

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 nine-month period ended 30 September 2021
With Review Report**



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

Interim Condensed Consolidated Financial Information (Unaudited)
For the nine-month period ended 30 September 2021
With Review Report

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

(All amounts are in Kuwaiti Dinars)

	Notes	30 September 2021	31 December 2020 (Audited)	30 September 2020
Assets				
Cash and cash equivalents	4	4,056,543	4,540,375	2,259,783
Investment in Murabaha receivables	5	4,347,321	4,347,321	4,347,321
Finance receivables	6	15,659,843	18,356,858	22,786,634
Other receivables and prepayments	7	1,157,912	1,299,381	1,492,762
Investments in financial securities	8	6,952,284	1,647,741	2,412,606
Investment properties		3,907,745	3,946,602	3,972,077
Right of use assets		-	-	4,876
Other assets		78,567	100,119	101,255
Total assets		36,160,215	34,238,397	37,377,314
Liabilities and equity				
Liabilities				
Islamic finance payables	9	4,445,214	2,901,240	3,837,152
Accounts payable and other credit balances	10	473,896	924,880	738,843
Provision for staff indemnity		554,470	854,488	1,236,996
Total liabilities		5,473,580	4,680,608	5,812,991
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		(491,501)	(400,536)	(138,036)
Retained earnings/ (accumulated losses)		298,382	(3,600,920)	(1,864,536)
Total equity attributable to the shareholders of the Parent Company		30,686,635	29,557,789	31,556,673
Non-controlling interests		-	-	7,650
Total equity		30,686,635	29,557,789	31,564,323
Total liabilities and equity		36,160,215	34,238,397	37,377,314

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

Faisal Abdel Aziz Al-Nassar
Chairman

Interim Condensed Consolidated Statement of Income for the nine months ended 30 September 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
Revenues					
Finance revenues		466,432	594,099	1,467,505	1,724,956
Net income from investment properties	11	46,348	61,588	150,033	23,037
Net gains/ (losses) from investments in financial securities	12	16,730	-	92,651	(151,522)
Other income		28,220	32,307	160,021	105,760
		557,730	687,994	1,870,210	1,702,231
Expenses					
Finance cost		33,717	112,936	141,976	301,761
Staff costs		199,286	225,627	647,952	713,253
Loss on deferral of loans instalments		-	-	-	437,320
(Reversal of)/ provisions for credit losses		(6,143)	582,676	(679,386)	1,757,477
Other expenses		127,161	143,586	543,524	356,956
		354,021	1,064,825	654,066	3,566,767
Profit/ (loss) before deductions		203,709	(376,831)	1,216,144	(1,864,536)
NLST		4,969	-	23,754	-
Zakat		1,988	-	9,498	-
KFAS		1,803	-	2,121	-
Net profit/ (loss) for the period		194,949	(376,831)	1,180,771	(1,864,536)
Distributed as follows:					
Parent Company's shareholders		194,949	(376,831)	1,180,771	(1,864,536)
Non-controlling interests		-	-	-	-
		194,949	(376,831)	1,180,771	(1,864,536)
Basic and diluted earnings/ (loss) per share (fils)	13	0.63	(1.22)	3.83	(6.04)

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

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

(All amounts are in Kuwaiti Dinars)

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Net profit/ (loss) for the period	194,949	(376,831)	1,180,771	(1,864,536)
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of income:</i>				
Change in fair value of equity investments at fair value through other comprehensive income	(79,793)	-	(56,920)	(524,980)
Other comprehensive loss for the period	(79,793)	-	(56,920)	(524,980)
Total comprehensive income/ (loss)	115,156	(376,831)	1,123,851	(2,389,516)
Distributed as follows:				
Parent Company's shareholders	115,156	(376,831)	1,123,851	(2,389,516)
Non-controlling interests	-	-	-	-
	115,156	(376,831)	1,123,851	(2,389,516)

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

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

(All amounts are in Kuwaiti Dinars)

	Share capital	Share premium	Equity attributable to the shareholders of the Parent Company					(Accumulated losses)/ retained earnings	Total	Non-controlling interests	Total equity
			Treasury shares	Gain on sale of treasury shares	Statutory reserve	Voluntary reserve	Fair value reserve				
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
Accumulated losses transfer to voluntary reserve	-	-	-	-	-	(870,336)	-	870,336	-	-	-
Net loss for the period	-	-	-	-	-	-	-	(1,864,536)	(1,864,536)	-	(1,864,536)
Other comprehensive loss for the period	-	-	-	-	-	-	(524,980)	-	(524,980)	-	(524,980)
Balance at 30 September 2020	30,874,759	312,020	-	-	2,000,722	371,744	(138,036)	(1,864,536)	31,556,673	7,650	31,564,323
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
Accumulated losses transfer to (Note 16)	-	(312,020)	-	-	(2,000,722)	(371,744)	-	2,684,486	-	-	-
Net profit for the period	-	-	-	-	-	-	-	1,180,771	1,180,771	-	1,180,771
Other comprehensive loss for the period	-	-	-	-	-	-	(56,920)	-	(56,920)	-	(56,920)
Transfers on disposal of investments	-	-	-	-	-	-	(34,045)	34,045	-	-	-
Purchase of treasury shares	-	-	(200,000)	-	-	-	-	-	(200,000)	-	(200,000)
Sale of treasury shares	-	-	200,000	4,995	-	-	-	-	204,995	-	204,995
Balance at 30 September 2021	30,874,759	-	-	4,995	-	-	(491,501)	298,382	30,686,635	-	30,686,635

