends payable	146,461	174,373	180,803
Accrued salaries and other staff accruals	89,802	125,420	190,888
Lease liability	-	5,137	120,250
KFAS	21,588	21,270	21,270
NLST	18,785	-	25,475
Zakat	10,303	2,793	31,432
Others	61,396	74,164	70,149
	613,823	924,880	645,174

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

11. Net income / (loss) from investment properties

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Net rental income	61,080	28,995	129,590	110,895
Impairment loss	-	(110,000)	-	(110,000)
Depreciation	(6,182)	(19,723)	(25,905)	(39,446)
	54,898	(100,728)	103,685	(38,551)

12. Net gains / (losses) from investments in financial securities

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Change in fair value	42,666	15,186	42,666	(231,762)
Income on financial assets at amortized cost	13,113	-	17,864	-
Dividends income	15,391	-	15,391	80,240
	71,170	15,186	75,921	(151,522)

13. Basic and diluted earnings / (loss) per share (fils)

Basic and diluted earnings per share are calculated based on the profit / (loss) for the period divided by the weighted average number of shares outstanding during the period, as follows:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Net profit / (loss) for the period	440,488	(423,260)	985,822	(1,487,705)
Weighted average number of the Parent Company's outstanding shares	308,747,591	308,747,591	308,747,591	308,747,591
Basic and diluted earnings / (loss) per share (fils)	1.43	(1.37)	3.19	(4.82)

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

14. Related parties' transactions and balances

Related parties consist of major shareholders, directors and executive officers of the Group, their families and companies of which they are the principal owners. All related parties' transactions approximate arm's length terms and are approved by the Group's management.

The related parties' balances and transactions included in the interim condensed consolidated financial information are as follows:

	30 June 2021	31 December 2020 (Audited)	30 June 2020
Balances:			
a) Finance receivable	4,498	-	-
b) Due from related party	-	96,043	39,944
c) Key management's benefits payable	19,136	205,208	608,695
d) Advance to staff	-	57,730	183,060
e) Board of Directors committees' remunerations	-	31,000	
Transactions:			
a) Compensation of key management personnel			
Salaries and other short-term benefits	104,358	192,259	298,211

The Group has entered into an agreement with a related party to collect the outstanding instalments from some of the finance receivables on behalf of the Group.

The cash collected from that party on behalf of the Parent Company during the period amounted to KD 996,619 (KD 1,660,198 – 30 June 2020). The fees paid to that party amounted to KD 6,000 (KD 12,000 – 30 June 2020).

15. Segmental information

Operating segments are to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The operating segments are divided into two major business segments. Business segments are distinguishable components of the Group that provide products or services subject to risks and returns different from those of other business segments.

	30 June 2021			
	Financing	Investment	Unallocated items	Total
Segment revenues	1,132,874	179,606	-	1,312,480
Segment expenses	571,968	(6,984)	(865,029)	(300,045)
Segment results	1,704,842	172,622	(865,029)	1,012,435
Segment assets	24,768,054	10,761,781	1,181,485	36,711,320
Segment liabilities	3,127,708	2,107,350	904,783	6,139,841
	30 June 2020			
	Financing	Investment	Unallocated items	Total
Segment revenues	1,204,310	(190,073)	-	1,014,237
Segment expenses	(1,800,946)	-	(700,996)	(2,501,942)
Segment results	(596,636)	(190,073)	(700,996)	(1,487,705)
Segment assets	31,030,651	7,593,701	1,661,784	40,286,136
Segment liabilities	6,476,661	-	1,868,321	8,344,982

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

16. General Assembly

On 21 April 2021, the Ordinary General Assembly approved the consolidated financial statements for the year ended 31 December 2020 and approved the followings:

- Not to distribute dividends to the shareholders of the parent company for the year ended 31 December 2020.
- Board of Directors remuneration Nil for the year ended 31 December 2020.
- Amortization of accumulated loss amounted to KD 2,684,486 using voluntary reserve, legal reserve and share premium of KD 371,744, KD 2,000,722 and KD 312,020 respectively.

On 16 May 2021, the extraordinary general assembly decided the followings:

- Approved the amortization of the accumulated losses by amount of KD 2,684,486 using voluntary reserve, legal reserve and share premium of KD 371,744, KD 2,000,722 and KD 312,020 respectively.

- Amended the activities of the Parent Company as follows:

Added below new activities:

- Investment controller

Removed below activities:

- Carry out all securities related transactions.
- Establish investment funds for the company's or third parties' account, underwrite its units, act as custodian and investment manager for investment and leasing funds at home or abroad as per the applicable laws and resolutions in the state.
- Conducting technical and economic studies and researches concerning employment of funds or other studies necessary to the company's activity or its clients or other parties.
- Managing all kind of portfolios, investing and increasing funds of its clients through employing such funds in all investment aspects locally and abroad.
- Cancelled the other proposed agenda items mentioned below:
 - Amortization of the accumulated losses by an amount of KD 916,434 by reducing share capital with the same amount, through cancelling 9,164,340 shares, while authorizing the Board of Directors to dispose the fractional shares resulting from reduction.
 - Reducing the issued and paid-up share capital of the Parent Company by an amount of KD 1,958,325 equivalent to approximately 6.3% of the Parent Company's share capital through cancelling 19,583,250 shares and payment of the nominal value in cash to the company's shareholders on a pro rata basis, and authorizing the Board of Directors to dispose the fractional shares resulting from the reduction.
 - The share capital will be amounting KD 28,000,000 after the aforementioned reductions, comprised of 280,000,001 shares with 100 fils per share, and all the shares are in cash.

17. Impact of COVID-19

The COVID-19 pandemic continues to spread across global geographies causing disruption to business and economic activities and bringing significant uncertainties to the global economic environment. Fiscal and monetary authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The Group has performed an assessment of COVID-19 implications on the financial results of the Group, in light of the available guidance of CBK and IFRS, and incorporated the outcome in these interim condensed consolidated financial information and explained the changes below for the period ended 30 June 2021:

Expected credit loss model

The Group has updated the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 30 June 2021. Revised ECLs were estimated based on a range of forecasted economic conditions at the reporting date and considering the fact that situation is fast evolving, the Group has also considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

Valuation estimates and judgements

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

The Group considered the potential impact of the current economic volatility on the reported amounts of the Group's financial and non-financial assets. 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. The impact of the highly uncertain economic environment remains judgmental and the Group will accordingly continue to reassess its position and the related impact on a regular basis.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that Group has sufficient resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. As a result, this interim condensed consolidated financial information has been appropriately prepared on a going concern basis.

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