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

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

(All amounts are in Kuwaiti Dinars)

	Note	Nine months ended 30 September	
		2021	2020
Cash flows from operating activities			
Net profit/ (loss) for the period		1,180,771	(1,864,536)
Adjustments for:			
Depreciation, amortization, and impairment		173,721	208,770
Net (gains)/ losses from investments in financial securities		(92,651)	151,522
(Reversal of)/ provisions for credit losses		(679,386)	1,757,477
Income from Murabaha receivable		(45,050)	(46,604)
Finance costs		141,976	301,761
Provision for staff indemnity		95,264	49,747
Operating profit before changes in working capital		774,645	558,137
Finance receivables		3,376,401	4,123,965
Other receivables and prepayments		36,469	(12,230)
Financial assets designated at FVTPL (net movement)		(1,521,922)	1,203,600
Accounts payable and other credit balances		(423,072)	(788,197)
Paid for provision of staff indemnity		(395,282)	(12,400)
Net cash generated from operating activities		1,847,239	5,072,875
Cash flows from investing activities			
Murabaha income received		45,050	46,604
Dividends income received		30,307	80,240
Profit received from financial assets at amortised cost		34,622	-
Purchase of equipment		(8,312)	(77,497)
Purchase of financial investments		(4,222,743)	-
Proceeds from sale of financial investments		410,924	-
Net cash (used in)/ generated from investing activities		(3,710,152)	49,347
Cash flows from financing activities			
Proceeds from Islamic finance payables		5,739,309	5,165,942
Paid of Islamic finance payables		(4,195,335)	(8,663,548)
Lease liability payments		-	(156,763)
Dividends paid		(27,912)	(14,475)
Finance costs paid		(141,976)	(301,761)
Purchase of treasury shares		(200,000)	-
Proceeds from sale of treasury shares		204,995	-
Net cash generated from/ (used in) from financing activities		1,379,081	(3,970,605)
Net change in cash and cash equivalents		(483,832)	1,151,617
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	4,056,543	2,259,783

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

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 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	31	30		
	September 2021	December 2020	September 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 September 2021. The total assets of the subsidiaries are KD 4,391,973 (KD 4,752,424 as at 31 December 2020, KD 4,713,229 as at 30 September 2020), net losses of KD 170,095 during the nine months ended 30 September 2021 (net losses KD 204,199 during the nine months ended 30 September 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 issuance by the Board of Directors on 8 November 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 IFRS and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020. 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
nine months ended 30 September 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial information of the Group.

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 September 2021	31 December 2020	30 September 2020				
(Audited)							
Financial assets at fair value through profit or loss:							
Quoted foreign funds	1,001,210	-	-	Level 1	Last bid prices	N/A	N/A
Unquoted foreign funds	596,482	-	-	Level 2	Net assets value	Net assets value	N/A
Unquoted local shares	425,556	425,256	901,808	Level 3	Market comparatives and Net assets value	Illiquidity discount	The higher the discount rate the lower the value
Unquoted foreign shares	121,586	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	1,115,908	-	-	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
nine months ended 30 September 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

4. Cash and cash equivalents

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Cash at banks and portfolios	4,054,793	4,538,273	2,258,033
Cash on hand	1,750	2,102	1,750
	4,056,543	4,540,375	2,259,783

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 1.27% per annum (1.25% per annum – 2020). Expected credit losses amounted to KD 17,679 as at 30 September 2021 (KD 17,679 as at 31 December 2020 and 30 September 2020).

6. Finance receivables

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Finance receivables	21,676,740	25,209,762	32,679,377
Less: deferred revenues	(2,648,862)	(3,194,128)	(4,569,219)
Less: provision for credit losses	(3,368,035)	(3,658,776)	(5,323,524)
Finance receivables – net	15,659,843	18,356,858	22,786,634

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

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

	30 September 2021	30 September 2020
Balance at 1 January	3,658,776	3,314,970
Credit losses (reversed)/ provided during the period	(290,741)	2,008,554
Balance at 30 September	3,368,035	5,323,524

6.3 The Group holds collateral amounting to KD 4,191,016 as at 30 September 2021 (KD 5,361,193 - 31 December 2020; KD 10,123,402 – 30 September 2020) over its finance receivables.

6.4 During the current period, the Group recovered an amount of KD 388,645 as at 30 September 2021 (KD 251,077 – 30 September 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 September 2021	31 December 2020 (Audited)	30 September 2020
Staff advances	275,440	532,139	809,202
Financial assets with call option	-	360,000	360,000
Due from related parties	-	92,583	78,895
Due against collection on behalf of the company	517,646	-	-
Others	364,876	314,659	244,665
	1,157,912	1,299,381	1,492,762

- 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
nine months ended 30 September 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

8. Investments in financial securities

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Financial assets at fair value through profit or loss ("FVTPL")			
Quoted foreign funds	1,001,210	-	-
Unquoted foreign funds	596,482	-	-
Unquoted local shares	425,556	425,256	901,808
Unquoted foreign shares	121,586	169,934	195,747
Unquoted local funds	2,551	2,551	2,551
	2,147,385	597,741	1,100,106
Financial assets at fair value through other comprehensive income ("FVTOCI")			
Quoted foreign shares	1,115,908	-	-
Unquoted foreign shares	1,352,347	1,050,000	1,312,500
	2,468,255	1,050,000	1,312,500
Financial assets at amortized cost			
Debt sukuks – quoted at foreign stock exchanges	2,336,644	-	-
	2,336,644	-	-
	6,952,284	1,647,741	2,412,606

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 denominated in KD and USD. The average cost on Islamic finance payables is 3.750% - 4.250%, and 1.566% for KD and USD, respectively (6.43% - 31 December 2020; 6.18% - 30 September 2020).

Islamic finance payables are guaranteed against the following:

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Investment in Murabaha receivables	4,347,321	4,347,321	4,347,321
Assigning receivables – net	1,469,598	2,285,221	3,324,699
Investment properties	851,835	851,835	3,972,077
Investment in financial securities	5,050,991	-	-

10. Accounts payable and other credit balances

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Trade payables	106,074	521,723	234,966
Dividends payable	146,461	174,373	178,493
Accrued salaries and other staff accruals	95,536	125,420	189,449
Lease liability	-	5,137	5,137
KFAS	23,391	21,270	21,270
NLST	23,754	-	25,475
Zakat	12,291	2,793	31,432
Others	66,389	74,164	52,621
	473,896	924,880	738,843

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

(All amounts are in Kuwaiti Dinars unless otherwise stated)

11. Net income from investment properties

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Net rental income	59,300	67,005	188,890	177,900
Impairment loss	-	-	-	(110,000)
Depreciation	(12,952)	(5,417)	(38,857)	(44,863)
	46,348	61,588	150,033	23,037

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

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Change in fair value	(14,944)	-	27,722	(231,762)
Income on financial assets at amortized cost	16,758	-	34,622	-
Dividends income	14,916	-	30,307	80,240
	16,730	-	92,651	(151,522)

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

Basic and diluted earnings/ (loss) 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 September		Nine months ended 30 September	
	2021	2020	2021	2020
Net profit/ (loss) for the period	194,949	(376,831)	1,180,771	(1,864,536)
Weighted average number of the Parent Company's outstanding shares	308,747,591	308,747,591	308,637,423	308,747,591
Basic and diluted earnings/ (loss) per share (fils)	0.63	(1.22)	3.83	(6.04)

Notes to the Interim Condensed Consolidated Financial Information for the
nine months ended 30 September 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 September 2021	31 December 2020 (Audited)	30 September 2020
Balances:			
a) Finance receivable	3,612	-	-
b) Due from related party	-	96,043	79,244
c) Key management's benefits payable	24,802	205,208	608,863
d) Advance to staff	6,000	57,730	82,150
e) Board of Directors committees' remunerations	-	31,000	-
Transactions:			
a) Remuneration of key management personnel			
Staff costs	131,598	192,259	376,048

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 2,416,814 – 30 September 2020). The fees paid to that party amounted to KD 6,000 (KD 17,250 – 30 September 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 September 2021				
	Financing	Investment	Unallocated items	Total
Segment revenues	1,627,526	242,684	-	1,870,210
Segment expenses	550,284	(12,874)	(1,191,476)	(654,066)
Segment results	2,177,810	229,810	(1,191,476)	1,216,144
Segment assets	24,063,707	10,860,029	1,236,479	36,160,215
Segment liabilities	2,440,087	2,111,200	922,293	5,473,580
30 September 2020				
	Financing	Investment	Unallocated items	Total
Segment revenues	1,830,716	(128,485)	-	1,702,231
Segment expenses	(2,496,558)	-	(1,070,209)	(3,566,767)
Segment results	(665,842)	(128,485)	(1,070,209)	(1,864,536)
Segment assets	29,393,738	6,384,683	1,598,893	37,377,314
Segment liabilities	4,072,118	-	1,740,873	5,812,991

**Notes to the Interim Condensed Consolidated Financial Information for the
nine months ended 30 September 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, statutory 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, statutory 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 after the aforementioned reductions will be amounting KD 28,000,000, comprised of 280,000,001 shares with 100 fils per share, and all the shares are in cash.

17. Impact of COVID-19

The Novel Coronavirus pandemic (COVID-19) 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 September 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 September 2021. Revised ECLs were estimated based on a range of forecasted economic

**Notes to the Interim Condensed Consolidated Financial Information for the
nine months ended 30 September 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

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

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 Novel Coronavirus (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. As a result, this interim condensed consolidated financial information has been appropriately prepared on a going concern basis.

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